



**Joint Audit Committee**  
**Annual Report for the year ending 31<sup>st</sup> March 2020 (2019/20)**

**Chair's Foreword**

The Joint Audit Committee (JAC) is independent of the Police and Crime Commissioner and the Chief Constable and consists of individuals with the relevant expertise and experience to provide an independent oversight of the governance arrangements and internal control environment of the Office of the Police and Crime Commissioner and the Force.

As the outgoing Chair (retiring in March 2020) I would like to, once again, formally acknowledge the significant contribution of all the members of the JAC, who are named elsewhere in this report, via their continuing commitment and input, not only at the formal meetings but also in the numerous consultations and discussions that take place away from those meetings.

Five formal meetings have been held during the year, with wide and varied agendas which reflected the ever-widening approach of the JAC to meeting its obligations under an ever-expanding Terms of Reference. In addition to their responsibilities as a cohesive Committee, JAC members adopt "lead-member" roles whereby they are able to bring their specific skills and knowledge to bear on various topics thus enabling improved focus and scrutiny by the Committee as a whole.

The continuing financial pressures on policing budgets remained a major challenge with budgetary and financial performance closely monitored. Whilst the challenges facing the Finance Department with faster closing requirements for the year-end accounts, ongoing adoption of changes to operating systems and staff re-organisation have continued to be subject of close scrutiny by the Committee, it is hoped that improvements will continue. Similarly, the IT provision via the Shared Resource Service (SRS) was brought into closer examination utilising the audit reports and again, improvements will be expected.

As in previous years, I must express my appreciation to all support staff, senior finance officers and operational officers from the Force who aided and guided the JAC through its oversight role and the Committee remains particularly appreciative of the input of the Commissioner, Deputy Commissioner and Chief Constable, whose very presence

at the meetings impacts positively on the work of the JAC and facilitates feedback on actions arising.

Good working relationships between the auditors and JAC and open and honest discussion on reports and issues arising can only benefit the continued development of the control environment within the Office of the Police and Crime Commissioner and the Force and again I must thank the teams from the Wales Audit Office and TIAA, the external and internal auditors respectively, for their reports and input into the meetings. It is also important that the internal audit team from Torfaen County Borough Council, who audit the IT provision provided by the Shared Resource Service (SRS), attend the JAC meeting at least on an annual basis to present the annual report and audit plan for the coming year, thereby enabling support for improvements in that operation to continue.

Finally, in looking forward, it is impossible at this stage to quantify the impact the current coronavirus pandemic will have on the work of the Commissioner's office and Force's operations during 2020, though I have no doubt that the JAC, under the incoming Chair, Dawn Turner, will continue to strive to provide appropriate scrutiny, advice and support in respect of governance issues in what will prove to be very trying times.

**Jonathan Sheppard**

**Outgoing Chair Joint Audit Committee**

## **1. Background**

A Joint Audit Committee (JAC) operates in Gwent in line with guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Financial Management Code of Practice for the Police Service of England and Wales, section 11.1.3.

## **2. Role of the Joint Audit Committee**

The purpose of the JAC is to provide independent advice and assurance to the Commissioner and the Chief Constable on matters relating to the internal control environment of the Office of the Police and Crime Commissioner (OPCC) and the Force according to good governance principles. The JAC:

- ❖ considers the internal and external audit reports of both the Commissioner and Chief Constable;
- ❖ provides assurance to the Commissioner and the Chief Constable regarding the adequacy of the risk management framework and the associated control environment;
- ❖ provides scrutiny of the Commissioner's and Force's financial planning and performance; and
- ❖ oversees the financial reporting process adopted from CIPFA Audit Committees' Practical Guidance for Local Authorities and Police.

The [Operating Principles and Terms of Reference](#) (ToR) establish the core functions of the JAC and are reviewed annually.

## **3. Membership and Meetings**

The JAC comprises of five members who are organisationally independent of the OPCC and Force. Members are appointed via an externally advertised recruitment process and are selected to ensure the right balance of experience and expertise is provided. The JAC Members are Mr Jonathan Sheppard (Chair), Ms Dawn Turner (Vice-Chair), Mr Andrew Blackmore, Mr Roger Leadbeter and Dr Janet Wademan. There had been no changes to membership during 2019/20.

