



Joint Audit Committee
Annual Report for the year ending 31st March 2021 (2020/21)

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 new Chair, from March 2020, I would like to 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 which has increased during this unusual year.

Five formal meetings, four of which have been virtual, 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. Normally we would have deep dive sessions into the most relevant and pressing areas facing our police force following our committee meetings, but this year we have conducted these separately where more practical to do so.

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, this has been of particular value this year with increased email correspondence.

The COVID pandemic has, as with all organisations, required co-ordinated response, adaptive and flexible assignment of resource and increased scrutiny and assurance that the changing demand on our police force is being met efficiently and effectively with the resources available.

THIS SECTION TO BE UPDATED TO RELATE TO 2020/21 AS REPORTED IN LAST YEAR'S ANNUAL REPORT - The continuing financial pressures on policing budgets therefore remained a major challenge with budgetary and financial performance

closely monitored. In 2019/20 we saw the Finance Department continue to improve how it was meeting the challenges of faster closing requirements for the year-end accounts for 2018/19, ongoing adoption of changes to operating systems and staff re-organisation. In 2020/21 it was evident that further improvements were made with an improved management letter for the 2019/20 accounts. However, COVID related matters put strain on being able to meet the closing deadlines despite significant efforts from Finance Department and Audit Wales and we decided to delay the accounts sign off until September. A further unexpected delay in closure, which was experienced across the police force, came with a late treasury decision on the need to reflect pensions liability in the accounts caused by the outcome of the McCloud case.

The IT provision via the Shared Resource Service (SRS) continues to require closer examination utilising the audit reports and again, improvements will be expected. Collaboration projects have increased with the objective to achieve greater savings and improve wider effectiveness and we are one of the JAC monitoring implementation and achievement of the expected beneficial outcomes. This is an area that will continue to need focus and improvement on co-ordination of priorities, delivery and scrutiny.

I add my appreciation, to that of previous chairs, 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. The delayed PCC elections provided a level of stability which was quite crucial with the challenges that arose from the pandemic.

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. 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. We continue to believe that it is 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, however this is managed through the Finance Officers of the different forces and reported to JAC. We recognise that this is a majority decision but continue to feel disconnected and often dissatisfied with progress and co-ordination of priorities.

We have been advised that the impact of the pandemic has cost £xxx this year and is likely to have further financial challenges in the forthcoming year. However we also feel from the reports we have been provided on how Gwent police have managed the pandemic challenges that there are efficiencies that could be continued and we look forward to seeing plans for this.

Finally, *we are pleased that our PCC has been re-elected or we welcome the new PCC and would like to wholeheartedly thank Jeff the outgoing PCC for his attention and support of JAC it has been a pleasure to work with him, the chief constable and all their teams.* My first year as chair has certainly been interesting and I value that the two previous chairs Jon Sheppard and Roger Leadbeter continued to be members of JAC after their tenure as chair, in unusual times retained knowledge has been vital.

Dawn Turner

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 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 Ms Dawn Turner (Chair), Mr Andrew Blackmore (Vice-Chair), Mr Jonathan Sheppard, Roger Leadbeter and Dr Janet Wademan. There had been no changes to membership during 2020/21.

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 occasionally attend.

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, although in the main virtually this year, 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. A comprehensive review of the ToR to assess compliance with CIPFA requirements and guidelines took place in 2018/19 and were updated in 2019. Our review in 2020 did not identify any further changes required to the ToR and that we were satisfied we were compliant in carrying out our function. A compliance paper was provided to 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 2020/21 Joint Annual Governance Statement was presented to the JAC in draft format at the March 2021 and June 2021 meetings for consideration and comment.

We were disappointed to be informed that the Statements of Accounts, having already been delayed from the original approval meeting in July due to the impact of COVID 19, were now to be delayed further from the re-arranged September meeting to October. This was due to a decision by the National Audit Office (and supported by Audit Wales) in August, for public bodies to update the McCloud/Sargeant pension liability in their 2019/20 Statement of Accounts, to reflect changes to the proposed remedy. This was of particular concern when the Finance team had worked extremely hard to meet the new statutory dates that brought forward the closure of the accounts (although we are aware that there is movement allowed under legislation), as well as the fact that the decision to update the pension liability figure could have been taken earlier, or even simply been reflected in a Note to the Statements of Accounts . These concerns were raised during the meeting in October 2020.

