**OFFICE OF THE POLICE AND CRIME COMMISSIONER**

**OFFICE OF THE CHIEF CONSTABLE**

**JOINT AUDIT COMMITTEE**

27th November 2023

Present: Mrs D Turner (Chair),

Mr A Blackmore, Mr G Watts, Dr J Wademan (Vice Chair) and Mr A Johns

Together with: Ms E Thomas– Deputy Police and Crime Commissioner (DPCC)

Mrs S Curley – Chief Executive (CEx)

Mrs J Regan – Head of Assurance and Compliance (HoAC)

Mr M Hobrough – Assistant Chief Constable (ACC)

Mr N Stephens – Assistant Chief Officer – Resources (ACOR)

Ms V Townsend, Chief Superintendent, Head of Continuous Improvement (HoCI)

Mr M Coe – Head of Finance (HoF)

Ms N Brennan – Director Joint Legal Services (DJLS)

Mrs H Cargill – TIAA (TIAA)

Mr D Williams– Audit Wales (AW)

Mr D Holloway – Chief Finance Officer – South Wales OPCC (CFOSW)

Mrs N Warren – Governance Officer (GO)

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| The meeting was held on Teams and commenced at 13:30am. | **Action** |
| 1. **APOLOGIES** |  |
| Apologies for absence were received from Mr J Cuthbert, Police and Crime Commissioner for Gwent, Ms P Kelly, Chief Constable, Ms R Williams, Deputy Chief Constable, Mr D Garwood-Pask, Chief Finance Officer, Office of the Police and Crime Commissioner, Mr R Harries, Audit Wales, Ms H Williams, Audit Wales, Mr G Gray, His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services Force Liaison Lead and Mr M Corcoran, Internal Audit, Torfaen County Borough Council. |  |
| 1. **DECLARATIONS OF INTEREST** |  |
| There were no advance declarations made in relation to the business to be transacted. |  |
| 1. **EXTERNAL AUDIT** |  |
| The ACOR thanked the CFOSW for his scrutiny of the accounts this year in the absence of the OPCC CFO, and also the DJLS for her support with the Annual Governance Statement, particularly given the changes in the Force governance structure.  AW confirmed the ISA260 audit report summarised work undertaken on the completed audit of the financial statement of accounts. The audit report confirmed an unqualified audit opinion on both the Police and Crime Commissioner’s (PCC) and Chief Constable’s (CC) set of accounts, included Letters of Representations and a summary of corrections made to the accounts.  The two main issues raised related to the revaluation of the Police Headquarters for which an updated valuation report was provided to Audit Wales. There was also an amendment made to the defined pension scheme as a result of accounting for pension surplus; AW was able to seek additional information from the actuary and updated the calculation with agreement of the Force.  There were no uncorrected misstatements.  AW thanked the HoF and his team for their hard work during the process.  The JAC Finance/External Audit Lead assured us he was in regular contact with AW and the finance department during the audit process and thanked them for the updates. This had provided him with assurance of the strong communication links between AW and the Finance Department and that the information shared was of high quality. The JAC Finance/External Audit Lead requested a further update on the IS19 adjustment within the accounts.  AW informed the Committee that advice had been sought from their technical team which was shared with the Finance Department. The HoF acted on the advice provided and contacted the actuaries to request the additional information required by AW; the asset surplus was restricted accordingly based on the asset ceiling calculation as indicated in the report.  The JAC Finance/External Audit Lead was assured that there were no issues with internal control. Although concerns were raised regarding the inherent risk due to the accounts remaining open for longer than usual prior to the audit, although no issues of concern had been realised during the process on this occasion. AW acknowledged the inherent risk of delaying the audit process and it was expected that the audit would be undertaken earlier the following year given that AW had completed the process and some areas of working processes could be improved ongoing forward working in collaboration with the Finance Team and the Committee.  Clarification was sought regarding the percentage of materiality in relation to police pension on page 4 of the ISA260. AW confirmed it was 2%.  A query was raised as to whether the P11Ds were a consistent mistake/issue. The HoF explained that it was a timing issue as to when the information became available as opposed to a mistake. In the previous year attempts had been made to ensure P11D information was included in the unaudited accounts. The difficulty was due to awaiting information from a small number of people which could cause problems. As the Finance Team had to revisit the issue later to provide accurate figures to His Majesty’s Revenue and Customs (HMRC) in July it was simpler to revert back to the previous process by producing the accounts without the P11D element as a standard adjustment between the unaudited and audited accounts every year going forward.  