**OFFICE OF THE POLICE AND CRIME COMMISSIONER**

**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

29th July 2024

Present: D Turner (Chair) – Business Assurance Framework

and Sustainability Lead (DT)

G Watts (Vice Chair) – Finance and External Audit Lead (GW)

J Wademan – ICT and Change/Project Management Lead (JW)

A Blackmore – Risk Management and Treasury Management Lead (AB)

A Johns – Internal Audit, Governance and Estate Lead (AJ)

Together with: J Mudd – Police and Crime Commissioner (PCC)

E Thomas – Deputy Police and Crime Commissioner (DPCC)

D Garwood – Chief Finance Officer (OPCC) – (CFO (OPCC))

S Curley – Chief Executive (CEx)

N Brain – Assistant Chief Constable – Operations (ACC-Ops)

M Coe – Chief Finance Officer (CC) – (CFO (CC))

H Boey – Senior Accountant (Accounts) (SA)

Karen Thomas - Change Management Manager (CMM)

D Williams – Audit Wales (AW1)

C Bates – Audit Wales (AW2)

F Roe – TIAA (TIAA)

N Warren - Governance Officer (GO)

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| The meeting was held in the Clydach Room and on Teams and commenced at 10:21am. | **Action** |
| 1. **APOLOGIES** |  |
| Apologies for absence were received from P Kelly, Chief Constable, M Hobrough, Deputy Chief Constable, N McLain, Assistant Chief Constable – Organisation, J Regan, Head of Assurance and Compliance, R Harries, Audit Wales, G Gray, His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services Force Liaison Lead, S Gourlay, TIAA and Mike Corcoran, Internal Audit, Torfaen County Borough Council. |  |
| 1. **DECLARATIONS OF INTEREST** |  |
| AB had recently been appointed as a lay member of the Cardiff Capital Region’s Governance and Audit Committee. This is in addition to his membership of Monmouthshire County Council’s Audit Committee. |  |
| 1. **MINUTES** |  |
| The minutes of the meeting held on 12th June 2024 were received and confirmed. | **Action** |
| 1. **TO AGREE DEEP DIVE TOPICS** |  |
| A discussion ensued regarding the Value for Money (VFM) deep dive and the most appropriate time to receive it. The CFO (OPCC) advised JAC members it would be most beneficial in December, as it would correspond with the Budget Setting Timetable, which incorporated the revised Medium Term Financial Plan (MTFP).  The CFO (OPCC) explained the Chartered Institute of Public Finance and Accountancy (CIPFA) had developed a financial resilience dashboard. In addition, the National Police Chiefs Council (NPCC) has also conducted an assessment for national financial resilience, which could be used for the VFM deep dive, as they provided more comprehensive data than His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) VFM profiles.  DT referred to the change in Government and their announcement to increase policing resources; and asked if there would be sufficient information available by December 2024 to update the budget accordingly. The CFO (OPCC) explained the Chancellor was to announce the date of the budget today, which was likely to be an Autumn budget and therefore they would have an understanding of any changes to the public finances by December.  JW raised concerns regarding long term financial sustainability and the transformation needed to achieve it, as there would be a time where incremental cost savings wouldn’t be sufficient.  JW also raised concerns regarding Culture within the Force and suggested this was an item for further discussion, as it had been some time since their last briefing.  The CFO (OPCC) explained that the CIPFA financial resilience dashboard and the NPCC assessment for national financial resilience focussed on a five year budget as opposed to the HMICFRS VFM profiles’ one year. Utilising these tools for the VFM deep dive may assist with providing JAC members with some assurance of long term financial sustainability, however, there was uncertainty in relation to transformational change.  It was suggested that deep dives could be on a thematic two year rolling plan to aid strategic thinking. Following a discussion JAC members agreed to review the deep dives undertaken to date to ascertain if there were other cyclical topics apart from VFM, as this may constitute having an indicative plan with flexibility for change based on risk.  GW suggested there should be a mechanism in place in the future to capture what impact the Committee had made as a result of receiving the deep dives.  The following deep dives were agreed:   * Firearms Licencing and Digital Services Division – September 2024 * Value for Money – December 2024   Due to technical issues with the online function, AW1, AM, and JW had to leave the meeting early. | **GO/JAC Members**  **Action** |
| 1. **EXTERNAL AUDIT** |  |
| We received the Audit Update and the Audit Plan 2024.  Audit planning work for 2023-24 was ongoing.  The Draft Financial Statements were received on 26th July 2024.  Key significant financial risks were summarised in the report, Management Override of Controls; Valuation of Defined Benefit Pension Obligations; and a continuation of the findings from the previous year’s audit. Other areas of audit focus were also identified in the report, such as the Valuation of Land and Buildings; Collaborative Arrangements; Senior Officer Remuneration; and Nil Net Book Value Fleet Assets.  More organisations had provided their Draft Statements of Accounts by the 30th June 2024 deadline this year, resulting in additional pressure on Audit Wales (AW) to deliver those audits. Competing demand was being addressed by AW, and the Force Finance Team would be kept informed of any changes to the planned timetable. However, the intention was to remain on course to meet the certification deadline as planned.  