

**OFFICE OF THE POLICE AND CRIME COMMISSIONER**  
**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

4<sup>th</sup> March 2020

Present: Mr J Sheppard (Chair)  
Mrs D Turner, Mr A Blackmore, Mr R Leadbeter and Dr J Wademan

Together with: Ms E Thomas – Deputy Police and Crime Commissioner (DPCC)  
Mr D Garwood-Pask – Chief Finance Officer (CFO)  
Mrs S Curley – Chief Executive (CEX)  
Mrs J Regan – Head of Assurance and Compliance (HoA&C)  
Mrs N Warren – Governance Officer (GO)  
Ms A Blakeman – Deputy Chief Constable (DCC)  
Mr N Stephens – Assistant Chief Officer, Resources (ACOR)  
Mr M Coe – Head of Finance (HoF)  
Mrs T Veale – Wales Audit Office (WAO)  
Mr C Fitzgerald – (TIAA)  
Mr M Lewis – Chief Operating Officer – Shared Resource Services (COOSRS)  
Mr P Higgs – Assistant Director – Shared Resource Services (ADSRS)

The meeting commenced at 10:00am.

**APOLOGIES**

**Action**

1. Apologies for absence were received from Mr J Cuthbert, The Police and Crime Commissioner, Ms P Kelly, Chief Constable, Ms A Harkin, Wales Audit Office and Mr J White, Temporary Superintendent – Head of Strategy, Performance and Change.

**DECLARATIONS OF INTEREST**

2. There were no advance declarations made in relation to the business to be transacted.

**APPOINTMENT OF CHAIR**

3. The CFO informed us that as per the Joint Audit Committee (JAC) Terms of Reference (ToR), the appointment of the Chair and Vice-Chair needed to be undertaken annually. The Chair had served for 3 consecutive years and therefore a new Chair was to be appointed.

The Chair thanked the Committee for their commitment and support throughout his 3-year term.

**Action**

The DPCC thanked the Chair for his work on behalf of the OPCC and the Force in guiding the Committee over the last three years and acknowledged the significant value that the JAC provided through its role in risk management. We agreed to nominate Mrs D Turner to the role for the coming financial year; Mrs D Turner accepted the nomination and subsequent appointment to the role of Chair.

### **APPOINTMENT OF VICE CHAIR**

4. Mr A Blackmore was nominated as Vice-Chair for the ensuing year and also accepted the appointment.

### **MINUTES**

5. The minutes of the meeting held on 11<sup>th</sup> December 2019 were received and confirmed. The following were highlighted:

#### **Minutes, Page 3**

We requested an update on the mandatory training review, to ascertain if mandatory training requirements had been prioritised in order to make better use of training capacity. The ACOR informed us that the Learning and Development team (LD) had developed an annual training plan and mandatory training had been incorporated within the plan, as recommended by TIAA. The DCC informed us the plan had been presented to the Strategic Force Resource Board (SFRB) and agreed to provide a briefing paper on Mandatory training, once the training plan had been approved.

**DCC**

**Page 4,** We referred to the potential loss of evidence during its physical transportation to Crown Court and questioned how the Force were mitigating the risk, whilst the tendering process of a digital online service was being undertaken. The ACOR advised us that the tendering process had concluded and the first digital transmission of 14 streams of evidence could be expected through the Digital Asset Management System in June 2020. We were assured that no issues of concern had been raised, as evidence was transported via Police courier. We asked if the digital evidence streams would be prioritised according to risk levels and we were informed the most significant risk was in relation to Body Worn Camera footage, which would take priority in order to enable the fast tracking of evidence to Court for a more efficient charging process within custody.

**Page 7,** We asked if the Welsh Government (WG) had imposed a penalty for the Police Headquarters build not meeting all of the mandatory requirements in relation to the Building Research Establishment Environment Assessment (BREEAM). We were informed that the issue was being monitored through the HQ Project Board and early indications

were that the penalty would not come to fruition. The Joint Legal Services Team and the WG were working together to bring the matter to its conclusion.

**Action**

We noted a request had been made by JAC for the full remit of associated HQ build business cases (e.g. Fleet Workshops) to be brought to the meeting and questioned whether they would be completed by the following meeting. The ACOR informed us that the majority of business cases had been developed and estimates were being sought in relation to the remaining cases to ensure cost assumptions were based on robust information. We agreed for the HQ associated business cases to be presented at the following meeting in June 2020, in conjunction with the HQ update.

**ACOR**

**Page 10,** We noted an amendment to the sentence 'The Joint Firearms Unit would be monitored' to 'The Joint Firearms Unit would be reviewed'.

