

**Meeting: Joint Audit Committee**

**Venue: Teams**

**Date: 2nd February 2023**

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| **Members:** | Ms Kate Curran (KC) (Chair)Ms Lynne Hamilton (LH)Mr Farhan Shakoor (FS) |
| **JAC Attendees** | Dr Richard Lewis, Chief Constable (CC)Ms Beverley Peatling, Chief Finance Officer (CFO)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)Ms Helen Cargill, TIAA (HC)Ms Eleanor Ansell, Audit Wales (EA)Ms Lee-Ann Brereton, Researcher/Analyst (LB)Ms Lynne Davies, Head of Business Support Unit (LD)Mr Dan Tomkins, Head of Assurance OPCC (DT)Mr Michael Montford, HMICFRS (MM)Ms Sarah Lewis, HMICFRS (SL)Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)Ms Clare James, Audit Wales (CJ)Ms Lucy Evans, Audit Wales (LE)Mr Jonathon Maddock, TIAA (JM)Ms Gaynor Maddox, Head of Programmes and Change (GM) |
| **Declarations of Interest:** | None. |

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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 | Complete 31/01/23 |
| 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 |

A welcome was given to SL and MM from HMICFRS.

1. **Minutes of the meeting held on 30th November 2022 and Matters Arising**

ND gave an update on A14: ND will provide the Committee with an update at the next meeting on the anti-harm suits tracking system that custody use. ND explained that custody has a process in place where all suits are marked with a permanent marker and logged on a register, custody log each time a suit is sent to be laundered and when it is returned. This log is monitored to ensure that the suits are replaced when needed. Custody ensures that when the suits are returned, the marker is still visible. A plan is in place to introduce a bar code type system. This work is ongoing.

CEO also informed the Committee that the OPCC, in conjunction with Dyfed-Powys Police and the Independent Custody Visiting Association are leading on a pilot to review the use of anti-rip suits in custody. The OPCC’s ICVs have been reviewing custody records to ensure that suits are being issued appropriately.

An update was given in relation to A24: for Members to have sight of the JAC workplan. It was explained that the workplan will be brought to the March JAC meeting and will align with the new JAC ToR.

CFO gave an update in relation to A15: for the CFO and the DOF to meet with the Head of Procurement to consider options for strengthening contract management. The Head of Procurement has prepared a paper in relation to the contract management arrangements in Force and this will be submitted to the Force Review Team. The Blue Light commercial will deliver training to both the Force and the OPCC in April.

CFO noted that A17 and the cost-of-living risk will be reviewed with GM.

CFO also gave an update in relation to CIPFA doing a piece of work in relation to the future of internal audit arrangements and that a draft report has been received.

CFO also noted that the timing of when JAC sees that the Reserves Strategy has been discussed. The CFO will ensure that JAC has the opportunity to review prior to inclusion within the Medium-Term Financial Plan going forward.

**D07 2022/23: The minutes of the meeting held on the 30th November 2022 were accepted as a true record by the Committee.**

1. **Reports of the internal auditors**
2. **Assurance Review of Capital Programme – Collaborative**

Outcome: Substantial Assurance with no recommendations. HC noted that this was a collaborative review across all four Welsh Forces. It was noted that this outcome is consistent with previous years and therefore possibly an audit that could be undertaken on a less frequent basis.

KC noted that within the report it notes that North Wales Police have developed an analysis tool which includes a quarterly profile of the capital programme to assist with the monitoring process and help identify projects that are slipping earlier. The analysis tool includes visual representation of the progress for each project in graph form. KC queried whether DPP are aware of the tool. DoF advised that he would look at the tool used by North Wales to see whether it would add value to the way DPP monitor their capital programme.

1. **Assurance Review of Expenses and Additional Payments – Collaborative**

Outcome: Reasonable Assurance with one routine recommendation. HC noted that this recommendation was in relation to the Policy needing to be changed and some duplicate expense claims being found.

FS noted that a small sample of ten claims were reviewed and queried whether any data analytics could be run, or a larger sample could be checked, or whether there could be a process of routinely checking rather than relying on an audit.

HC confirmed that they do use data analytics for their reviews, however, this audit was looking at specific aspects. Data analytics are used in other audits such as fraud.

A discussion took place on what DPP needs to do to receive substantial assurance. HC noted that DPP need to check claims, although there is a process in place, some duplicates are still appearing. Looking at the processes of other Forces may be helpful to see what works well.