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 October 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 2021.

❖ **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 and Collaborative Projects. The level of investment in collaborative projects has increased, and JAC now will receive bi-annual reports on collaborative project expenditure to support JAC in adhering to the Terms of Reference and provide further evidence regarding the scrutiny on Value for Money.

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 2021/22 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 welcome the continued 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 received quarterly update reports from the SRS on progress with the audit recommendations. JAC independent member Janet Wademan, our lead on IT, has met with finance officers separately to more deeply scrutinize and seek assurance on the SRS and its activities with respect to Gwent Police. The complexity of running an organization such as the SRS should be recognized as it serves the needs of five heterogeneous organizations. The consortium approach has worked well during this last extraordinary year providing new essential services on a regional basis whilst waiting for national systems to come into operation.

~~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 2021/22 annual Audit Plan for the SRS and was satisfied it was appropriate for, and aligned to, Gwent's risk profile.

Whilst we expected that the audit plans proposed by TIAA and the SRS for 2020/21, would be subject to change based upon any areas of business identified as requiring an audit due to the impact of Coronavirus, we found that the plans remained in place, with the Chief Constable providing quarterly reports to JAC on the impact of the pandemic and how the force was managing changes in demand. We are pleased to see in 2021/22 an audit on the XXXX to be assured that continuing risks from the pandemic are being managed.

Audits Completed - TIAA

There were 20 internal audits completed by TIAA in 2020/21 (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 2020/21, which includes X deferred from 2019/20 (the third report deferred from 2020/21 has been further deferred until 2021/22). X audit originally planned for 2020/21 was also deferred to 2021/22 as a result of delays in audit proceedings. X received 'substantial' assurance, X received 'moderate' assurance, X received 'limited' assurance and X received 'no assurance'. X '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 2020/21 was undertaken during March/April 2021. This allowed the results to be analysed and any key outcomes included in the priorities for 2021/22.

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.

Following research of other JACs across England and Wales regarding the questions used within their self-assessment process new form was used for self-assessment for the 2019/20 process. We found that form was more reflective of the work of the JAC and invoked useful discussions as to how ongoing compliance against the ToR can be achieved. We undertake a thorough review of the action plan derived from the 2019/20 self-assessment in December 2020 and found that we had progressed well against the plan, although we were already identifying potential improvements arising from ways of working during the pandemic.

Our new self-assessment

❖ **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 agreed that this item would be prioritised on the agenda at every

meeting for 2020/21. This proved to provide the focus we anticipated on key matters and has been beneficial in helping meet the demands of holding virtual meetings where we discuss the agenda items of highest risk or potential risk during the meeting and provide comment and receive feedback on other papers via email.

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 2019/20 annual report.

❖ **COVID**

Need a section on COVID – to write once we have the latest update in March.

❖ **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

Due to the pandemic and the need for essential services to be prioritised, the JAC reprioritised the deep dives originally agreed for 2020/21. The following took place:

- HQ Briefing Deep Dive - 29 July 2020 (this replaced accounts meeting postponed to September as the scheduled deep dive did not take place in June).
- Stop/Search and Use of Force and Protests, Public Disorder Deep Dive took place on 04 November 2020
- Financial Crime Deep Dive 01 March 2021 (instead of the VFM Deep Dive postponed from December).

All Wales JAC Training Day, March 2021

The all Wales JAC training focused on ,,,, and JAC

❖ **Creditors and Debtors**

Creditors and debtors is an area that the JAC have kept under close scrutiny during 2020/21 to ensure that improvements in their processing were made. A follow up audit recommendations report received at the December meeting showed that the outstanding balance of duplicate payments that needed to be recovered had been significantly reduced as work had been undertaken to recover payment.