**GO**

**Page 18,** Our attention was drawn to the budget setting papers and as the report indicated that the grant for the Private Funding Initiative was subject to meeting specific requirements to maintaining and running the Custody facility. We queried why this did not correlate with Police and Crime Panel (PCP) December minutes where it had specified that the Ystrad Mynach custody facility did not necessarily have a long term future. The CFO informed us that the grant was due to continue until 2026 and any new re-provisioning of the custody facility would take place after that, in conjunction with the over-arching Custody Strategy.

We noted the minutes had been circulated prior to the meeting previously and asked that the process was resumed for future meetings to ensure administrative amendments could be made before the meeting.

**GO**

## **ACTIONS**

6. We received and noted the actions from the meeting held on 11<sup>th</sup> December 2019. The following were highlighted:

### **Action 1, Minutes**

The CFO advised us that the update in relation to Operation Uplift would be addressed under agenda item 17.

### **Action 2, Actions**

Concerns were raised that Torfaen County Borough Council Internal Audit (TCBC IA) were not in attendance at the meeting, to discuss audit reports that had received limited assurance. A request was made for the Committee's concerns to be conveyed to TCBC IA. The ACOR advised that he had written to request their attendance and had confirmed the case with the S151 officers of the partner organisations in the SRS. The ACOR confirmed that TCBC IA could be expected at the following meeting as there was agreement for attendance on an annual basis to present the annual internal audit report which is completed in line with the annual

accounts process. The ACOR assured us that he would request that time was allocated from the audit programme for 2020/21 for TCBC IA to attend JAC meetings to provide assurance on the progress of the ICT audits. **Action**

#### **Action 4, Police Headquarters**

We sought assurance that there was sufficient expertise and knowledge within the HQ project team to ensure the HQ programme was being well managed and there was no scope for any unplanned issues resulting in additional costs. The ACOR assured us that the HQ Project Board were continually monitoring risks via a HQ risk log and agreed to circulate a copy of the risk log to JAC members for review. **ACOR**

We were assured that the best prices had been attained in relation to the HQ build following the tender exercise of the construction packages during the spring/summer 2019. This process had been subject to audit review and had received a substantial risk assurance rating. The ACOR agreed to provide a short presentation on the HQ Project, a HQ briefing paper incorporating the findings of the TIAA reviews and a detailed HQ project update as part of the Deep Dive at the following meeting in June 2020. **ACOR**

The CFO referred to the HQ assurance report and reminded us that it had provided assurance in this area, as it articulated the levels of governance throughout the process.

#### **Action 5, External Audit**

The WAO advised us that planned meetings in relation to the review of Force Collaborative arrangements had taken place and a briefing paper was to be presented to the Collaboration Management Board and the All Wales Policing Group (AWPG) the following week. Following that, the briefing paper could be forwarded to the HoAC, for inclusion at the JAC training day agenda on the 30<sup>th</sup> April 2020. **WAO/  
HoAC**

The WAO explained that it had not been possible to arrange a joint workshop with all four Welsh Forces. Therefore, the four Forces were to respond to the findings of the Collaborative arrangements review and collate the action plan. The WAO recommended a joint Force approach when undertaking the process. We noted that it was possible that the action plan would not be collated in time for the JAC training day 30<sup>th</sup> April and agreed to revisit this matter at the following JAC meeting. **WAO**

#### **Outstanding Action, 29<sup>th</sup> June 2017**

##### **Action 9, JAC Draft Annual Report**

We requested an update in relation to the Governance Assurance Framework and received confirmation that it had been completed and reviewed by the OPCC. The Force were to review the Framework and the approved document would be circulated to JAC. The HoAC agreed to circulate the draft Framework to JAC for comment in the interim. **HoAC**

## **EXCLUSION OF THE PRESS AND PUBLIC**

**Action**

7. 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

## **JOINT STRATEGIC RISK REGISTER**

8. We received and monitored the Joint Strategic Risk Register.

Having analysed the risk register, the DCC advised us that updates on the register did not always correlate to the original risk, as some of the risks had evolved, often into a new risk as a result of activity undertaken. Therefore, the register had been reviewed and a list of the risks collated, indicating which of risks were to be removed off the register. However, the DCC acknowledged that the new risks needed to be added to the register prior to removing the old risk and assured JAC this would be done, as requested by the PCC at the recent Strategy and Performance Board (SPB).

We acknowledged the introduction of the risk cover sheet and agreed that it had been helpful in identifying the risks that had evolved.

