

**Meeting: Joint Audit Committee**

**Venue: Teams**

**Date: 30th November 2021**

**Due to the current Coronavirus pandemic the meeting held on the 30th November 2021 was conducted via Microsoft Teams.**

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| **Members:** | Mr Martin Evans (ME)Ms Lynne Hamilton (LH)Ms Kate Curran (KC)Mr Andre Morgan (AM)Ms Michelle Morris (MM) |
| **JAC Attendees** | Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)Mrs Carys Morgans, Chief of Staff (CoS)Ms Beverley Peatling, Chief Finance Officer (CFO)Ms Claire Parmenter, Temporary Chief Constable (T/CC)Mr Edwin Harries, Director of Finance (DoF)Mr Ian Williams, Head of Corporate Finance (IW)Mr Jonathon Maddock (TIAA), (JM)Ms Eleanor Ansell, Audit Wales (EA)Ms Daisy Mildenhall, Risk and Assurance Officer (DM)Mrs Kerrie Phillips, Governance Demand & Performance Manager (KP)Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | None. |
| **Declarations of Interest:** | None. |

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|  | ACTION SUMMARY FROM MEETING ON (19th October 2021) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| **Action 270**  | **CB to amend the minutes as per the discussion.**  | **CB** | **Complete** |
| **Action 274**  | **For the implementation timetable date noted as “Continuous, ongoing” to be discussed at the Audit Governance Group, to ensure that the recommendations can be achieved.**  | **IW/CoS** | **Complete** |
| **Action 276**  | **DoF to add a summary on why the delivery of Policing over the summer was deemed to be a risk for the register.**  | **DoF** | **Complete** |
| **Action 280.** | **Members to let CB know if they would like to attend the next CIPFA training session– “Update For Police Audit Committee Members' Webinar on 18th November.** | **Members** | **Complete** |

ME gave a special welcome to Michelle Morris, who has now officially started her role as a new JAC member.

**A281 2020/21:** **Minutes of the meeting held on 19th October 2021 and Matters Arising**

ME noted that on page 11 there are a few points made in relation to the Force Risk Register that weren’t noted as actions. ME wanted to ensure that these points are followed up and are not lost within the minutes.

KP noted this and would have a look at the comments made on page 11.

**Action281: KP to consider the points made on page 11 of the minutes taken from the JAC meeting on the 19th of October 2021.**

JM gave an update on action 254 in relation to speaking with the auditors involved with the Review of Procurement – Strategic to see if the £500 limit for a value of money form to be submitted was discussed with Gwent at the time. Dyfed-Powys have highlighted this query as a possible area that may cause resource implications. JM confirmed that he has spoken with the Auditor of the review and this limit was questioned at the time of the review, however, Gwent and South Wales were happy with this level and felt that there were no impact on their resources.

JM confirmed that A256 was completed following the issuing of the final report.

A274: In relation to the *‘implementation timetable date noted as “Continuous, ongoing” in Audit reports to be discussed at the Audit Governance Group (AGG), to ensure that the recommendations can be achieved’*, CoS and IW gave an update advising that this was discussed at the AGG and they had a discussion in relation to the importance of having clear timescales outlined in the management comments. In support of this IW has created a guidance document, which will be circulated to all managers when they are having an internal audit on their business area.

IW also noted that the responses in this report have now been amended to include specific timescales.

All other actions have been completed.

ME wished to thank IW for making the Committee aware of the CIPFA courses that are available to them to attend.

**Decision D281: The minutes of the meeting held on the 19th October 2021 were accepted as a true record by the Committee.**

**A282 2020/2021: Actions from the Corporate Governance Group meeting**

DoF noted that the Corporate Governance Group met on the 4th of November 2021 and gave an overview of the actions arising from the meeting. It was noted that JAC members had received a copy of the actions from the Corporate Governance Group meeting for information.

