



Mae'r ddogfen hon ar gael yn Gymraeg yn ogystal â Saesneg.

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**Minutes of the Joint Audit Committee**  
**Tuesday 17<sup>th</sup> March 2015 @ 10:00 am**  
**Strategic Command Centre, Police Headquarters**

**Present:** Mr Alasdair Kenwright, Chair )  
Mrs Ann Williams ) Members of the Joint Audit Committee  
Mr Gawain Evans )  
Mr Malcolm MacDonald )

**In attendance:**

Christopher Salmon – Police and Crime Commissioner (PCC)  
Simon Prince – Chief Constable (CC)  
Adrian Williams – Director of Resources (DoR)  
Helen Morgan-Howard – Chief of Staff, OPCC (HMH)  
Carys Morgans – Chief of Staff, OPCC (CM)  
Jayne Woods – Chief Finance Officer, OPCC (CFO)  
Edwin Harries – Director of Finance (DoF)  
John Herniman – Engagement Director, WAO (JH)  
Vicky Davies – Head of Audit, TIAA (VD)  
Marc Jones – I.T. Business Manager (MJ)(agenda item 12 only)  
Samantha Gainard – Force Solicitor (SG) (agenda item 15 only)  
Angharad Lewis – Office Manager, OPCC

**A32 Apologies for absence**

Apologies for absence were received from Jason Garcia Wales Audit Office.

**A33 Declarations of interest**

There were no declarations of interest.

**A34 To confirm the minutes of the meeting held on 9<sup>th</sup> December 2014**

The minutes were agreed as an accurate record of the meeting subject to an amendment under A26 and the addition of Public Services Ombudsman for Wales.

**A35 Matters arising**

Under A20 legal advice on discretionary payments, the outcome of a long awaited case had resulted in a settlement outside of court which gave no ruling to guide the organisation on options available to them with further discussions to address and settle the matter.

Negotiations on PFI Ammanford were still ongoing.

**Matters for decision:**

**A36 To consider the external auditor's draft Audit Plan for 2014/15, including the associated audit fees.**

JH introduced the Audit Plan for 2014/15 and summarised key objectives and statutory duties with regard to the audit of financial statements of both the Commissioner and Chief Constable, and arrangements for securing economy, efficiency and effectiveness in its use of resources. JH highlighted key risks to financial statements along with proposed work to address those risks.

JH recapped on the performance audit work undertaken to meet statutory requirements in terms of value for money including the results of work of other external review bodies such as HMIC and the National Audit Office to form that opinion. JH recognised areas of financial pressures with the requirement to make significant cost savings and highlighted the proposed continuation to liaise and work with HMIC on their inspections. The Audit Plan highlighted partnership and collaborative working as a valuable but costly risk.

The Audit Plan set out the audit fee which was comparable to the fee set out in the 2014 annual audit outline. It was agreed that a refund for the aborted work on last year's performance audit work on crime data quality would be made.

The Chair invited questions from Members.

GE questioned some of the identified risks as being unnecessary and JH provided an explanation why they were identified.

In relation to annual audit fees charged to the organisation, the Chair questioned whether the fee was higher than that charged to similar sized bodies in England?

JH provided an explanation on the fee scheme approved by the Welsh Assembly Finance committee and requirements under the legislation in comparison to England which are duty-bound to different functions under different legislation.

In relation to controlling fee structures, GE commented on aspects of audit being appropriate to size and risks of the organisation; a view which he agreed to take up with Welsh Local Government dept.

For clarification purposes MM emphasised a requirement to highlight the fee rebate adjustment for 2013/14 taking place in 2014/15 financial year.

In the timetable MM pointed out that the 2016 audit plan would be finalised when the Committee met in March 2016.

**Decision: Members agreed the Audit Plan for 2014/15, including the associated audit fees.**

## **Matters for Scrutiny:**

### **A37 To receive letters from Wales Audit Office in relation to matters arising from their 2013/14 audit.**

The completion of audit of the financial statements and Whole of Government Accounts of the Police & Crime Commissioner and Chief Constable for 2013-14 had both been given an unqualified opinion. There were no concerns about the qualitative aspects of the accounting practices and financial reporting. All minor control issues encountered had been discussed with the finance team and actions agreed in all cases.