We noted the risk relating to Coronavirus had not been incorporated within the register and asked what steps had been taken by the Force in preparation to mitigate this risk in the future. We were informed that the Force were in continuous dialogue with DCC of Devon and Cornwall; the National lead for the major incident and Chair of the National Police Chiefs Council (NPCC). He was also linking in with the Cabinet Office Briefing Room (A) meetings (COBRA). The Force had recently participated in a scenario testing exercise with the Welsh Government and a review of the exercises were to be conducted; specifically related to the Gwent area to help provide a better understanding of Force requirements. Force messaging had been communicated to all members of staff and would continue to do so as the issue progressed. There had been no cases of Coronavirus identified in the Gwent locality to date.

We noted that a few of the risks referred to officers not being able to conduct sufficient Force audits due to a lack of resources such as the Police Online Knowledge Area (POLKA) and we asked if this had been addressed. The DCC informed us that the Continuous Improvement Department had reviewed the specific roles the risks were related to in order to ensure resources had been allocated, to enable sufficient auditing processes were being undertaken going forward.

We referred to the Absence and Wellbeing Management risk and asked if the appropriate Management action was being taken with regards to long term and short term sporadic sickness, or if a blanket approach was being

taken across the Force. The ACOR assured us that the data for all sickness categories was scrutinised through the People and Diversity Board on a monthly basis for analysis, in order to identify thematic trends. The ACOR agreed to provide a summary of the monitoring undertaken and the analysis of that data, in order to provide us with assurance that the most suitable approach was being taken by Management in terms of sickness monitoring and staff wellbeing.

**Action**

**ACOR**

The CEx informed us that similar concerns had been raised by the PCP last year and a presentation on Absence Management had been delivered to the PCP, in order to provide reassurance that the appropriate approach was being taken and focus had been primarily on improving supervision in this area. The CEx assured us that the OPCC had requested a comprehensive Absence Management report for 2019/20, at the following SPB meeting for further scrutiny.

We requested an update on the McCloud judgement on Police pensions. The HoF informed us that he had recently attended an All Wales Pension Board and advised that there was a greater understanding overall of who would be affected by the judgement and in what period. However, it was unclear what remedies would be required at this time, as LeighDay Solicitors and the Home Office needed to agree terms; LeighDay solicitors had advised that a number of their claimants could be worse off in comparison to their original assumptions and therefore requested more time to agree terms for those affected with the Home Office. It was currently expected that the exercise would conclude in 2022.

We asked if the pension judgement was a contingent liability and if it been accounted for. We were informed that compensation payments related to stress could easily be calculated and accounted for, as there were 148 claimants at a rate of £500-£1000 per claim. In terms of the position with the remedies the costs were unclear and it was considered a contingent liability at this time. We were assured that the accounts were adjusted the previous year to reflect this and would be adjusted this year, once the relevant disclosures had been received.

The CFO advised us that the Brewster, McCloud and Langford judgements were reported to the Pension Board and suggested circulating judgements factsheet as background information to the JAC.

**CFO/  
WAO**

## **DISASTER RECOVERY UPDATE**

9. We received the SRS Disaster Recovery update from the ACOR.

The ACOR advised us that the Disaster Recovery (DR) report provided detailed stages of phase two and the work undertaken over the course of the last twelve months; demonstrating a focus on business continuity and preparation for transition to the new Police HQ building in 18 months' time.

In order to meet the requirements of the National Enabling Programme (NEP) of inbuilt resilience, a scoping exercise had been conducted and the implementation of the NEP failover, resilience and disaster recovery project was expected by 1<sup>st</sup> June 2020.

We asked if the requirements of the NEP could be met within the expected 6-month deadline and the ACOR assured us that the technical pilot was almost complete. The security elements of the Office 365 programme had been approved by the National Senior Information Risk Officer (SIRO) and the project was on course for completion by the 1<sup>st</sup> June 2020.

The report indicated that there were many variables that could impact the timeline, such as the availability of hardware and we asked if this could be mitigated by addressing the issues early on. We were informed that the specification of the hardware had not yet been confirmed and until confirmation had been received, it could not be purchased. However, we were assured as soon as the specific hardware had been identified, it would be ordered.

We questioned when the Airwave radio service was expected to move to the Emergency Service Network (ESN) and received confirmation that the Force had planned to use the existing service provision up until approximately 2024, due to the challenges presented by National ESN programme timeline. However, progress had been made in implementing many of the enablers of ESN in preparation for the transition. In the interim, there were 700 Airwave handsets in stock remaining from the North Atlantic Treaty Organisation (NATO) meeting in Gwent in 2014 and 100 new Airwave handsets were to be purchased in collaboration with Dyfed Powys and South Wales Police for use by our Joint Firearms Unit.