**A283 2020/2021: Update from the Audit Governance Group meeting 23rd November 2021**

IW explained that the Audit Governance Group (AGG) role is to oversee and support audit recommendations resulting from internal audit activity across the Force and OPCC.

IW explained that at the meeting on 23 November 2021 it was reported that there were 47 open recommendations. This included 11 raised since the last meeting which was only one month ago. 6 recommendations had been implemented in this same period.

IW explained that whilst a target of no open recommendations and full implementation is desirable, realistically recommendations arising from recent audits can take between 3 to 6 months to implement. Therefore, it is also pertinent to track and observe the age of outstanding recommendations, particularly when measured as “overdue” beyond original implementation date.

IW also noted that out of the 47 outstanding recommendations, 8 are between 6 and 12 months past their due date and a further 7 are over 12 months beyond their original expected implementation date.

There are actions to include open Internal Audit recommendations as standing items across all force oversight groups in order to continue to keep awareness high. An action at a recent Corporate Governance Group was to submit a table of progress against open recommendations to Chief Officers frequently so that additional intervention can be triggered when required.

IW explained that of the older recommendations the Business Integrity Information Management items are expected to be resolved through the new Records Management System; the Collaboration item now has supporting data and will likely be closed in early December and the ICT matter has specific Gold group project oversight. The HR items are attached to a long-standing need for policy reviews, which have a prioritisation schedule applied to them. Resolution is anticipated by 31 March 2022.

IW noted that they have undertaken a 2-year review of all audit outcomes and looked for common themes. These observed recurring themes in audit recommendations include: Improved Timeliness, Enhanced Reporting (e.g. KPI), Need for Provision of Training, Compliance with Existing Policy, Improved Policy or Procedural Documentation, Improved Asset Tracking and Some Value for Money Action.

This review was undertaken in order to learn from the outcomes of previous audits and to try and suggest ways of improvement to business leads where auditors may typically find issues.

ME queried in relation to the theme - Improved Policy or Procedural Documentation. Does the Force have a good system in place to ensure that in the event of any Policy changes, there is a library of those policies that are affected by any changes etc.

IW explained that they have an improved system of publishing policies, the Force intranet now has a dedicated space for policies. Therefore, identification of the most recent and live policies has been much improved.

T/CC noted that they have recently had a conversation at the last JNCC around policy renewal and the number of policies which require updating. The Force have also moved to a new corporate template which will then trigger a date for the review. There is a necessity for some policies to be updated before others and therefore it was noted that HR have helpfully pulled together a schedule to help prioritise each review. This activity is expected to be completed by end of March next year.

KP also explained that they have now got a policy officer in the force who's responsible for coordinating, overseeing and supporting business leads in developing their policies and associated process documents, making those available on the intranet and then keeping a register for timescales for review. This is working very well, and they are pleased with the progress that's being made.

IW explained that following a review of the TIAA base line proposal, the risk register, the Force Management Statement and previous 5 year’s audit outcomes, the Audit Governance Group has proposed an Audit Plan for 2022/23 as set out on the final page of the document. It was noted that it has been a goal to set the plan sooner in the year so to facilitate scheduling audits in April-July, which has traditionally been a quieter period for Internal Audit activity. In year learning suggests that engaging with business leads sooner and ahead of the new financial year is also preferable.

IW noted that there has been a slight change to the plan that JAC has received within their papers, in that the 2 audits on Agile Working will not be included on the list as they are being resolved in the current year.

JM noted that the next step would be for TIAA to pull together a draft plan should members be comfortable with the proposed audits. A final draft will be presented in the March meeting in readiness to start work early in the next financial year.

JM also noted that having an approved plan early allows time for scoping days and meetings to be put in place with the business leads. These have proven to be very useful in the past as it gets leads involved in the focus of internal audit activity early.

LH noted that she is very comfortable with the proposed plan and feels that the audits are focusing on the correct areas in line with JAC’s previous discussions on risks.