ND confirmed that the department have put steps in place to do dip-sampling on a quarterly basis.

1. **Assurance Review of Creditors – Collaborative**

Outcome: Reasonable Assurance with one routine recommendation. From a sample of five purchasing card holders, copies of the signed Employee Agreement forms were requested. Four out of five agreements in the sample were provided, however, two had not been signed and one form could not be located. The form sets out the responsibilities and expectations of the card holder. Action has been taken to ensure that all forms are signed.

HC confirmed that the categorisation of the recommendation changed since the outcome was issued and therefore this report should have been graded as Substantial Assurance and will make sure that this is amended.

**A25 2022/23: For the outcome of the Assurance Review of Creditors audit to be changed to substantial assurance.**

A discussion took place in relation to the limit on the cards, which is usually set at £1000.

FS raised a question in relation to the % of cards that have missing forms etc.

FS noted that it would be useful to provide further context within reports in relation to the percentages/ numbers that the issue relates to, and the route cause as to why they believe the issues have arisen.

HC explained that the sample was taken from the full list of 51 cardholders. IW explained that the issue related to the most recently issued cards, as the more recent cards are dealt with via digital documentation rather than via paper and this has possibly caused some issues in relation to getting documentation signed and issued. IW noted that the form will be reviewed and the responsibilities of cardholders refreshed, to ensure that cardholders have clarity and a clear process they need to follow.

A discussion took place in relation to how this will be controlled and monitored going forward. IW noted that they have a have a comprehensive list of all cardholders, line managers, credit limits, expiry dates and all the necessary information attached to administration of the cards. They have a folder of records and will look to insert a hyperlink into the Excel records which will make any missing signed agreements apparent.

It was noted that it would be useful if the managements comments included the controls being introduced going forward.

**A26 2022/23: For the management comments to include the controls being introduced going forward.**

1. **Collaborative Assurance Review of Fleet Management – Fleet Strategy**

Outcome: Substantial Assurance with one routine recommendation. This recommendation related to the reference to the Strategy for Transitioning to Zero-Emission Vehicles and Estate Requirements for Transitioning to Zero-Emission Vehicles needing to be included within the Fleet Strategy.

A discussion took place on the slippage on the budget for the fleet and how much of a risk this is for the Force. DoF confirmed that this is a national issue post covid with the car marketing industry and delays in the manufacturing of cars. However, DoF explained that due to delays being known, they have been ordering vehicles a year ahead to cater for time delays that are expected.

1. **Assurance Review of Security of Seized Proceeds of Crime (Cash and Assets)**

Outcome: Reasonable Assurance with two important recommendations and four routine recommendations. The main recommendations related to the banking of cash seizures not being undertaken in a timely manner. This issue related to the Brecon area and appeared to be a training issue with a new member of staff. There also appeared to be lengthy delays in general in terms of banking seized cash, it was found that cash was being held for long periods of time.

FS queried what is noted within policy in terms of the timeliness of banking cash following a seizure and whether there a clear procedure for staff to follow. LD confirmed that there is a policy and a flowchart which clearly shows the process which is published on the Force Intranet.
A discussion also took place in relation to insurance and whether there is adequate cover in place if large amounts are being held in safes at Police Stations. IW noted that there is a limit of £50,000.

CC noted that the delays may be due to officers waiting on forensic lifts or waiting until the suspect is interviewed to ensure that no evidence from the cash is required. CC noted that banking cash can be a big decision for officers to make as cases can be lost if evidence is lost. CC is interested in asking officers their views on why there may be delays in banking to see whether there is a reluctance to bank due to the uncertainty on whether the cash may be evidentially needed.

**A27 2022/23: CC will speak with officers to seek their views on why there may be delays in the banking of seized cash.**

1. **Assurance Review of Complaint Handling (OPCC)**

Outcome: Reasonable Assurance with no recommendations. HC explained that the systems in place are clearly defined, and a thorough process is in place.

There have been some delays with dealing with complaint reviews due to an increase in reviews requested; however, resources have been put in place to deal with the backlog, which has now been addressed.

CEO confirmed that they are in a good position at present with all requests being reviewed in a timely manner. Processes are also being reviewed to ensure they are as efficient as possible.

1. **Interim Follow Up Review**

HC explained that this is a review that is undertaken twice a year to look at all the recommendations raised during the year and to review any outstanding priority one or two recommendations and their progress. HC reported that 36 recommendations had been made, with 50% of them having been implemented and 50% still outstanding. It was explained that there will be another follow-up prior to the year end, which hoped to establish an improved position for implementation of recommendations.