As well as the independent members, the following officers from the OPCC, Force and the Audit functions are also in attendance:

- ❖ Commissioner or Deputy Commissioner, OPCC
- ❖ Chief Executive, OPCC
- ❖ Chief Finance Officer, OPCC
- ❖ Head of Assurance and Compliance, OPCC
- ❖ Chief Constable, Force
- ❖ Assistant Chief Officer - Resources, Force
- ❖ Chief Superintendent, Head of Strategy, Performance and Change, Force
- ❖ Internal Audit (TIAA)
- ❖ External Audit (Wales Audit Office (WAO))

Officers from Torfaen County Borough Council (TCBC) (IT auditors) and the SRS (IT providers) also attend at the request of the JAC.

Members of the JAC meet privately with the auditors prior to the start of every meeting to ensure there is an opportunity for any concerns to be raised.

The JAC is supported by the OPCC's Governance Officer and Head of Assurance and Compliance.

Five formal meetings are scheduled each financial year as well as an annual all Wales JAC training day. Members are in attendance at all JAC meetings except in extenuating circumstances.

### **Transparency**

Agendas and minutes from the JAC meetings are made available to the public on the OPCC website. Copies of the draft JAC minutes are also provided to the Commissioner and the Chief Constable for discussion at the Strategy and Performance Board meetings.

## **4. Overview of Core Work Undertaken During 2019/20**

### **❖ Terms of Reference**

The ToR set out the core functions that the JAC must undertake. Compliance with the ToR for 2018/19 was reported to the June 2019 JAC meeting together with the draft JAC annual report. The purpose of the compliance paper is to provide the Commissioner and the Chief Constable with assurance that the JAC has successfully discharged its duties during the year.

### **❖ Joint Annual Governance Statement and Statement of Accounts**

The 2019/20 Joint Annual Governance Statement was presented to the JAC in draft format at the March 2020 and June 2020 meetings for consideration and comment. The JAC subsequently provided its recommendation to the Commissioner and Chief Constable that the Joint Annual Governance Statement be included within the respective Statement of Accounts documents with the final versions presented to the July 2020 meeting.

### **❖ Review of the Manual of Corporate Governance**

The Manual of Corporate Governance is reviewed by the OPCC and Force annually with any changes identified presented to the JAC. The JAC subsequently provided its recommendation to the Commissioner and Chief Constable, to approve the amendments to the Manual of Corporate Governance, in March 2020.

## ❖ **Internal Audit**

There is a duty upon both the Commissioner and the Chief Constable to maintain an effective internal audit function. The audit work for the year is founded on a risk based approach and focuses on significant financial and operational risks.

Since September 2016, all IT related audits have been undertaken by TCBC; TIAA continue to undertake all other audits on behalf of the OPCC and Force.

Annual Audit Plans from both TIAA and TCBC are presented to the JAC for review prior to finalisation. Reports on the adequacy of controls in the systems audited are also presented to the JAC.

Progress with the annual audit plans is monitored at each meeting and is challenged as appropriate. The JAC were very satisfied with the work undertaken by TIAA and their adherence to and management of the plan. The JAC agreed that further improvement was needed in the management of the IT audit plan by both TCBC and the SRS in order to achieve the number of audits allocated in their plan on an annual basis, whilst acknowledging the complexity of the number of partners involved in the process.

The JAC reviewed TIAA's proposed annual Audit Plan for 2020/21 and was satisfied it was appropriate for, and aligned to, Gwent's risk profile. As TIAA were also the internal auditors for the three other Welsh forces, we welcomed the development of a collaborative audit plan for the coming year and the sharing of lessons learned across Wales.

Due to the ongoing concerns relating to the progress of audit recommendations by the SRS, the JAC requested and now receive a quarterly update report from the SRS on progress with the audit recommendations. A presentation was also provided by the SRS on the management and delivery of its services during December 2019. Attendance at the JAC by the SRS/TCBC when limited assurance audit reports were received had also been requested in order to directly discuss any issues there may be regarding resourcing and progress of the recommendations, due to the concerns that have been raised in previous years.