The JAC ICT Lead asked if there had been any loss of independent scrutiny given the recent absence of the OPCC CFO and PCC. The DPCC assured JAC members appropriate governance arrangements were in place and the CFO had been able to scrutinise the accounts prior to his absence. However, further assurance and independent oversight had been sought and provided in his absence by the CFOSW. The DPCC had also continued the scrutiny role of the CC and her force on behalf of the PCC and collectively the DPCC and CEx were ensuring that other arrangements were being conducted to uphold scrutiny of the force.  The CFOSW assured JAC that the P11D timing issue was akin to that faced within South Wales. It was explained that individuals did not have to disclose their P11D benefits to HMRC until the following January. Therefore, the information was only late for the purposes of the draft accounts as opposed to them being late in completing their personal self-assessment.  The CFOSW assured JAC members he had reviewed the financial statement of accounts, the ISA260 and other related documents and confirmed the accounts were of good quality, the ISA260 was very similar to the South Wales accounts and the themes were also very similar. It was agreed that a robust governance process had been followed. | **Action**  **Action** |
| 1. **DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENT** |  |
| We received the Draft Statement of Accounts and the Annual Governance Statement.  All actions had been completed within the revised timetable.  The HoF referred to the major events addressed at the previous meeting and advised that the only addition related to further revaluation of the new HQ as alluded to by AW.  The outturn for the year had recorded a breakeven position against a revenue budget requirement of £156.427m, after transfers to reserves. Usable reserves had decreased by £3.9m to £29.8m, which was due to funding revenue schemes and the Capital Programme.  Following the meeting, the Chief Constable and Police and Crime Commissioner (PCC) would sign off the statement of accounts and the letters of representation, to enable final certification by the Auditor General by the 30th November 2023, for publication the same day.  The JAC ICT Lead referred to Related Party Interests in both sets of accounts and noted the following amendment:  Dr J Wademan became a member of Governance and Audit Committee of Cardiff Council in November 2021 so it should read 2021/22 and not 2022/23.  The HoF thanked all involved for their assistance with the accounts closure process.  An internal feedback session on the year-end management accounts close down had taken place and a further session on the financial accounts and audit was to be arranged to ascertain what processes could be improved the following year. As in previous years, a further session with AW would take place with other Forces during the year.  The CFOSW queried the logistics in relation to the 30th November certification date and AW confirmed an arrangement had been made for the Auditor General to certify the statement of accounts on the 29th November 2023.  The CFOSW advised that it was usual practice for an email to be sent to the Force CFO, and the OPCC CFO to ascertain if there was any reason the Auditor General should not certify the accounts and queried who would respond in the OPCC CFO’s absence. The HoF confirmed the Chief Executive could respond on his behalf in consultation with the ACOR (Force CFO).  The following minor amendments were noted on the Annual Governance Statement prior to publication:  Page 8, there was a missing footnote regarding the 3 lines of defence model.  Page 10, FM Code Chart, box P noted local authority.  Page 27, 2022/23 Action plan, table 1, column two. ‘No Breach@ should read ‘No Breach’.  The ACOR confirmed the CFO had commenced the AGS prior to his absence and thanked the HoF and DJLS for completing the report and CEx for reviewing it.  Our attention was drawn to the Force Governance Boards and processes which had been remodelled this financial year to correlate with His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) inspection report to clarify roles, responsibilities and accountability of the PCC and the CC. The new governance processes have been underway with consultation from the OPCC and have shown to be effective at capturing and monitoring performance and providing an overview of the Force. However, a revision was to be made to the process as work was being conducted in relation to the PCC scrutiny element of governance.  The CEx informed us the OPCC were no longer attending many of the Force boards due to the governance changes. Therefore, a monthly OPCC Scrutiny meeting to was to be trialled in the New Year where the OPCC would receive highlight reports from the relevant Force meetings. It was expected that a final plan would be developed prior to the election period in May 2024. The CEx suggested it would be beneficial for the JAC Finance/External Audit Lead to have sight of the revisions to the governance changes.  