KC agreed and noted that she was also supportive of the proposed plan. KC asked about the proposed audit of the Estate Management and asked whether this has come about because of the Estates Gold Group activity. IW confirmed that this is a separate thread of work looking at Estate Management in relation to Planned and Preventative Maintenance Assurance.

CoS gave an update in relation to the Estates Gold Group. There has been a significant amount of work undertaken in this area. The Gold Group activity has been concluded and they have now moved into the implementation phase, which will take place over the next coming months.

AM noted that he is also in support of the proposed plan and wanted to reiterate that he felt that the AGG is an excellent development and seems to be working very well.

AM asked a question on who usually attends the AGG meetings. IW explained that the Group is co-chaired between CoS and himself and then attendees usually include: KP, ME, representation of HMIC leads, FMS leads, JM, CFO and the DoF.

CoS also noted that one of the main benefits of the working of the group is that they’ve got the ability to invite business areas into the meeting as and when required, to discuss with them openly some of the challenges that they're facing in terms of addressing their internal audit activities.

JM noted that the collaborative reviews will need to be added to the proposed plan following discussions with all 4 Welsh Forces.

**Decision 283: The Committee were happy to recommend the proposed Audit Plan for 2022/23.**

 **A284 2020/2021: Reports of the internal auditors**

1. **Collaborative - Assurance Review of Pensions - All Wales Pensions Hub**

Outcome: Reasonable Assurance with four priority 2 recommendations and five priority 3 recommendations. The main findings of the audit were that there was significant positive evidence provided by stakeholders on the contribution and performance of the Pensions Hub. A Section 22 Agreement needs to be updated with reference to the suggestions provided and signed off by the Chief Constable and Police and Crime Commissioner of Dyfed-Powys Police. Procedures for the processes undertaken by Hub need to be documented and the Terms of Reference for the Pensions Board need to be reviewed and updated. Finally, there are no mechanisms in place to record outcomes of examples where the intervention and checking processes in place by the Hub have led to more accurate data being available to the Pensions Administrators.

PCC highlighted that the McCLoud cases feature heavily within the report in relation to their volume of contacts and emails being sent to the hub. The PCC noted that he felt that this is an example of where the efficiency of having the hub comes into its own, as there is an opportunity there to triage and respond to that in a group format as opposed to dealing with it individually.

1. **ICT Review of Change Management**

Outcome: Reasonable Assurance with one priority 2 recommendation. The main recommendation was to ensure that The Dyfed-Powys Police change management process complies with ITIL (Information Technology Infrastructure Library) best practice guidance. This recommendation has been accepted.

1. **Collaborative - Assurance Review of the Wales Safety Camera Partnership**

Outcome: Substantial Assurance with one priority 3 recommendation. This was in relation to the publication of the Casualty Reduction Officer training certificates on the GoSafe website compared with lists of officer numbers provided by each Force was undertaken. It was found that not all certificates are being published by all four Forces. It was also found that resourcing issues at DPP need to be escalated to the Strategic Management Group and resolved in order to bring required visits in line with compliance.

ME asked the PCC whether this was an area of high demand or is it fairly stable.

PCC stated that GoSafe is stable and all activity is undertaken by them. The PCC reiterated that it is an extremely valued resource and is a challenge from an operational point of view in terms of the deployment across such a vast geographical area.

T/CC and the PCC noted that it links in closely with Welsh Government and indeed the intelligence led approach that that unit undertakes.

1. **Assurance Review of Risk Management – Mitigating Controls**

Outcome: Substantial Assurance with one priority 3 recommendation. This was in relation to all risk related documentation being currently under review to reflect the changes in personnel and in risk reporting. This has been accepted and the Risk Management Policy and A Guide to Managing Risks and Risk Registers documents are to be updated.

**A285 2019/2020: Summary Internal controls Assurance (SICA) Report 2020/21**

# JM explained that this report provides the Joint Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of work against the agreed Internal Audit plan as at 23rd November 2021.