It was acknowledged that resourcing issues was the primary reason why the 30th June 2024 deadline had to be extended by the Force. The Committee emphasised the importance of ensuring the wellbeing of the Finance Team as a priority, as opposed to the staff overworking and providing poor working papers.  GW emphasised the importance of providing good working papers to AW, as the Force had previously been able to do so within the deadline. GW asked that this be considered by AW when reviewing their timetable, as the Committee were keen for the 30th November 2024 audit deadline to be met.  GW asked AW1 if there was potential to do less of the ICT controls audit work for the International Standards of Audit 315 (ISA315) this year. AW1 advised they were considering moving towards a bi-annual cyclical ICT audit approach, so if systems had not received any significant changes or upgrades since the previous year, they would not be audited. This approach, alongside other identified learning from the previous year’s process, should refine their audit approach.  GW asked what the outstanding items were in relation to the ongoing audit planning work. AW1 explained they were keen to bring their audit programme forward to deliver the audits as early as possible, as it was not ideal to stall unaudited accounts. However, the audit planning had not progressed as far as expected at this point. AW had not been able to cover certain areas within the set timeframe such as horizon scanning and consideration of any emerging issues across the public sector, which formed part of their risk assessments.  As the December meeting had been moved to 26th November 2024 to accommodate the certification of the accounts, the Chair suggested another meeting should be tabled for December, should it be needed as the required information had not been received by November. | **Action**  **GO** |
| 1. **THE DRAFT STATEMENTS OF ACCOUNTS** |  |
| We received the draft Statement of Accounts.  The CFO (OPCC) confirmed the draft Statement of Accounts had been issued on the 26th July 2024 and thanked GW for their scrutiny in reviewing the accounts and the Annual Governance Statement, and welcomed further comment prior to the September meeting.  The CFO (OPCC) advised the Committee that a simplified document of the accounts was to be developed for members of the public to access; Committee members agreed this would be beneficial.  The CFO (CC) advised the Committee there was one action outstanding on the AW Management Letter 2022/23 relating to nil book value vehicles. A review of the useful economic lives (UELs) had subsequently been undertaken on all vehicles. Some nil book value vehicles were to remain on the fleet asset register, due to them being fully depreciated, but still used operationally. The review identified some specialist vehicles within the fleet which had operational lives of 3,5,7 and 10 years. These new lives had been reflected in the 2023/24 Statement of Accounts.  There were three learning points resulting from the Post Project Learning Session which would be addressed as part of the final audit visit, including timeliness of remuneration testing; length of the audit window; and the sharing of working papers via AW Inflo system.  The status of the preparation of the Statement of Accounts had been revised internally from 31st May 2024 to 31st July 2024, as iterated, this target had been met and the accounts were to be published by the 31st July 2024. The final audit visit was expected in September/November 2024, as opposed to the original planned date of June/July 2024. JAC members welcomed the revised timetable to ensure the welfare of the Finance Team given the exceptional circumstances this year, and offered their appreciation regarding their hard work in previous years in meeting the May deadline.  The CFO (CC) outlined major events during the year:   * Operation Uplift – Officer establishment of 1,506 had been maintained in line with the UK Government target, and in addition a further 21 officers were recruited under ‘Batch 1’ (cost neutral) funding. AJ asked how the additional officers recruited from Batch 1 funding would be paid for in successive years. The CFO (CC) confirmed funding was provided by the UK Government as a result of other Forces not having achieved their recruitment target. The Officer establishment would be reduced to the maintenance target of 1,506, through the natural process of leavers etc. once the funding had depleted. * Significant investment in the Estate – The Abergavenny build; Force control room system; Fleet workshops; and vehicle replacement. * A revaluation of Headquarters - Ystrad Mynach and Newport Central custody land and buildings, resulting in a combined upward revaluation of £145K this year. * Headquarters demolition – Partially complete, should be completed by November 2024. AB asked if the land had been sold and the CFO (CC) confirmed it had not, as the initial aim was to build a new Gwent Police Operational Facility (GPOF) to house a custody suite; force training centre; and Fleet workshops. However, this was under review. * Local Government Pension Scheme valuation – An adjustment had been made to reduce the £21.9m of net surplus value to nil, in line with prior year end accounting treatment.   JW re-joined the meeting in person.  The outturn for the year had recorded a breakeven position against a revenue budget requirement of £161.6m, after transfers to usable reserves. Usable reserves had decreased by £8.6m to £21.1m, which was mainly due to funding the comprehensive Capital Programme.  