### **We agreed to re-open the meeting to the press and public**

#### **EXTERNAL AUDIT**

10. We received the following reports from external audit:

##### **a) Update Report**

We were advised that key areas of risk relating to the 2019/20 financial statements had been identified which had been recorded in the Audit Plan 2020.

The interim audit had identified an issue where not all related party transactions relating to declarations of interest had been received, particularly from Senior Officers who were no longer part of the organisation. The HoF informed us that a decision had been made to use the Business Interest Register for some of the Officers and Staff members identified, as opposed to the declarations of interest process; as it was not appropriate to approach them when under review by the Professional Standards Department. A review of the previous year's Declarations of

Interest would be taken into consideration, should it remain inappropriate to contact the individuals concerned.

**Action**

The WAO advised us that they were planning to undertake a national review of collaboration between the Emergency Services including Police, Ambulance and Fire, which will also touch on other services such as the National Police Air Service (NPAS) which is likely to involve discussions with Welsh Forces.

We sought assurance that there would be resilience within the Finance Department, if staff members were to become ill during the final audit process. We were assured that proactive action had been taken to address annual leave and agile working issues, to ensure the relevant staff were available to assist auditors with the process.

We asked if other areas involved in the process, such as Human Resources had been informed when the audit process was due to take place, to ensure the relevant staff members were available to respond to WAO's queries. The HoF advised us that the relevant departments had been made aware when the audit period would be underway, to ensure any necessary work had been undertaken in preparation for the audit and that the relevant staff would be available to respond to queries.

We referred to page 3 of Appendix 1 and noted that the progress update required amending, as the timetable of staff availability had been completed.

**WAO**

#### **b) Audit Plan**

The WAO referred us to exhibit 2, Financial statements audit risks and informed us that the headings had not been split on page 7 into significant audit risks and other audit risks. The WAO agreed to amend and reissue the document.

**WAO**

The WAO highlighted the significant risks within the plan and reminded us that management override was incorporated within all WAO audit plans every year.

Our attention was drawn to the Brewster pension judgement, which was deemed to have an impact on Forces and an assessment of the size of the impact was to be undertaken. The HoF informed us that the Force were expecting the exposure to additional survivor pension payments for unmarried partners to be minimal, as there were a small number of deaths related to this relationship category within the Police Service. The Force were awaiting confirmation from Pension administrator Capita regarding this.

We questioned if the Force were in a position to reflect the implications brought about by the International Finance Reporting Standards (IFRS) 16 leases in their accounts. The HoF confirmed that the Finance Team



were conducting a review of Force leases within the Fleet and Estates Departments in accordance with the WAO checklist and the changes would come into effect within the 2020-21 accounts.

**Action**

We thanked the WAO for the comprehensive audit plan.

### **C) All Wales VFM Action Plan – Oral Update**

Interviews had been conducted with the Four Welsh Forces and varied responses had been received in relation to Collaboration arrangements. Problems had been identified with communication and decision-making processes in certain ranks. Arrangements for governance and securing value for money are in place, however the arrangements appear complex. For example, scheduling of meetings in right order, and understanding the escalation process in between those meetings. The review also noted for example, that there was no 'single' Strategic Collaboration plan in place across the Forces. The early draft findings of the review were presented to the Welsh Police Finance and Resource Group (WPFRG) and were to be presented at the Collaboration Management Board and the AWPG the following week. The findings would be forwarded to the HoAC for inclusion on the JAC training day agenda 30<sup>th</sup> April 2020.

**WAO**

## **INTERNAL AUDIT (TIAA)**

11. We received the following reports from internal audit:

### **a) Update Report**

The following audits had been finalised since the last meeting:

- Operational Review of Collaborative Change Control – (Operational);
- Compliance Review of New HQ Contract Management Part 2 – (Substantial Assurance);
- Review of General Ledger – (Reasonable Assurance);
- Review of Budgetary Control – (Substantial Assurance); and
- Review of Treasury Management – (Substantial Assurance)

The majority of the reports had received reasonable or substantial assurance ratings, with the exception of the Operational Review of Collaborative Change Control, which did not have an assurance rating as it was an operational review.

We questioned why there had been a delay in finalising the Collaborative Change Control audit and TIAA advised us that it was due to awaiting responses from the Management of the both Forces involved. The ACOR informed us that the proposed audit recommendations had been provided to SWP in September 2019 and they were signed off in January 2020. Therefore, due to more parties being involved in the collaborative audit sign off process, it could take longer to complete. As the number of

collaborative audits was due to increase this year, the ACOR agreed to review the expected 10-day response time to collaborative audit recommendations.

**Action  
ACOR**

We had not had sight of the finalised collaborative reviews in relation to Debtors or the Estate Management Delivery and asked when they could be expected. We were advised that the collaborative Force leads had not yet forwarded the final reports to Gwent and the ACOR/CFO agreed to obtain and circulate the reports to JAC members.