The JAC reviewed the proposed 2020/21 annual Audit Plan for the SRS and was satisfied it was appropriate for, and aligned to, Gwent's risk profile.

It must be noted that both the audit plan proposed by TIAA and the SRS for 2020/21, will be subject to change based upon any areas of business identified as requiring an audit due to the impact of Coronavirus.

### Audits Completed - TIAA

There were 20 internal audits completed by TIAA in 2019/20 (including 5 which were undertaken collaboratively across all Welsh Forces), 7 received 'substantial' assurance, 10 received 'reasonable' assurance, 2 received 'limited' assurance and 0 received 'no assurance'. There was 1 'advisory' audit with no assessment given. 2 'follow up' audits were also completed. 2 audits were deferred to 2020/21 at management's request.

### Audits Completed - Torfaen County Borough Council

There were 10 internal audits completed by TCBC on the IT services provided to the OPCC and Force in 2019/20, which includes 2 deferred from 2018/19 (the third report deferred from 2018/19 has been further deferred until 2020/21). 1 audit originally planned for 2019/20 was also deferred to 2020/21 as a result of delays in audit proceedings. 5 received 'substantial' assurance, 2 received 'moderate' assurance, 2 received 'limited' assurance and 0 received 'no assurance'. 1 'advisory' audit with no assessment given.

All audit reports, as detailed within the Annual Governance Statement, have been scrutinised by the JAC.

### ❖ **Self-Assessment**

The annual self-assessment exercise which reviewed the JAC's performance during 2019/20 was undertaken during March/April 2020. This allowed the results to be analysed and any key outcomes included in the priorities for 2020/21.

Following Members' review of the self-assessment exercise, an action plan is drafted to support the JAC's continuous improvement and is reviewed on a quarterly basis.

Research was undertaken with other JACs across England and Wales regarding the questions used within their self-assessment process in order to determine if improvements could be made to the form used in Gwent. The form was reviewed in line with the responses received as well as against the amended CIPFA guidance for audit committees and guidance published by the National Audit Office. The JAC was consulted during January/February 2020 with the amended form finalised for use in readiness for the 2019/20 process. The form is now more reflective of the work of the JAC and will invoke useful discussions as to how ongoing compliance against the ToR can be achieved.

### ❖ **Annual Performance Reviews**

All members have participated in an annual performance review process. Feedback has been positive with all members finding the process useful. The actions for improvement in the JAC's operation arising from the review process are considered by officers with feedback provided to members.

## ❖ **Prioritisation of Risk**

The JAC continue to make a commitment to risk management. Due to the success of the risk register being discussed at the beginning of the agenda on an annual basis, the JAC have agreed that this item would be prioritised on the agenda at every meeting going forward.

## **5. Meeting Our Priorities**

Each year the JAC set out in its Annual Report the priorities they will focus upon during the coming year. This section evidences how the JAC has met those priorities set out in the 2018/19 annual report.

## ❖ **Training and Development**

Members have participated in a number of different training events in order to build on their existing knowledge and skills. Internally, the OPCC and Force run sessions where a topic identified by members is explained and discussed in detail; these sessions, known as 'Deep Dives', take place as an addendum to the formal meeting structure.

### Deep Dives

- Wellbeing and Sickness Absence 3<sup>rd</sup> June 2019;
- A Day in the Life of a Frontline Police Officer, 12<sup>th</sup> September 2019;
- Value for Money Profiles, 11<sup>th</sup> December 2019; and
- Collaboration (Governance), 4<sup>th</sup> March 2020.

### All Wales JAC Training Day, 30<sup>th</sup> April 2020

The all Wales JAC training that should have taken place in 2019/20 had been planned for 30<sup>th</sup> April 2020 in North Wales. Due to the coronavirus pandemic, this event was cancelled and replaced with online training which will take place on 22<sup>nd</sup> June 2020.

As a result of the 2018/19 training day, the Vice Chair produced a briefing note highlighting areas for officers to consider and provide feedback on. The feedback on the briefing note was monitored during 2019/20 until the JAC were confident that adequate feedback had been provided on all areas raised.