# JM noted a slight change on page 2 compared to previous reports, this section sets out the results of their survey that they undertook with all clients around post lockdown working practices. JM explained that the questions focused on the effectiveness of their functions going forward. It was that 63% found working remotely to be very effective, 35% to be somewhat effective, 2% to have no difference from on-site working and 0% stated that it was not effective.

JM gave an overview of the SICA report, focussing on the open priority one recommendations. JM also noted positively that they are on target to finalise all audits against the plan by the end of the year.

KC noted in relation to the follow up reviews, that there is a note stating that there is a delay due to a lack of communication from staff and queried whether this has now been addressed. JM noted that this was due to remote working. JM and IW will discuss these issues going forward and to find a way to get timely responses.

IW agreed that this an area that does require improvement, it was noted that the explanation and guidance given to business leads on their responsibilities to provide information could be improved. It was acknowledged that as open recommendations become more manageable there is a need to focus on the readiness for follow up reviews as well.

CFO asked about the table on page 8 and the column noting the direction of travel and queried whether this was based on quarterly movement and if it is, would there be some merit in doing something that shows a wider time frame, longer term.

JM noted that this is quarterly based but agreed that they could provide a longer-term picture.

**Action 285: For JM to add a wider time frame to the direction of travel column rather than just quarterly within the SICA report to provide further context.**

**A286 2020/2021:** **The 2020/21 Annual Audit letter from Audit Wales**

EA was welcomed to the Committee.

EA explained that this is Audit Wales final report for 2021 which pulls together all the key messages over the last year which have already been reported to JAC under the work that they have completed as part of their statutory responsibilities. The letter sets out the responsibilities of both the PCC, CC and Audit Wales that are required under the Public Audit (Wales) Act 2004.

It was noted that on the 30th of July 2021, Audit Wales issued an unqualified audit opinion on the financial statements for both the Commissioner and Chief Constable confirming that they present a true and fair view of each body’s financial position and transactions. The report is contained within the Statement of Accounts.

The letter also notes that Audit Wales are satisfied that the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of resources.

It was noted that Audit Wales have charged £3,775 in addition to the estimated 2020-21 financial audit fee set out in the Annual Audit Plan. This extra charge is for the additional audit work they undertook to address the accounts errors identified in the lease and ICT assets notes, as well as the general quality of the draft accounts submitted for audit.

ME asked how the additional fee was decided. EA noted that the extra charge is based upon the additional hours that they have spent on the accounts in terms of quality assuring and addressing errors.

KC queried whether there was an additional fee last year. EA confirmed that there was no additional fee last year.

CFO thanked the team for all the work that was undertaken in relation to the drafting of the accounts. CFO also stated that they fully accept the comments made by Audit Wales in relation to the quality issues and it is recognised that this is a common issue each year. CFO stated that it would be useful to have a discussion in relation to this with Audit Wales and to also understand the charging methodology to ensure consistency and fairness in approach.

IW reiterated that it is helpful for them to aim for a deadline of the 31st of July.

It was noted that it is about learning from these findings and doing as much as they can to find the root cause of some these observations and to try and address those during the year, ahead of the year-end. IW explained that they do look at Audit Wales for as much work as possible in an interim audit in order to eliminate some the time pressure that is required at the end of March and into April. However, they will look to work on their timeline and will try and improve on this each year.

DoF stated that it would be useful to have sight of any additional charges that occur as and when they occur rather than at the end, in order that they can factor in any additional resources that is required. DoF noted that it would be useful to discuss this element in their quarterly meetings with Audit Wales.

**A286 2020/2021: Treasury Management report**

ME noted that they had received a very thorough presentation that morning at the Annual Finance Seminar in relation to Treasury Management from their Treasury Management advisors Link Group.