We were also pleased to note the implementation of the 'No Purchase Order No Pay' policy which commenced on 1st February 2020. Despite the impact of the Covid lockdown, the number of invoices with a purchase order that have been paid has grown slightly and been maintained at approx. 35% of all invoices over the period. There has also been a marked improvement in the numbers of days taken to pay suppliers with the target of less than 30 days being consistently met. This, along with a greater level of monitoring each month, has ensured that previous issues with creditors, debtors and duplicate payments have significantly reduced.

❖ **Early Closure of the Accounts**

Whilst the OPCC and Force were able to meet the first statutory deadline of 31st July 2019 for approval of the 2018/19 accounts, JAC we disappointed that due to a technical requirement across the piece regarding pension liabilities that the deadline was not met for the 2019/20 accounts. JAC though were pleased that

As with previous years there were a number of issues experienced during the production of the accounts and as usual 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 2020/21 accounts.

❖ **Evidential Property Stores**

In December 2019 JAC raised concerns with regard the limited assurance rating on Local Policing – Property and Cash as the audit of 2018 also had a limited assurance rating. Following the 2018 audit an Evidential Management Project team was established in order to address the issues and there were improvements put in place but the 2019 report continued to raise issues of ownership and responsibility. A further review of operations took place and a business case was developed to implement a management model as operated in Dorset. This was delivered between October 2020 and March 2021 and JAC are pleased that..... TO BE COMPLETED ONCE WE ARE ADVISE OF PORGRESS WITH THE FOLLOW UP INTEREM AUDIT WE REQUESTED AT OUR OCTOBER MEETING.

❖ **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. JAC were pleased to see significant progress this year.

In order to understand more about the management and service delivery of the SRS, since the presentation to JAC in December 2019 by the SRS, our

independent member IT lead, Janet Wademan, has had separate meetings with finance officers to gain continued assurance, in particular regarding Disaster Recovery, that matters are continuing to improve and reported back to JAC. This has been particularly useful and enabled JAC to manage appropriate scrutiny alongside demanding agendas in 2020/21.

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 2021/22¹

❖ 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 **AS PER DECEMBER MINUTES:**

¹ 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.

- Annual VFM Review – June 2021;
- Police Operating Model – July 2021;
- Counter Fraud and Corruption - September 2021; and
- Police and Crime Plan – December 2021
- Annual VFM Review – March 2022

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 2020/21**

We are pleased that the accounts were able to be closed on time this year after the disappointment of late closure for 2019/20 due to pension liability statements.....

❖ **Finance Department Review**

We were pleased to see the appointment of Matt Coe as Head of Finance and fully support his proposals for further restructure of the finance team. We are pleased or concerned that

❖ **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 2021/22 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**

With the build start of the police Headquarters JAC welcomed a comprehensive presentation of the project history, how change decisions were made and the detailed plans for completion over 2020 and 2021. Our independent member Estate's lead, Roger Leadbeter, met separately with the finance officers to further understand the risks and opportunities arising from the development of the new HQs, Torfaen Hub and Abergavenny properties and was very appreciative of the comprehensive and positive presentation, especially the forthcoming projects for Torfaen and Abergavenny. We look forward to further presentations on these projects as the business cases are progressed. We are pleased that financial and timings are on target and have not been material impacted by the pandemic. We will continue to monitor the establishment of the HQs and seek assurance to its value for money throughout 2021/22. We look forward to having a meeting in the new building.

❖ **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. Needs to be done once we have our deep dive on VFM or make statement of delay.

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 2020/21, the JAC is satisfied that the Commissioner and the Chief Constable can be assured that their control, risk and governance position for 2020/21 was appropriate. In doing so the JAC continues to draw attention to the opportunity to seek greater assurances in respect of Collaboration Projects risk and control position on a prospective basis. The JAC has also requested that they continue to receive quarterly updates on COVID impact and the building of the new headquarters. The developments and changes within the finance department are seen as very important by JAC and will monitor implementation and any impact on its ability to undertake the budget and accounts auditing process that delay may cause.

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 1st March 2020, TIAA’s proposed annual Audit Plan for 2021/22 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 2020/21 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 2020/21.