

**Meeting: Joint Audit Committee**

**Venue: Teams**

**Date: 30th November 2022**

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| **Members:** | Ms Kate Curran (KC) (Chair)  Ms Lynne Hamilton (LH)  Mr Farhan Shakoor (FS) |
| **JAC Attendees** | Mrs Carys Morgans, Chief Executive (CEO)  Mr Edwin Harries, Director of Finance (DoF)  Mr Ian Williams, Head of Corporate Finance (IW)  Ms Nicola Davies, Head of Corporate Finance (Temp) (ND)  Mr Jonathon Maddock, TIAA (JM)  Ms Eleanor Ansell, Audit Wales (EA)  Ms Gaynor Maddox, Head of Programmes and Change (GM)  Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | Dr Richard Lewis, Chief Constable (CC)  Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)  Ms Beverley Peatling, Chief Finance Officer (CFO)  Ms Clare James, Audit Wales (CJ)  Ms Lucy Evans, Audit Wales (LE) |
| **Declarations of Interest:** | None. |

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|  | | ACTION SUMMARY FROM MEETING ON (19th October 2022) | | |
| **Action No** | **Action Summary** | | **To be progressed by** | **Progress** |
| A12 | The OPCC to ensure that an update and a date of completion is added to the actions table prior to each meeting. | | CB | Complete  04.11.22 |
| A13 | Members asked for some further information on the four re-opened recommendations at the next JAC meeting. | | IW | Complete  18.11.22 |
| A14 | ND will provide the Committee with an update at the next meeting on the anti-harm suits tracking system that custody use. | | ND | Ongoing  (verbal update) |
| A15 | CFO and the DOF to meet with the Head of Procurement to consider options for strengthening contract management. | | CFO/DoF | Complete  29.11.22 |
| A16 | JM to include the root cause indicator statistics for a full year in the next SICA report. | | JM | Complete  23.11.22 |
| A17 | For the financial challenges in terms of the cost-of-living impact to be properly reflected within the force risk register | | GM/DoF/  CFO | Complete  30.11.22 |
| A18 | IW to discuss with the Head of Professional Standards that individuals are reminded of the need to declare any business interests etc. | | IW | Complete  18.11.22 |
| A19 | GM and CB to send out the necessary meeting invites to JAC members. | | GM/CB | Complete 30.11.22 |

A discussion took place in relation to the Finance seminar which had taken place earlier that day and the Committee wished to pass on their thanks to everyone who was involved.

It was noted that Martin Evans has stood down from the JAC and his role as Chair. The Committee noted the significant contributions made by Mr Evans during his time a Chair and as a member and expressed their thanks for all his hard work. It was noted that Martin contributed not only to the JAC, but to many other schemes and governance meetings and his invaluable input will be missed.

1. **Appointment of a new JAC Chair**

Following nomination and unanimous committee support, KC accepted the role as the new JAC Chair.

LH agreed that should KC be unavailable to attend a meeting in the future that she would be happy to support the role. FS reiterated that if any support is needed in the future that he would be happy to step in.

**D04 2022/23: Kate Curran to be appointed as the new JAC Chair.**

1. **Minutes of the meeting held on 19th October 2022 and Matters Arising**

An update was given in relation to action A02: IW to develop the reporting within the AGG for the older high risk open recommendations and add additional scrutiny and detail to make sure that mitigations are in place. IW confirmed that the Audit Governance Group focussed on long outstanding actions as part of their agenda.JM confirmed that A04: for TIAA to produce a summary report in relation to grants processes within OPCCs in Wales was ongoing.

An update was given in relation to A14: ND will provide the Committee with an update at the next meeting on the anti-harm suits tracking system that custody use. ND confirmed that a review is taking place and there should be a report available for the next meeting. A process is in place; however, an inspection of all suites is in progress to ensure consistency.

GM gave an update in relation to A17 for the cost of living in impact to be reflected in the risk register. GM confirmed that the risk register had been updated urgently that morning and had been re-circulated prior to the meeting.

A19: For GM and CB to send out the necessary meeting invites to JAC members has now been completed, all members should now have received invites to the meetings and groups.