## ❖ **Creditors and Debtors**

Creditors and debtors is an area that the JAC have kept under close scrutiny during 2019/20 to ensure that improvements in their processing were made. A follow up audit recommendations report received at the December 2019 meeting indicated that there was still an outstanding balance of duplicate payments that needed to be recovered although the amount had been significantly reduced as work had been undertaken to recover payment. This was further supported in March 2020 by the Head of Finance who confirmed that of the two largest duplicate payments

outstanding, one had been received with the other agreed and expected to be returned shortly.

We were also pleased to note the implementation of the 'No Purchase Order No Pay' policy which commenced on 1<sup>st</sup> February 2020 and should assist in ensuring issues with creditors, debtors and duplicate payments were significantly reduced.

#### ❖ **Early Closure of the Accounts**

The JAC was pleased that the OPCC and Force were able to meet the first statutory deadline of 31<sup>st</sup> July 2019 for approval of the 2018/19 accounts.

There were a number of issues experienced during the production of the accounts. The finance team have produced a lessons learnt action plan which is being monitored by the JAC and are implementing further changes that are required to ensure that the same issues do not arise during the production of the 2019/20 accounts.

#### ❖ **Shared Resource Service – Audit Plans including Service Continuity Management**

The JAC have closely monitored completion of the TCBC internal audit plan to ensure all outstanding audits are being progressed. In order to ensure those recommendations that were of the highest priority were dealt with first, a request was made to the SRS that recommendations were looked at holistically rather than priority given to the recommendations contained within a 'limited' assurance rated report.

In order to understand more about the management and service delivery of the SRS, a presentation was provided to the JAC in December 2019 by the SRS.

It was also requested that both TCBC IA and SRS Management attended JAC meetings should an SRS audit receive a limited assurance rating. This would enable closer scrutiny and also allow the JAC to understand the rationale for decisions made in relation to the audit recommendations.

#### ❖ **Shared Resource Service - Disaster Recovery**

Work has been ongoing for a number of years in relation to developing a disaster recovery site in conjunction with South Wales Police. The JAC lead for IT has again supported the Assistant Chief Officer, Resources, throughout 2019/20 in ensuring there has been a high level of scrutiny in this area. As a result, the JAC have been able to provide robust and constructive challenge in relation to disaster recovery and are satisfied that it remains on the joint strategic risk register and are reassured by the regular updates provided by the Assistant Chief Officer, Resources at meetings. Work will continue to be progressed in relation to disaster recovery during 2020/21.



## ❖ **Review of the CIPFA ‘Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)**

During 2019/20 a review of the Chartered Institute of Public Finance and Accountancy (CIPFA) Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition) was undertaken with a detailed report containing proposed ToR amendments discussed at the September 2019 meeting. As a result, the JAC ToRs were updated to reflect the guidance as appropriate with final approval being given at the December 2019 meeting.

The ToR compliance document for 2019/20 will include the additional areas that have been incorporated into the ToR although it must be noted that work is still ongoing to ensure compliance in certain areas such as value for money.

## **6. Priorities for 2020/21<sup>1</sup>**

### ❖ **Training and Development**

In order to continue to develop and build on the skills of the JAC, ‘Deep Dive’ sessions are being considered in the following areas:

- Cancelled due to Coronavirus pandemic – June 2020;
- To be decided – September 2020;
- Annual Review of the Value for Money Profiles (including demand, outputs and outcomes) - December 2020; and
- To be decided – March 2021

The JAC agreed at the March 2020 meeting that two of the four deep dives slots (September and March) would remain vacant to allow deep dives to take place on areas of concern/interest that arose during the course of the financial year. The Estates deep dive that was planned for June, will now take place on 29<sup>th</sup> July 2020 via telephone conference.

The areas above cover a variety of business areas and will help to further support the understanding of the wider work of the OPCC and the Force.

### ❖ **Early Closure of the Accounts 2019/20**

Despite the accounts being closed by the statutory early closure deadline for 2018/19, there were a number of immaterial issues identified that are continuing to be monitored by the JAC to ensure that the process runs more smoothly in future.