**ACOR/  
CFO**

We agreed that following management approval, TIAA recommendations for all collaborative reports should be sent to all four Welsh Forces going forward.

**TIAA**

We queried if TIAA audit recommendations resulting from the collaborative reviews were included within the existing outstanding audit recommendations. The ACOR advised us that recommendations were usually received through a portal and agreed to ascertain if the same protocol applied to the collaborative audit recommendations.

**ACOR**

We referred to the Local Policing property and cash audit on page 6 of the report and noted the draft had been issued on 17<sup>th</sup> December 2019 and we had not had sight of it. The ACOR advised us that a significant amount of work had been undertaken in the department and acknowledged that further improvements were required. The report would be issued shortly with the findings of the review.

**ACOR**

We referred to the Operational review of Collaborative Change Control and invited TIAA to comment. We were informed that there had been significant improvement made in terms of communication between the Shared Resource Service (SRS), Digital Services Division (DSD) and the Forces.

We noted the arrangements between GP and SWP had morphed into a service arrangement, as opposed to the initial collaborative arrangement and TIAA had recommended that the Memorandum of Understanding (MoU) was updated and the development of a Service Level Agreement (SLA) between GP and SWP was adopted. We sought assurance that these issues were being addressed and the ACOR advised us that there had previously been issues with service continuity, which had been addressed, as the relevant DSD and SRS resources had been deployed to Bridgend to ensure there was no reoccurrence of the issue. However, he acknowledged it was important to ensure the recommendations were actioned swiftly.

We sought clarity between the provision of Digital services from DSD and the ICT services from the SRS. The ACOR informed us that each of the five Local Authority partners had a Digital service provision within their core service that is separate to the SRS. Gwent Police has ring fenced a small SRS ICT team to work solely with the DSD to enable dedicated

resources to implement the digital strategy. This has enabled the implementation of the national police programmes to advance at pace in Gwent.

**Action**

**b) Final Audit Plan**

We noted that the Performance Management review had not been incorporated within the audit plan for 2020/21. The ACOR advised us that it would be included within the following year's plan.

**The DCC left the meeting at 12:10pm**

**Matt Lewis and Paul Higgs (SRS) joined the meeting.**

**INTERNAL AUDIT (TORFAEN COUNTY BOROUGH COUNCIL)**

12. We received and read the following reports from Torfaen County Borough Council (TCBC) Internal Audit, in relation to the Shared Resource Service (SRS):

**a) Quarterly Update Progress Report**

The COOSRS advised there were 86 open actions, some of which had been partially completed, or were actions with future dates. Our attention was drawn to the exception log in appendix 1, providing a detailed account of the 60 actions that were not in a position to be closed and the explanation. Two of the planned audits were delayed; the Back Office Full audit, due to workload issues and the Cyber Security Follow Up audit, as a result of previous actions not yet completed.

The Enterprise Architecture audit had received a limited opinion. However, we were informed that SRS had requested the audit specifically to target the area in order to improve the service, as the area had only been set up for eight months. Therefore, the recommendations had been expected.

We queried if there was sufficient SRS resources allocated to deal with the audit actions and the COOSRS informed us the number of audits are higher than he believed necessary but the SRS staff had been able to undertake the work tasked to them. There were also plans to refine the processes in relation to those responding to the recommendations, in order to alleviate workload on the Management team, as Managers and Team Leaders were heavily involved in the process.

We asked if the SRS's Finance and Governance Board (FGB) functioned well in terms of decision making and resolving audit issues. We were informed that there had initially been miscommunication between parties, but communication had improved as SRS were delivering a detailed explanation of the reason some audits were delayed. There was also a varied risk appetite between the five partner organisations; GP preferred SRS to focus on completion of all recommendations within an audit and

other partners preferred completion of high priority recommendations of their audits - this could be difficult for SRS management to prioritise.

**Action**

We queried if any of the delays were as a result of decisions made by the FGB. The COOSRS advised us that he formed part of the FGB and the board were not responsible for the delays. Delays could occur for various reasons where actions could not be undertaken to address certain audit recommendations, as indicated within the report. An example of this being the requirement for funding, in which case a business case would need to be drafted, approved and implemented before the audit recommendations could be completed, resulting in a delay.

We asked if the FGB would have sight of the SRS report presented to JAC today and we received confirmation that the board would receive it at every quarterly meeting going forward.