The JAC Finance/External Audit Lead confirmed that he had sight of the first iterations of the AGS and was able to offer his suggestions for change. Although the AGS was a robust document it was acknowledged there was an opportunity to further improve the AGS the following year by streamlining the descriptions relating to governance and to further evaluate its effectiveness.  The changes in the governance model were welcomed as it should help to measure the effectiveness of Committees and Boards and to ensure this was evidenced appropriately in the AGS.  The JAC Finance/External Audit Lead referred to the collaboration work undertaken with other Forces and noted this had been incorporated within the AGS and reiterated the importance of demonstrating robust governance and assurance in relation to collaborative arrangements.  It was also suggested that Horizon Scanning for potential risk should be reflected within the AGS to demonstrate forward planning.  The CEx referred to the gap in scrutiny and governance of collaborative arrangements as identified in the Board Assurance Framework. This gap was not dissimilar to other Forces in England and Wales and had been discussed at the Policing in Wales meeting on 24th November 2023. The CEx reassured JAC members there was a specific piece of work being undertaken to clarify the Terms of Reference regarding what approach policing in Wales could take and how information could be conveyed through collaborative governance via the Welsh Police Chief Officer group to PCCs. In addition, another element of the work was being progressed to ensure scrutiny of projects such as the Section 22a Collaboration Agreements to review impact and outcomes for collaboration work.  The DPCC thanked JAC members for their constructive comments in relation to the AGS and their scrutiny of the accounts. | **Action**  **HoF**  **HoF**  **HoF**  **HoF**  **Action**  **CEx** |
| 1. **MEDIUM TERM FINANCIAL PLAN** |  |
| We received the Medium Term Financial Plan (MTFP).  The ACOR explained the MTFP report was presented to JAC as an update for Governance purposes. There had been many changes since the drafting of the report including movement in cost assumptions. Therefore, a full update would be provided during the 7th December 2023 JAC Meeting.  JAC raised concerns that there had been a deficit for a number of years. The ACOR agreed it had been challenging time and explained that a national paper had been presented to the Policing in Wales Group by Finance Directors from the 43 Forces across the UK to demonstrate the significant constraints on the revenue position. The Home Office (HO) funding increases were not matching many of the cost inflationary pressures presented to the Force and local decisions had to be made to manage this without impacting on operational performance.  The JAC ICT Lead suggested it would be beneficial for further detail to be provided in determining what were classed as essential aspects when these decisions were being made, particularly given the levels of precept the public were expected to pay at this challenging time, which could eventually mean the public would be paying more than the HO for the police service.  The DPCC thanked the ACOR, Finance Team and Efficiency Group for their in-depth scrutiny and work undertaken to inform the budget and acknowledged the comments regarding affordability of the public of Gwent when setting the level of precept.  The DPCC assured JAC members the PCC would consider the precept level very carefully when scrutinising the budget before proposing the precept level in January 2024. The level of capital grant for policing and expenditure was also of particular concern and this had been raised by the DPCC and the other Commissioners in Wales during their attendance at the recent Welsh Affairs Select Committee. | **Action** |
| 1. **ENQUIRIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE** |  |
| We noted the Enquiries of Management and Those Charged with Governance letter and no queries were raised. |  |
| 1. **FINAL JAC ANNUAL REPORT 2022/23** |  |
| We received the JAC Annual Report 2022/23.  It was suggested a further paragraph should be added to the report regarding financial resilience and the strain being faced by the OPCC and the Force due to the rise in the cost of living.  It was also suggested that paragraph in bullet point 2 should clarify the meaning of collaboration projects in order to differentiate between the Shared Resource Service (SRS) and their ability to serve the 5 different organisations including the Gwent Police or if it was in reference to collaboration across the four Welsh Forces. It was agreed the report would be revised to reflect that progress had been made regarding collaborative projects within the SRS but less so in relation to the Welsh Forces. HoAC to amend and share with JAC members. | **HoAC**  **Action**  **HoAC** |
| 1. **ANY OTHER BUSINESS** |  |
| No issues were raised. |  |
| 1. **TO IDENTIFY ANY RISKS, TRAINING REQUIREMENT OR ETHICAL MATTERS ARISING FROM THIS MEETING** |  |
| The JAC chair referred to the timing of the accounts audit and requested an update and the March 2024 meeting. | **GO** |
| **The meeting concluded at 14.51pm** |  |