CEO reassured Members that the Audit Governance Group also monitor any longstanding high-risk recommendations and will look into why these are not being addressed within the timescales originally proposed. It was explained that most delays relate to reasons connected to policy development or a particular project, for example the implementation of the new Niche IT system.

1. **Compliance Review of Neighbourhoods - Divisional Visits (2) Evidential Property**

Outcome: Limited assurance with one urgent recommendation, nine important recommendations and one routine recommendation.

HC explained that this area has historically had a limited assurance level, however, although the report has received the same outcome there have been improvements.

HC explained that the main recommendation related to both the Cardigan and Aberystwyth temporary property stores, with exhibits not being able to be found. An issue was also found in relation to there not being enough space to store firearms and therefore not all firearms were securely locked away. The other main issue related to temperature checks when storing drugs. It was found that these temperature checks have not been undertaken.

LD was welcomed to the meeting and gave an update on the progress made against the recommendations raised. LD confirmed that following the audit a dip-sample had been undertaken of the missing items and the property management system has located the items. LD will carry out further checks to ensure that the Property Management system is reflective of where the items have been disposed or are being stored.

It was also noted that the temperature checks will be undertaken and should be part of the Property Officers daily routine. Reassurance was also given in relation to the storage of firearms and their disposal.

There is further work required to review the working model and practices adopted across the Force and to ensure that there is a corporate and consistent approach. The efforts of the Force and team members involved in property evidence management as part of the Niche System transition/implementation is driving notable change in this area. The work of the Property Evidence Tactical Working Group will be key to the success of embedding the required change. Niche will hopefully provide all the necessary systems and processes in one place.

LD also noted that the risk in relation to property evidential management is now on the corporate risk register. Conversations are being had with South Wales in relation to their Police Property APP (Application). The APP was developed and designed to assist Officers ability to manage property including initial seizure and creation, any movement or management required up to and including disposal.

LH noted that it would be important to ensure that the root cause of these issues are addressed. Niche will assist but it is essential to promote a cultural and behavioural change. LD agreed that although Niche will make the process easier for officers, this is a part of the solution and the cultural piece is something that Superintendent Evans is progressing as part of the Tactical working group.

The Committee thanked LD for the update and ongoing work.

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

HC explained that the report provides an overview of emerging Governance, Risk and Internal Control related issues and details progress as of the 24th January 2023.

HC wished to bring the external quality assessment to the Committees attention. It was explained that the assessment is undertaken every five years under the public sector internal audit standards. TIAA have achieved the standards with no concerns highlighted.

HC gave an overview of appendix A and the progress against the plan. It was noted that the DCCU audit has been changed and that's now been undertaken as an ISO 17025 audit. Progress against the plan is going well and set to be completed by the end of March.

1. **Proposed Audit Programme 2023/24**

IW presented the proposed audit programme for 2023/24 to the Committee. IW explained that the plan was formed by reviewing the Force Management Statement, the Corporate Risk Register and audit history, focusing on those areas of service which are attracting limited assurance. 20 audits over 160 days are proposed.

A discussion took place in relation to the two audits scheduled for Estates, looking at Estates Governance and Estates maintenance and whether there would be merit in combining the two together. KC noted that it would be important to ensure that they focus on the health and safety problems and estate management problems that arose in the last audit on Estates. It was noted that the remit of the two audits can be framed appropriately to avoid duplication and to address all the past areas of concern.

DoF noted that a potential audit at the end of 2023/24 that would be useful would be in relation to Information Management, particularly in the context of looking at Niche and the roll out of Office 365.

CFO raised a point in relation to the audit on the Commissioners grants and queried whether there would be better merit in focusing on the commissioned services rather than the small amounts of grants that the Commissioner gives and whether this may be beneficial as a collaborative audit.

KC also noted that contract management has been a reoccurring theme within the audits and queried whether a specific focus on this area would be beneficial. IW agreed and noted that they could focus the counter fraud audit on contract management. The Committee agreed that this would be beneficial.

IW noted that the aim is to finalise the plan ahead of the JAC March meeting. There have been some delays in the finalisation of the All Wales Collaborative plan and therefore IW sought members views on proceeding with the proposed plan subject to changes discussed within the meeting. Members agreed with continuing as planned.