### ❖ **Finance Department Review**

A review of the finance team commenced during 2019/20. It is imperative that the JAC monitor this through to completion to ensure that adequate resources are made available to support the statutory duties that the department undertake.

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<sup>1</sup> Due to the current Coronavirus pandemic and the need for essential services to be prioritised, the JAC are aware that they may not be able to achieve the priorities agreed for 2020/21.

❖ **Shared Resource Service – Audit Plans**

The JAC continue to raise concerns in relation to the auditing approach in particular the materiality of the audit recommendations raised and consequential impacts on workload. The JAC have agreed to continue to closely monitor completion of the TCBC internal audit plan to ensure, as far as possible, that all planned audits are completed annually and that adequate resource is provided by the SRS in delivery of the Gwent Police elements of the 2020/21 audit plan.

The JAC are concerned that two of the audits planned for 2019/20 had been moved to the 2020/21 audit plan (including one originally planned for 2018/19) and the impact that this would have on the completion of audits during 2020/21. This will continue to be monitored closely in the coming year.

The JAC will continue to monitor all outstanding audit recommendations via the quarterly Outstanding Audit Recommendations report with any concerns raised with the Assistant Chief Officer, Resources for feedback to be provided to the SRS.

❖ **Shared Resource Service - Disaster Recovery**

The JAC lead member for IT will continue to support the Assistant Chief Officer, Resources in scrutinising the progression of work in this area. Updates on progress will continue to be requested on a quarterly basis.

❖ **Shared Resource Service - Service Continuity Management**

Due to the concerns the JAC have in relation to this area of work focus will be continue to be placed on ensuring these actions are completed. Outstanding actions will continue to be monitored closely until completion.

❖ **Construction of Police Headquarters**

On receipt of the Headquarters assurance report at the December 2019 meeting, the JAC agreed that it would have been useful to have received more detailed information at an earlier stage of the process for greater scrutiny to take place. It has been agreed that updates would be provided to each JAC for the duration of the construction project.

❖ **Value for Money**

Due to the JAC's role in relation to Value for Money (VfM), it would be helpful if the VfM Profiles issued by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and discussed annually during the December deep dive, were supported with performance and cost information that linked to demand and outcomes to aid better understanding of this area and ensure compliance with the ToR.

The JAC also want to ensure that as well as the comparison to Gwent's Most Similar Force group in relation to income and expenditure, that in future, information is also provided on demand and outputs/outcomes.

## **7. Conclusion**

Based on the JAC's scrutiny of the information provided and its enquiries of management during 2019/20, the JAC is satisfied that the Commissioner and the Chief Constable can be assured that their control, risk and governance position for 2019/20 was appropriate. In doing so the JAC continues to draw attention to the opportunity to seek greater assurances in respect of SRS' risk and control position on a prospective basis. The JAC has also requested that more frequent and detailed information in relation to the building of the new headquarters is provided, as well as being kept abreast of the developments and changes within the finance department that may impact on its ability to undertake the budget and accounts auditing process.

In determining this conclusion, the JAC has given due regard to the work of both internal audit providers and is pleased to note that the annual audit opinion from TIAA is that *'The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control and governance processes in place to manage the achievement of their objectives for the areas reviewed during the year'*.

The JAC is satisfied that, as at 4<sup>th</sup> March 2020, TIAA's proposed annual Audit Plan for 2020/21 is appropriate for, and aligned to, Gwent's risk profile.

In relation to IT audits, the SRS received an overall assurance rating of *'Generally satisfactory, some improvement required'* from TCBC.

The JAC is pleased with the continued improvements being made in the SRS to support the completion of audit recommendations, although there is still much work to do to continue to improve this area further. These concerns have been shared with TCBC and with the SRS throughout 2019/20; the JAC has received assurance that there is sufficient resource available to meet the audit plan set for 2020/21.

The JAC has confirmed its compliance with its ToR during 2019/20 and has received appropriate information from the OPCC and the Force to enable the discharge of its duties.

The Commissioner and the Chief Constable are asked to note this report as a summary of the work and findings of the JAC for the financial year 2019/20.