A discussion took place in relation to the comments made within the last meeting that there appeared to be a cultural systemic structural failure in terms of estate management. DoF reassured the Committee that since their last meeting there was greater involvement of the Health and Safety department in monitoring compliance. , Furthermore, a report has been submitted in relation to Fabric maintenance arrangements which will be implemented from June 2023.

DoF confirmed that the position has improved and now with greater scrutiny being provided by the Health and Safety Team as well as Estates, they are hopeful that the position will continue to improve. It was discussed that it would be good to have another audit once the new arrangements have been implemented.

**D05 2022/23: The minutes of the meeting held on the 19th October 2022 were accepted as a true record by the Committee.**

1. **Actions from the Corporate Governance Group meeting**

DoF gave an overview of the actions arising from the Corporate Governance Group meeting on the 17th November 2022. The main areas discussed within the meeting were in relation to internal governance arrangements and the need to ensure clarity between boards verses groups, as well as communication of key risk areas and emerging themes. It was explained that the focus of the meeting was the FMS. The Annual Governance Statement was also presented and signed off for presenting to Audit Wales.

A question was asked about the FMS update report and how much feedback has been received from staff and department leads. DoF confirmed that they have tied the FMS into the budget process for departments and therefore as a result have had a very good level of engagement from staff.

1. **Audit Governance Group (AGG) meeting held on the 24th November 2022**

ND advised that there was representation from the Business Information Management Department at the last meeting to receive an update on outstanding internal audit recommendations. The AGG were provided with progress to date on some of the issues and the challenges were fully explained, which provided reassurance to all that there's a clear plan on how recommendations are going to be implemented. It was noted that there has also been good engagement with department leads in relation to revising progress against implementation dates, which allows progress to be clearly shown with new dates provided. Many recommendations have been closed and many have an implementation date of December 2022.

IW noted that they currently have four complete audits and another seven at various stages. IW also noted that there are seven audits pending with dates to be arranged. The aim is that all audits will be completed before the 31st of March.

A discussion took place on the number of audit reports that are expected to be brought to the March JAC meeting and due to March already being a lengthy agenda, a recommendation was made that an additional meeting be arranged for early in the New Year with a specific focus on internal audit reports.

**A20 2022/23: For an additional JAC meeting to be arranged in the New Year to specifically look at audit reports.**

A discussion took place on the issues in relation to Property Management and it was felt that a presentation in relation to the new records management system would be beneficial.

**A21 2022/23: For an input on Property Management and the new records management system to be given at a future JAC meeting.**

A discussion also took place in relation to the scheduling of meetings. Historically the finance seminar and the JAC meeting have occurred on the same day for ease of travelling arrangements. Now that meetings are held remotely a discussion took place in relation to whether there would be merit in separating the two sessions going forward. It was suggested that the seminar continues to take place in November and that the JAC meeting is moved to the New Year.

**A22 2022/23: For the Finance seminar and JAC meeting to be arranged on separate dates moving forward.**

1. **Reports of the internal auditors**
2. **Compliance Review of Counter Fraud (Anti-Fraud Procurement)**

Outcome: Reasonable Assurance with one priority 2 recommendation and one priority 3 recommendation. The recommendations were in relation to duplicate expense payments and the need to set up a regular process to check for duplicate expense claim payments.

KC noted that it would be useful where in the management comments it makes reference to regular checks, to understand what is meant by regular and that the frequency of checks be specified. ND agreed that this will be taken forward and updated.

1. **Summary Internal controls Assurance (SICA) Report 2022/23**

JM explained that this report provides an overview of emerging Governance, Risk and Internal Control related issues and progress as of the 22nd of November 2022.