CFO reiterated that she felt that this morning’s session was very valuable. It was noted that the new advisors are Link Group, who took over on the 1st of July.

CFO explained that it was critical that there was clarity around delivery of the Capital Programme to underpin sound treasury management decisions.

ME noted that he felt it was very good timing to have the TMS report today following the presentation that morning in the Finance Seminar. ME stated that one of the topics discussed at the CIPFA session that he attended was in relation to the scope of investments that Commissioners can make.

PCC reiterated the point about Commissioners potentially having some flexibility in relation to their estate assets, for example, the PCC noted that they do have parcels of land and that he has been asking questions about being a little bit more innovative in terms of the use of them and potential projects and facilities.

CFO noted that they need to make sure that they review all their strategies and get the read across so that they are all joined up. It is an opportune time to try to be clear about that direction of travel and their thought processes about where they collectively want to be to ensure that all the strategies dovetail together.

**Decision 286: The Committee recommends the Treasury Management report to the CC and PCC.**

 **A287 2020/2021: Joint Audit Committee Terms of Reference review.**

CoS noted that a light review has been undertaken on this occasion, it was explained that a significant piece of work was undertaken last year on the terms of reference and given that there has been no further guidance issued on a national basis the position is relatively stable. It is proposed that if Members agree, that there will be no change in terms of the terms of reference as a result of this review. It was however, acknowledged that with the commencement of the new Chief Constable in the next few weeks, there will be an opportunity to look at the Corporate Governance Framework over the coming months and in light of that there may indeed be a requirement for a more substantial review of the terms of reference next year.

ME noted that “oversee” is a word that is used several times within the ToR, and it would be useful to set out clearly in the ToR what is meant by the term oversee to ensure that JAC is doing all that it should be in relation to this. The statements using this word would be useful to review next year. ME also queried a point on the appointment of a JAC Chair and the note that a Chair will be appointed from the committee every two years and that the same person may be reappointed as chair during each election. ME queried if this meant that a Chair could effectively do eight years in a row. CoS noted that this may be a possibility, but would need to be supported by other members, it was also acknowledged that it would be unlikely for a Member to start their term as the chair of the committee, as ordinarily we've seen people coming in as members learning about the work of the Audit Committee and then moving into the position of Chair.

T/CC noted that IW’s title needs to be amended within the ToR to Head of Corporate Finance.

**Action 287: CB to amend IW’s title to Head of Corporate Finance.**

**Decision 287: The Committee approved the review of the JAC ToR.**

**A288 2020/2021: Force significant Corporate Risks**

KP noted that Members will see that the layout of this report has changed quite significantly from previous reports. The report is relatively high level, but it was noted that KP was happy to receive any feedback on this new layout.
KP explained that the three main areas of corporate risk are largely unchanged from the last report. The second area within the report highlights areas of corporate concern, such as areas that have featured within recommendations and internal audit outputs within the Force Management Statement.

KP explained that section 3 then details the risk areas that are due for review. With the new Chief Constable commencing their role in December, these will feed into a wider review looking at the risk appetites both within the corporate risk register and indeed within the information risk register.

Section 4 notes any changes to risk scores. The final sections are new and discharged areas of risks and risks that feature both on the information Risk register and the Corporate Risk Register.

KP noted that going forward they will need to look at the risk appetite and the way that they manage some of those. A review is also needed on the scoring of the mitigation and to ensure that some of that information is detailed on the corporate risk register. KP asked whether ME would be happy if they harness some of his skills and expertise in developing some of those processes. ME noted that he would be delighted to help in this area.

KP asked for members feedback on the new report layout and whether members felt that it provides what Members need in terms of corporate risk.

MM thanked KP for her report and asked about the risk in relation to the FCC fall back site, which is clearly quite a significant corporate risk in terms of business continuity. MM noted that there are not clear dates as to when they would expect those issues to be resolved and questioned whether it was felt that things were moving in a timely enough way.