1. **Statement of Accounts Update**

CFO noted that as members are aware the 2021/22 accounts went back out to full tender for a second full valuation regarding the Estate, which was received in early December. It is pleasing to report that a revised draft has been submitted to Audit Wales last week. EA confirmed that the accounts have been received and that they are planning on looking at the detail from next week onwards.

1. **CIPFA guidance and JAC Terms of Reference review**

DT explained that following CIPFA’s new guidance the JAC ToR is in the process of being reviewed. It was explained that the proposed ToR template within the new CIPFA guidance has changed in terms of both the content and vocabulary used. DT has prepared a comparison document which sets out the differences between the new template and the current ToR. DT noted that the new documents will be shared with members following the meeting for members feedback and views. DT asked for members feedback specifically on the areas which have been omitted from the new proposed ToR template. Feedback on whether members agree that the omitted sections should be removed from the new ToR, or whether they should remain would be appreciated.

**A28 2022/23: For the JAC ToR comparison document to be circulated to members for their feedback by the 17th February 2023.**

DT noted that the aim is that the JAC ToR will be finalised following members feedback and presented for sign off at the March JAC meeting.

1. **Proposed JAC agenda for the 23rd of March JAC meeting**

It was explained that the JAC year plan will be presented at the March meeting following the finalisation of the content within the JAC ToR. A draft agenda for the March meeting has been shared for members awareness of the proposed content.

CFO noted that as part of the workplan review they will be considering the FMS and whether this should be brought to a meeting, or whether an update should be provided within a separate briefing session.

1. **Force significant Corporate Risks**

KC noted the new risk in relation to the lack of resources within the risk team and the struggle to find any applicants for the role in relation to the management of Risk, Business Continuity and Policy. KC queried if there was a contingency plan to overcome this risk until an applicant is found. LB confirmed that herself and GM will manage the role between them and any risks until a suitable applicant is found.

LH noted that with some of the risks on the register it is unclear to determine the actual risk. LH noted that it would be very useful for further context to be added within the report to JAC making the risk to the organisation clear. A discussion also took place in relation to making sure that the difference between an issue and a risk is clear.

**A29 2022/23: For further information to be added to the risk register reports to ensure that the impact of the risk is clear.**

CFO stated that herself, LB and GM will meet in relation to the cost of living crisis and to record the financial impact in addition to the operational perspective.

CFO also noted the risk in relation to the funding formula, the principles around the formula are awaiting consultation. This risk is recognised within the Medium-Term Financial Plan.

1. **OPCC new Corporate Risks**

It was noted that there is one new risk in the OPCC risk register which related to delays in the vetting of the OPCC volunteers due to the backlog in the vetting department. Some of their vetting have now expired from their initial vetting periods. A decision has been made to allow the volunteers to continue in their roles, but volunteers have been reminded that any changes in individuals’ circumstances must be reported to the OPCC.

**10. Members Updates**

KC stated that she had recently attended the Strategic Estates Group meeting which provided reassurance in the work that is progressing. There are concerns in relation to resources, however, work is ongoing to address these concerns. KC will continue to attend these meetings.

1. **Any other business**

It was noted that this would be IW’s last JAC meeting. The Committee thanked IW for all his work and support to JAC and wished him the very best in his new role and for the future.

An update was given in relation to JAC membership. It was confirmed that there is currently one individual waiting on vetting clearance and following interviews yesterday, a further two individuals have been successfully appointed to the Committee subject to vetting clearance.

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| DECISIONS ARISING FROM MEETING 2nd February 2023 |
| Decision No. | Decision Summary | Progress |
| 07 | The minutes of the meeting held on the 30th November 2022 were accepted as a true record by the Committee. | Complete |

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|  | ACTION SUMMARY FROM MEETING ON (2nd February 2023) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| A25 | For the outcome of the Assurance Review of Creditors audit to be changed to substantial assurance. | TIAA | Complete 20/03/23 |
| A26 | For the management comments to include the controls being introduced going forward.  | TIAA/ND | Ongoing  |
| A27 | CC will speak with officers to seek their views on why there may be delays in the banking of seized cash. | CC | Ongoing  |
| A28 | For the JAC ToR comparison document to be circulated to members for their feedback by the 17th February 2023. | CB | Complete 02/02/23 |
| A29 | For further information to be added to the Corporate Risk Register reports to ensure that the impact of the risk is clear. | GM | Complete 21/03/23 |

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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 | Complete 21/03/23 |