AB referred to the depleting levels of reserves over the course of the last few years and asked what the projections were for the future. The CFO (CC) confirmed there was a requirement in the Reserves Policy to maintain a minimum of 3% emergency reserves (the General Reserve) for unexpected events. The remaining reserves were utilised to fund the Capital Programme, workstream projects and elements of the PCC’s budget. The reserves would continue to reduce over the next few years as those workstreams came to fruition, decreasing to £14m over the course of the MTFP.  The CFO (OPCC) explained the aim was to find a normalised level of reserves. Gwent currently had no borrowing costs whereas other Commissioner’s offices had high borrowing levels of 4.5% of Net Revenue Expenditure and some had less than 3% in General Reserve. Fellow CFOs have been asked what level was considered a normalised level of borrowing against their budget. Consideration would be given to what level should be maintained and presented to the Committee during the VFM deep dive.  JW referred to page 10 of the Chief Constable (CC) accounts and requested clarification on the expenditure as it was lower in 2023/24 than in 2022/23. The CFO (CC) explained it was due to a non cash adjustment for the year end treatment of pensions under accounting standard IAS19, within the salaries of the police officers, police staff and police community support officers.  Our attention was drawn to page 13 of the CC accounts and JW asked if there were sufficient controls in place to ensure that employee benefits did not exceed the 12 month period in which employees rendered a service to the CC, as salaries tended to increase annually. The CFO (CC) explained the payments made were based on the time at which the liability was incurred. The CFO (OPCC) assured the Committee the Global Rostering System (GRS) captured the information, to ensure that staff took their leave within the annual year and that overtime was paid within the appropriate timeframe.  JW asked should any employee have sufficient employee benefits such as leave carried over, could that not be material in terms of remuneration. The CFO (CC) confirmed the annual leave policy meant that only 5 days annual leave could be carried over to the following years leave allocation, unless there were exceptional circumstances such as maternity leave or staff disciplinary issues. The CFO (CC) assured the Committee he had sight of any such instances and a plan was put in place to ensure the leave could be taken expeditiously.  JW queried why the Joint Audit Committee members’ allowances had decreased since the previous year. The CFO (OPCC) confirmed the costs were based on the number of claims received.  It was noted that related parties information was recorded about JW being a Committee Member at Cardiff Council and suggested that a record may need to be added regarding AB at Monmouthshire County Council Audit Committee.  As the retired Assistant Chief Officer -Resources was the Company Secretary to the Gwent Independent Film Trust (GIFT) JW asked if the Force had subsequently continued this role. The CFO (CC) confirmed that GIFT had now been formally dissolved with the Charities Commission and there was no ongoing need for the role.  JW asked how collaboration costs were apportioned between partners. The CFO (CC) explained that when the role of the PCCs were established, a review of collaborative agreements was conducted and it was agreed the apportionment would be dependent on the nature of the service provided and what benefitted the public most. This review process has continued.  It was agreed that the narrative within the Statement of Accounts and the Annual Governance Statement needed to differentiate between the new Commissioner and their predecessor and the pronouns should be amended accordingly. | **Action**  **Action**  **AB/**  **CFO (CC)**  **Action**  **CFO (OPCC)** |
| **We agreed to take item 10, Local Policing Action Plan – Evidential Storage next, followed by item 7, Annual Governance Statement and Item 9 the Force Management Statement.** |  |
| 1. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 2018 and the Office of the Police and Crime Commissioner for Gwent’s public interest test and was deemed to be exempt from publication under section 7. |  |
| 1. **LOCAL POLICING ACTION PLAN – EVIDENTIAL STORAGE** |  |
| We received an update on the Local Policing Evidential Storage Action Plan.  There had been an increase in outstanding evidential review dates from 3% in March 2024 to 20%, where officers had not reviewed property to ascertain if it could be disposed of or returned etc. This was primarily due to an experienced member of staff leaving the department. The Committee were assured that once the role had been filled, the percentage should decrease again. Overall, there had been a significant reduction in the level of evidential property held in storage in comparison to the previous year.  The backlog of property relating to the old property system had reduced, and many items had been returned. There were 2,828 items awaiting return to owner as of June 2024 and 1,300 items requiring secure disposal.  The new Niche Property system went live on 2nd April 2024. There have been issues with accessing some data within Niche, due to wider Force issues. Although officers were able to better manage the property using the system, the Force were not able to ascertain how many items were held on the system. A solution to the problem was expected by early September 2024.  The old action plan was to be closed and a new one created, to monitor transition from the old property system to the new Niche property system.  DT asked when the next audit was to be conducted. The HoCJ confirmed that evidential storage was to be transferred to another building while work was being carried out on the main property store, so the audit would take place when the work had been completed and the property was returned to the main store.  It was agreed the Evidential Storage Action plan would remain on the Committee agenda as a standing item for the time being. | **Action** |