We questioned if it was feasible for twelve audits to be conducted each year, when there were outstanding audits from the previous year. The ACOR advised us that some of the reviews were follow ups and others full audits; the matter was discussed at the FGB and the audits had been planned according to priority. Appropriate SRS capacity had been established, in order to deal with the number of audits presented, as had been demonstrated in the report. A review of the quantity and days for audits could potentially take place in 2021/22, should SRS continue to improve the service through the auditing process. Mr Andrew Blackmore noted that the audit approach was compliance based and asked whether a risk based approach had been considered. The ACOR stated he would discuss with the FGB the merits of a risk based over a compliance based approach to audit.

**ACOR**

We asked what the consequences were for SRS due to the Gartner contract ending and COOSRS explained that there could potentially be a requirement to purchase a benchmarking service in the future, to replace the services offered by the contract.

We asked what the implications would be to GP when the Bridewell Consulting contract ended in June 2020. The ACOR informed us that the contract had provided a very good information security service, in partnership with three of the other SRS partners. Discussions were being held with the partners the following week, in order to agree a single approach to ensure the appropriate information security service was put in place.

We thanked SRS for their comprehensive report, as it had provided assurance that the essential processes were being managed well.

## **b) Detailed Audit Reports**

Three audits had been finalised since the last meeting:

- Enterprise Architecture Review – (Limited Assurance);
  - Mobile Computing Follow Up Audit – (Substantial Assurance); and
  - Supplier Management Follow Up Report – (Moderate Assurance)
- Action**

We had discussed the limited audit report in relation to Enterprise Architecture previously at item 12a.

**SRS left the meeting at 12:28pm**

### **OUTSTANDING AUDIT INSPECTION RECOMMENDATIONS**

13. We received and read the report that highlighted outstanding recommendations from previous audit reports and the current status of the work necessary to implement the required actions.

An extension was requested for two of the outstanding audit recommendations; Collaborative Estates Management and Creditors.

#### **Page One**

We received an update on Creditors and the recovery of duplicate payments. The HoF informed us that one of the two largest outstanding payments had been received from British Telecom and the remaining payment had been agreed with Vodafone and was expected shortly.

We referred to the General ledger and asked if all of the control account reconciliations had been completed up to month nine and received confirmation that the finance team had completed all of the relevant reconciliations for the year but a small number of them were at the final review stage.

We noted a number of the actions had been completed and sought assurance that relevant processes had been put in place to ensure there was no reoccurrence of the issues. The ACOR informed us that management continually monitored the areas of concern; training was provided to area Supervisors; non-responses to audit requests from staff members were escalated by Management; and follow up reviews provided reassurance to management that the appropriate course of action had been taken.

We agreed to endorse the revised completion dates as requested within the report.

### **2019/20 CLOSURE OF ACCOUNTS LESSONS LEARNED ACTION PLAN**

14. We received the lessons learned action plan from the 2018/19 closure of accounts process.

We were assured that all areas for improvement identified within the plan had been acted upon, many of which had been completed.

We questioned if there would be sufficient resilience within the Finance team should there be any sickness at the time of the closure of the accounts and we were informed that mitigating sickness levels formed a key element of the Finance Structural review. It was initially thought that having omni-competent staff members in the team would provide resilience during the closure of accounts. However, the Finance team had acknowledged that specialist resources were required within the Department to ensure business continuity.

The HoF informed us that the existing Finance structure's demand modelling exercise had been developed and indications were that a further resource was required at the higher tier staffing level and as the review progressed through the remaining staffing levels, there was a likelihood that further resource requirement would be identified. The final business case for the Finance Department was to be presented to the Service Improvement Board in April 2020 and the final structure was expected to be finalised by the September JAC meeting 2020.

We noted that resourcing had been an issue with the Finance Department over the last four years and recognised the need for additional staff within the Department.

**The DPCC left the meeting at 12.50pm and we paused for a working lunch to take place. The meeting resumed at 1.10pm.**

### **FINANCIAL PERFORMANCE REPORT**

15. We received and read the Quarter 3 Financial Performance Report for 2019/20.

The ACOR informed us that there was nothing of concern to raise and the Force's financial performance indicators had been good. There were variances in the budget as indicated in the report and these were being managed, such as preparations being made in relation to the management of overtime spend.

We noted the £1.4 million planned investment fund and queried why the actual year to date spend was only £224,000. The HoF assured us that it was timing issue, as some invoices for the larger spend items such as ICT were not expected until the end of the year.

We questioned why there was large underspend on training, when we had been informed that too much training had been booked and, in some areas, mandatory training had not been completed. We were advised that there were two areas of the training programme, such as in-house training, including mandatory training and external specialist training, provided by other Forces and external providers. A sizeable amount of the £1 million training budget had been earmarked for the external training. However, there was no requirement to send Officers to financial crime

investigation training, which had resulted in a saving of approximately £8,000 per Officer a year.