JM noted that in terms of emerging governance risk and internal control related issues that within this report they have raised matters relating to Corporate social responsibility (CSR), which refers to the self-imposed responsibility of businesses to society in areas such as the environment, the economy, employee well-being, and competition ethics. Many businesses use internal CSR regulation as a form of moral compass to positively influence the ethical development of their business. Traditionally, CSR was viewed as something only large businesses practiced. In the past, simply having a CSR intention in place was already enough for a business to be recognised as socially responsible, even if the idea of social responsibility did not influence the business model or the production processes. In today’s market however, businesses of all sizes are increasingly held responsible for their social and environmental impact by their customers. As every business is part of a value/supply chain consisting of other businesses, when they advocate for sustainability, ethical practices, and generosity, this creates a positive ripple effect on all stakeholders.

JM gave an overview of the root cause indicators detailed within the report and the number of recommendations that come out of the reviews and the direction of travel in relation to the risk areas. JM gave a summary on the current progress against the plan and noted that a number of reports will be ready for the next meeting in the New Year.

FS queried in relation to the ICT review it refers to data for GDPR compliance. Clarification is needed post Brexit on whether they are working towards an IAPP, UK data protection or the European GDPR compliance, as GDPR is no longer applicable for the UK. Although both would be very similar there are some differences. GM stated that she would raise in Force and ask for some further information on this to be given to JAC at a future meeting.

**A23 2022/23: For further information on whether the organisation is now working towards IAPP compliance rather than GDPR to be provided at a future meeting.**

1. **Statement of Accounts Update**

DoF provided an update on the Statement of Accounts, noting that they are currently waiting on the evaluation work to be completed. Draft figures have been received and due to a couple of queries, clarification has been sought from the valuers and a response is expected around the 9th of December. Following the response, they will be in a position to amend their financial records and statements, with the accounts then being sent to Audit Wales in the New Year. A discussion took place on how this will impact on next year’s audit preparations.

1. **HMICFRS activity**

CEO noted that the new governance arrangements for HMIC recommendations being discussed within meetings is working well and is ensuring that each recommendation has the correct ownership.

GM provided reassurance to the Committee that in terms of the vetting issues and timeliness, the Force has increased the staffing levels within the department by two. Dyfed-Powys is also waiting on a new HMIC Force liaison officer, which has caused some delays to the sign off of some recommendations.

CEO explained that the PCC has a statutory responsibility to formally respond to all HMIC recommendations within a set time frame, which are published on the HMIC website. A discussion ensued in relation to the OPCC scrutiny of HMIC findings and assurance activity.

A discussion also took place in relation to a new programme of communication being led by the Professional Standards Department, where there will be open discussions within Force in relation to culture. Discussions will feed into the Learning the Lessons Board and there will be regular bulletins and updates going out towards staff to remind individuals that they must work within the code of ethics.

The Committee commented that it would be useful to receive an update at an appropriate time to seek assurance that the Force and OPCC are monitoring the progress made against the areas needing improvement.

1. **Force significant Corporate Risks**

GM apologised that the updated register had only been sent prior to the meeting starting. GM presented the new risk register to JAC explaining its new layout. GM explained that the register has had a complete review.

It was explained that it was raised in the Force Executive Board that an audit trail of information about longstanding risks and their progress would be useful. The new register now has all the information hyperlinked, this means that the history and progress for each risk can be easily viewed in one place.

GM gave an overview of all risks including the risks in relation to the CCTV and affray alarms in custody, and the mitigations in place to minimise any risks and work planned over the next couple of years. Healthcare in custody continues to be an issue and is being looked at. It was also explained that property/ exhibit management has been placed on the register following a recommendation from a TIAA audit report. GM explained that the FCC fallback site has now been updated to reflect the change from an estates issue to an IT solution being needed. An uninterrupted power supply solution upgrade has been completed.

It was noted that the BMW engine failure risk will remain on the register until all vehicles have been replaced. However, the risk score is lowering with every car that gets replaced.

GM explained that new risks have been added to the register, including the cost of cost of living crisis and the winter of discontent. Work is ongoing in relation to matters such as the national power outages and fuel shortages etc. The third new area is the joint firearms range which has been escalated to red on the South Wales Police risk register, due to escalating costs relating to the project.

A discussion took place on whether the Force have considered the impact that financial difficulties and cost of living issues with many at present may be having on the crime rate. GM confirmed that the Force will have data and statistics available, and that Officers will have to follow the demand and should an increase in crime happen, conversations with the relevant parties will take place to direct resources appropriately.