| 1. The information contained in the report(s) below has been deemed not to be subject to the requirements of the Freedom of Information Act 2000, Data Protection Act and the Office of the Police and Crime Commissioner for Gwent’s public interest test and is deemed not to be exempt from publication under Section 7. |  |
| 1. **ANNUAL GOVERNANCE STATEMENT** |  |
| We received the Annual Governance Statement (AGS).  GW thanked the CFO (OPCC) for the timeliness in which the AGS had been drafted and confirmed they would be meeting to discuss any issues prior to the finalisation of the report. GW explained it was important to focus on evaluating the effectiveness of governance in addition to describing it.  The CFO (OPCC) thanked all involved for their support with evolving the AGS.  Our attention was drawn to managing risk and performance through robust internal control and strong public finance management. As corporate insurance was an integral part of risk management, AB questioned whether the Committee should be reviewing it under their Terms of Reference. It was agreed that corporate insurance should be the Risk Deep Dive for September 2024 meeting, as opposed to original planned financial outlook 2025, which would now form part of budget update in November 2024.  JW referred to the HMICFRS inspection work during 2023/24 and requested an update on the areas for improvement (AFIs), although operational, it was pertaining to risk. The CMM confirmed HMICFRS Inspection work was underway and the report was expected at the end of March 2025. The CFO (OPCC) confirmed progress against the HMICFRS Inspection 2023 AFIs were provided to the OPCC for scrutiny at the Strategy and Performance Board. DT asked that an update be presented to the Committee and it was agreed the CFO’s would discuss the most appropriate timeline for presenting progress.  JW suggested it would useful to have sight of the scenario planning used to help the Force understand the impact on its future financial sustainability. The CFO (OPCC) assured JAC this would be incorporated in the budget update in November 2024. | **CFO (OPCC)/ CFO (CC)**  **CFO (OPCC)/ CFO (CC)** |
| 1. The information contained in the report(s) below has been subjected to the requirements of the Freedom of Information Act 2000, Data Protection Act 2018 and the Office of the Police and Crime Commissioner for Gwent’s public interest test and was deemed to be exempt from publication under section 7. |  |
| 1. **FORCE MANAGEMENT STATEMENT** | **Action** |
| We received a report and presentation on the Force Management Statement (FMS).  This was the sixth iteration of the FMS and it had evolved significantly. Step one of each section focussed on the level of Force demand; step two on performance against that area of demand; and step three identified any gaps in demand and how the Force intended to address them.  A retrospective approach was undertaken, so data was utilised from the 2023 financial year to determine the results. The FMS contained 14 areas which change in accordance with the requirements each year. There were 9 new subsections in the FMS relating to support departments. The Force’s Service Improvement Board quality assured the FMS periodically and the next reviews were due in October 2024 and January 2025. There had been problems with the predictions this year due to Covid 19, however, this was expected to even out by the following year. A narrative was provided in each section to explain the impact.  The following areas were highlighted:   * Finance; * Wellbeing, focussing on reducing sickness levels by providing support to assist with the 5 top reasons for sickness; * Responding to the Public, focussing on performance; * Prevention and deterrence, focussing on neighbourhood policing interventions; * Investigations, moderate increase in non-domestic violence; * Protecting Vulnerable People, focussing on AFIs; * Managing Offenders, graded as good by HMICFRS; * Managing Serious Organised Crime, financial abuse safeguarding has seen £1,230,97.50 returned to victims compared to £559,520 in 2022/23; * Major Events, response to protests and mutual aid requests; * Knowledge Management and ICT, review of ICT services being undertaken; * Force wide functions, assessing resource demand in support functions; and * Collaborations, assessing demand and vacancies and offering personal development opportunities to help retain staff.   The Committee welcomed the report and acknowledged there was a robust process in place for the Force to best manage its resources.  The CMM agreed to circulate the FMS presentation to the Committee members. | **CMM** |
| 1. **ANY OTHER BUSINESS** |  |
| There were no further issues discussed. |  |
| 1. **TO IDENTIFY ANY RISKS, TRAINING REQUIREMENTS OR ETHICAL MATTERS ARISING FROM THIS MEETING** |  |
| No new risks were identified during the meeting. |  |
| **The meeting concluded at 12.23pm** |  |