**Action**

We requested clarification on the following sentence, 'Debtors' page 4. 'of which £311k (30 Sept 2019: £487k) was overdue' should read. 'of which £311k (30 Sept 2019: £487k) was not due'

**HoF**

## **DRAFT JOINT ANNUAL GOVERNANCE STATEMENT**

16. We received the draft AGS from the CFO.

A discussion ensued in relation to the AGS and as the draft papers had been circulated for comment prior to the meeting, we agreed that any further comments regarding the paper should be forwarded to the CFO for review outside of the meeting.

**ALL**

## **BUDGET SETTING 2019/20 ORAL UPDATE**

17. We received an oral update on 2020/21 Budget setting round and noted reports had been circulated for information.

The CFO informed us that the CC had presented her bid to the SPB in November 2019, requesting consideration of an 8.99% precept increase. However, the Medium Term Financial Plan (MTFP) was modelled on a 6.99% precept level, which resulted in a £5.3 million deficit at the end of the MTFP and a £1.2 million deficit in 2020/21 to be met through efficiencies and reserves.

On the 9<sup>th</sup> December 2019, the PCP received a presentation from the CC that provided an operational context to the budget bid; with a proposed increase of 6.99% requested in order to meet force demand. This equated to an increase of around £1.50 per month for an average household; an increase which was supported by the majority of respondents during the statistically robust Precept Survey consultation.

A formal paper notifying the PCP of the PCC's proposed budget and precept for 2020/21 was submitted to the PCP on the 24<sup>th</sup> January 2020. A few amendments had been made to the budget following the CC's bid, as a review of certain service pressures had been conducted, to ascertain if certain areas could be funded non-recurrently. Confirmation had also been received in the intervening period that the Private Funding Initiative (PFI) credits would continue from WG and clarification on the approach to funding in relation to Operation Uplift had been received. The PCC made the decision to propose a 6.99% precept increase as a number of the cost pressures had been alleviated. There remained a £1.2 million deficit in 2020/21 however and a £6.3 million deficit at the end of the MTFP. However, the budget would be balanced due to the efficiency savings and the use of reserve funding.

Subsequently, the Home Office Police funding settlement report was received, between the issuing of the papers to the PCP and the actual meeting itself. The CFO informed the PCP of the changes brought about by the Police funding settlement, including confirmation of cost neutrality of Operation Uplift; that the consequential costs had been received in advance for the total uplift of 165 Officers, that the Capital grant had been reduced from £450,000 to £120,000 per annum, equating to a 75% cut; and the Police Transformation Fund (PTF) had ceased.

As part of the consequential costs in relation to Operation Uplift were capital in nature, the borrowing requirement had reduced over the duration of the current MTFP.

The PCP considered the 6.99% increase in precept and although it was not vetoed, the PCP recommended a reduced precept increase of 6%. The PCP provided their rationale for the request: they had concerns in relation to how the increase would impact on the tax-payer; the Home Office settlement was better than expected; and the reduced need for borrowing costs for the duration of the MTFP. Having considered the recommendations and refuting the first and second concerns, the PCC provided a report to the PCP to reduce the precept to 6.82%, to account for the reduction in borrowing costs over the time period of the MTFP. However, this agreement was heavily caveated, as there was still uncertainty in many areas including the impact of Brexit and the 2020 Comprehensive Spending Review. We asked over how long the MTFP was for and received confirmation that it was over a 5-year period.

We queried if the Police and Crime Commissioner elections posed any implications to the MTFP and budget setting process. We were advised that the Precept leaflet was to be reviewed by the Returning Officer for Wales and all correspondence from the OPCC was quality assured through the appropriate governance processes to ensure there were no political statements made.

We asked if any non-payment of the precept from individual households had been factored into the budget and received confirmation that the Local Authority accepted the risk, therefore, there was no impact on the PCC's budget.

## **DRAFT JAC ANNUAL REPORT**

18. We received and discussed the draft JAC Annual Report 2019/20 for consideration.

We requested that the following changes were made and asked that any additional comments were forwarded to the HoAC.

### **Page 6 Audits completed TCBC**

To include a comment regarding JAC's concerns in relation to TCBC audits being moved to the 2020/21 audit plan.



**Page 10, Conclusion**

To change the sentence ‘the JAC is satisfied that the Commissioner and the Chief Constable can be **reasonably** assured that their control’ to reflect that JAC were more than reasonably assured.

**Action**

**HoAC**

The HoAC agreed to send a reminder to the JAC members the following week, to request comments on the JAC Annual Report.