1. **OPCC significant Corporate Risks**

CEO explained that no report was submitting to JAC on this occasion due to there being no changes since the last report that came to the last meeting in October. CEO explained that the only new update that they have received was in relation to the decision of the Supreme Court in relation to the Eckland case, which places liability to sit with the Chief Constable. Work is being undertaken nationally to understand the consequences of this change. The CEO has met with the Head of Legal to understand the local impact. The Association of Police and Crime Commissioners, together with the Association of Chief Executives for Commissioners and the National Association of Legally Qualified Chairs, have been working on a revised indemnity for locally qualified chairs to follow.

1. **Fraud Update**

It was noted that there were no new Fraud updates to report to JAC since the last meeting in October.

LH noted that she had attended the Commissioning Advisory Board and observed an input on economic fraud which was impressive.

1. **Any other business**
2. **JAC training**

CB had circulated an email in relation to potential dates for the All-Wales training session in April 2023 which Gwent are hosting. CB will confirm a date as soon as it is known.

1. **Internal Audit**

A discussion took place in relation to the renewal of the internal audit contract and the four Welsh Forces reviewing the next steps. The Forces will link in with CIPFA as an independent body with an advanced level of knowledge of what is required from an internal audit function to independently comment and report on what is potentially the best outcome for a four-force solution or collaboration.

1. **Reserves Policy**

A discussion took place in relation to the Reserves Policy which usually comes to the March JAC meeting. It was felt that JAC would need to have a focus on the Policy due to financial difficulties everywhere at present.

1. **JAC foreword workplan**

A discussion took place in relation to the JAC forward workplan. It was confirmed that JAC does have a plan in place which sets out what agenda items should be taken to which meetings within the year. The workplan will be revised as part of the JAC ToR review and will be circulated to Members for their views and consideration.

**A24 2022/23: For the JAC forward workplan to be circulated to JAC members.**

**A25 2022/23: For the JAC forward workplan to be a regular agenda item within JAC meetings so that members can plan what is needed to be brought to each meeting going forward.**

1. **Members Update**

CEO explained that a recruitment drive will commence in the New Year to try and recruit an additional new member to the Committee. Positively, there is one member who is going through vetting at present., CB will create a recruitment plan to try and ensure that new members are in place for the March meeting.

**D06 2022/23: Members approved the decision to try and recruit an additional two members to the committee.**

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| DECISIONS ARISING FROM MEETING 30th November 2022 | | |
| Decision No. | Decision Summary | Progress |
| 04 | Kate Curran to be appointed as the new JAC Chair. | Complete |
| 05 | The minutes of the meeting held on the 19th October 2022 were accepted as a true record by the Committee. | Complete |
| 06 | Members approved the decision to try and recruit an additional two members to the committee. | Complete |

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|  | ACTION SUMMARY FROM MEETING ON (30th November 2022) | | |
| **Action No** | **Action Summary** | **To be progressed by** | **Progress** |
| A20 | For an additional JAC meeting to be arranged in the New Year to specifically look at audit reports. | CB | Complete 07.11.22 |
| A21 | For the Finance seminar and JAC meeting to be arranged on separate dates moving forward. | CB | Complete 07.11.22 |
| A22 | For an input on Property Management and the new records management system to be given at a future JAC meeting. | LD | Complete 02/02/23 |
| A23 | For further information on whether the organisation is now working towards IAPP compliance rather than GDPR to be provided at a future meeting. | GM | Ongoing |
| A24 | For the JAC forward workplan to be circulated to JAC members. | CB | Complete 25/01/23 |
| A25 | For the JAC forward workplan to be a regular agenda item within JAC meetings so that members can plan what is needed to be brought to each meeting going forward. | CB | Complete 25/01/23 |

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|  | | ONGOING ACTIONS | | |
| Action No. | Action Summary | | Owner | Progress |
| 04 | TIAA to produce a summary report in relation to grants processes within OPCCs in Wales. | | TIAA | Ongoing |