KP agreed with MM and noted that over the next couple of weeks DM and herself will be sitting down together to work out a plan of attack, around the review of risk, the register and to set very clear timescales around when they would expect those updates to be received, to work with risk owners to identify a timescale of when they will consider some of these risks and mitigations.

ME noted that he liked the layout of the Corporate Register spreadsheet, it was felt that this was a very simple and quick update, but the addition of the Corporate Governance link does help provide context to the risks, you can look there and read what's happening next and at what meeting or group it is being reviewed within.

**A289 2020/2021: OPCC significant Corporate Risks**

CoS noted that they have followed the same template as Force, having discussed this new layout as an Exec Team it was thought that it was a good way to summarise and to approach this area of business. CoS noted that since the last JAC meeting there have been no changes to the OPCC Risk Register.

**A290 2020/2021: Fraud Update**

ME noted that this paper is for information purposes only. CoS stated that this is for Members to consider and that in due course when time is appropriate, they will arrange for a more in-depth input in relation to these matters. ME noted that this would be beneficial to ensure that any learning or thematic threads are picked up.

CoS agreed and noted that learning will be fed through to the appropriate governance boards to ensure that the lessons are picked up and indeed monitored through the appropriate board.

**A291 2020/2021**: **Any other business**

1. **Members expertise and leads**

CoS wished to start a conversation around how JAC progresses issues of oversight. Members will be aware that in the past, Committee members have had lead interest areas, where individuals attend certain committees and meetings relating to their expertise area. CoS asked members to consider the way forward and to think about what areas that may be of interest to them and whether they would be interested in having specific areas of responsibility and interest. A matching exercise would need to be undertaken against the terms of reference to ensure that all areas are covered as best that they can.

**Action 291: For JAC members to consider whether they would be interested in having a specific area of expertise and responsibility in relation to the work of the Panel.**

1. **Wales Collaboration Joint Audit & Scrutiny 2021**

CFO firstly apologised that this has landed late as an item under any other business. It was noted that as Members may recall back in October 2020 they received the Audit Wales Collaboration report on collaborative activities. This report builds on both the reports of 2019 and 2020, HMICFRS, and indeed Audit Wales. It is recognized that internal consideration needs to be given on how they best pick up the review arrangements internally. This will be taken to the Audit Governance Group for some thought and will be reported back to the Joint Audit Committee in in future.

ME noted that this gives the Committee confidence that this will come back to their attention as noted on page 21 of the report that the Joint Audit Committee as independent members will be involved in the process etc.

ME wished to finish the meeting by thanking everyone involved in the Finance Seminar that morning and to say a special thank you to the T/CC for all her time not only today but throughout her time as T/CC.

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| DECISIONS ARISING FROM MEETING 30th November 2021 |
| Decision No. | Decision Summary | Progress |
| **Decision D281** | **The minutes of the meeting held on the 19th October 2021 were accepted as a true record by the Committee.** | **Complete** |
| **Decision D283** | **The Committee were happy to recommend the proposed Audit Plan for 2022/23.** | **Complete** |
| **Decision D286** | **The Committee recommends the Treasury Management report to the CC and PCC.** | **Complete** |
| **Decision D287** | **The Committee approved the review of the JAC ToR.** | **Complete** |

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|  | ACTION SUMMARY FROM MEETING ON (30th November 2021) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| **Action 281**  | **KP to consider the points made on page 11 of the minutes taken from the JAC meeting on the 19th of October 2021.** | **KP** |  |
| **Action 285** | **For JM to add a wider time frame to the direction of travel column rather than just quarterly within the SICA report to provide further context.**  | **JM** |  |
| **Action 287** | **CB to amend IW’s title to Head of Corporate Finance.** | **CB** | **Complete** |
| **Action 291** | **For JAC members to consider whether they would be interested in having a specific area of expertise and responsibility in relation to the work of the Panel.** | **JAC**  |  |