**HoAC**

**ANNUAL REVIEW OF MANUAL OF CORPORATE GOVERNANCE**

19. We received a report providing the changes to the Manual of Corporate Governance (MoCG), which had been identified within the annual review process.

The CEx reminded us that ordinarily JAC would have received the amendments to the MoCG for approval prior to the SPB meeting. Therefore, the PCC had approved the amendments in principle at SPB, subject to any amendments recommended by JAC.

We agreed to approve the amendments to the MoCG for 2020/21.

**JAC SELF-ASSESSMENT ACTION PLAN**

20. We received a copy of the Self-assessment Action Plan for review.

The HoAC advised us that the new self-assessment form had been circulated to JAC members for comment and the revised form would be circulated to JAC members by email for their responses within the following week.

**GO**

The HoAC requested feedback regarding completion of the revised self-assessment form.

**ALL**

We thanked the HoAC for her work and for revising the self-assessment form.

**COMPLIANCE WITH CODE OF ETHICS REPORT**

21. We received and noted the Annual Compliance with the Code of Ethics report for monitoring.

We were informed that the Ethics Committee reported on the Code of Ethics through the People and Diversity Board and this report was the first of its kind since the establishment of the Ethics Committee in 2015. The ACOR informed us that the report contained a significant amount of work undertaken in this area and requested comment.

We discussed the role of the Ethics Committee and it was suggested that Magistrates may have the necessary attributes required to fulfil the role and this could be considered during the volunteer recruitment campaign.

We asked if there were any ethical dilemmas within the Force and the ACOR advised us that there was a schedule of ethical issues discussed at the Ethics Committee. Their determinations and decisions surrounding the dilemmas helped to inform Force policy. Examples included the use of automatic facial recognition and the Children (Abolition of Defence of Reasonable Punishment) Bill.

**Action**

**ANY RELEVANT REPORTS FROM OTHER ORGANISATIONS THAT SHOULD BE BROUGHT TO THE ATTENTION OF THE JOINT AUDIT COMMITTEE**

22. We agreed item 22 was to be removed as it had been embargoed until the end of the March 2020.

**ANY OTHER BUSINESS**

23. We discussed the date for the JAC meeting and agreed that it would take place on the 10<sup>th</sup> September 2020.

The CFO agreed to circulate the current and previous Newsletter in relation to the Financial Excellence in Policing Programme as an alternative to providing a verbal update.

**CFO**

The ACOR advised us that the HQ build had commenced in November 2019 and was expected to conclude in eighteen months. The foundations of the build had been completed and the HQ build was on track. Risks had been identified in relation to the planning and development of a cycle path; the potential penalty due to the BREEAM rating; and the transitioning of the ICT to the new HQ building - none of which caused a real concern.

We agreed the HQ update would be a standing item on the agenda going forward.

**GO**

The CFO informed us that the PFI contract had been voluntarily terminated on the 31<sup>st</sup> January 2020. The original termination business case put to the WG had a termination cost of approximately £7.4 million, but following negotiations, the cost was reduced to £7.14 million. The final cost increased slightly to £7.2 million, due to subsequent fluctuations in the market when settling the loan debt. We received confirmation that PFI credits would continue from the WG.

We agreed that the McCloud judgement had been discussed in detail at item 10a.

We discussed the deep dive topics and agreed the following:

A combined Estate strategy briefing/HQ Governance deep dive should take place in June 2020, including the HQ business cases.

The Value for Money profiles deep dive should remain in December 2020. The CFO suggested circulating the response to an action raised at SPB in relation to VfM on the 2<sup>nd</sup> March 2020 to JAC members.

**Action**

**CFO**

A request was made for a deep dive on the Force Structure and the CEx advised us that information on Chief Officer portfolios had been provided at the recent SPB meeting on the 2<sup>nd</sup> March and we agreed the GO would circulate the information. In order to supplement that, the ACOR agreed to obtain further information in relation to the levels of officers in each area of the Force and to circulate it to the JAC members. We agreed that the September 2020 and March 2021 deep dives were to be decided at the following meeting, once the CIPFA training had taken place 30<sup>th</sup> April 2020 and the information on the Force structure had been received.

**CFO/  
ACOR**

### **TO IDENTIFY ANY RISKS ARISING FROM THIS MEETING**

24. The following risks had been identified during the meeting:

- PCC election implications
- Update on the impact of the Coronavirus – JAC to be made aware of any concerns between meetings.
- SRS audit approach – Consider whether a risk based audit would be more effective than a compliance based audit, subject to SRS demonstrating continued improvement through audit findings in 2020/21.

**CFO**

**CFO**

**ACOR**

**The meeting concluded at 14.15**