**Decision: That the Committee note the letters from Wales Audit Office.**

### **A38 To consider the Treasury Management Strategy**

The CFO summarised the report which fulfilled the PCC's obligation under the Local Government Act 2003 with regard to the CIPFA Code and WG Guidance to approve a treasury management strategy and an investment strategy before the start of each financial year.

The report summarised the main risks to the organisation's treasury activities. Advice from the organisation's treasury management advisors Arlingclose was taken into account in relation to credit outlook, interest rate forecast and investment decisions.

The Chair invited questions from members on the report.

GE questioned the risks involved in overseas investment. These investments had been undertaken following careful consideration and advice of Arlingclose with decisions being governed by credit rating to weigh up risk and duration of the investment. Members questioned the significance of overseas investments.

GE implied measures of caution if the organisation was to consider dropping acceptable credit ratings when assessing credit risk to BBB+. Members' comments and concerns on that matter were noted.

**Decision: That the Committee note the report on Treasury Management Strategy.**

### **A39 To consider the Reserves Policy**

The Reserves and Balances Policy had been reviewed and updated and the CFO summarised the main changes within the proposed revised policy, namely:

The existing version required the JAC to approve the policy. However, it was not a requirement per the JAC Terms of Reference and the policy had been updated to reflect the requirement to consider rather than approve the policy.

The revised version allowed the utilisation of reserves to reduce the level of the Council Tax precept payable by the public.

The level of the general reserve had been increased to 5.0% of the net expenditure to better reflect current risks and uncertainties faced by the Commissioner.

The JAC were asked to consider the revised reserves and balances policy 2015/16 and for the Commissioner to approve and adopt the revised reserves and balances policy for 2015/16.

Under the Freedom of Information Act, there is a requirement to review each policy and assess its suitability for publication on the Force website. As a safeguard measure, MM questioned the appropriateness of the CFO both having ownership of the document and carrying out the review of suitability for publication.

Both Members and WAO welcomed the revised policy. To provide accurate transparency on reporting the usage of reserves JH stressed the necessity to clearly identify this within the Statement of Accounts.

**Decision: That the Committee note the report on the revised Reserves and Balances Policy 2015/16.**

#### **A40 To consider the 2015/18 Capital Strategy**

The Capital Strategy sets out the principles that underpin the production of the Police and Crime Commissioner's forward capital programme and showed how capital investment contributes to the delivery of the Police and Crime Plan by the Commissioner and the Chief Constable. The Capital Strategy must be in place by the start of financial year.

Under Appendix A, the CFO highlighted that figures for estates projects, land and buildings amounting to £16m over the next four years was yet to be broken down and split into constituent parts. With the support of external consultants the results of a condition survey to be carried out across the Commissioner's estate throughout the whole of Dyfed-Powys will inform decisions going forward.

The CFO reflected on estimated costs on provision of improvements to Llanelli station and custody facilities and other estates wide refurbishments.

The DoF highlighted other elements within the Capital Programme such as the Vehicle Replacement programme and delivery against the Digital Policing Strategy and Roadmap which entails investing in mobile data, digital policing and continued investment in IT systems and ANPR technology to maintain productivity and performance levels.

In terms of future planning and assessing risks, MM questioned whether the capital programme could identify which projects were wholly controlled in Dyfed-Powys as opposed to being national projects.

MM asked for clarification on timescales and work involved in carrying out the condition survey.

**Decision: The Joint Audit Committee considered the Capital Strategy 2015/16 – 2018/19.**

#### **A41 To consider a re-draft of the Corporate Governance Framework**

In accordance with 1.5 of the Corporate Governance Framework, a review of the document had been undertaken and the main changes were summarised as follows:

The new procurement legislation requirement for a procurement process for expenditure over £25k rather than £50k that came into effect on 26<sup>th</sup> Feb 2015;

The ability for Solicitors to instigate court proceedings for the recovery of debt;

The role of the Monitoring Officer in ensuring that resources within the OPCC are not utilised for party political purposes;

The Head of Estates had been re-designated to Director of Estates.

Members agreed the document was useful. JH questioned minor wording under point 8.4.1 and whether it would be more appropriate to read 'more than one quotation should be obtained to demonstrate value for money'.

Under point 7.9 and assistance on Taxation issues, GE drew attention to a free helpline service that Deloitte were offering to areas of the public sector. The CFO agreed to follow up the service. With regard to updates GE also informed the Committee that Welsh Government were offering a free tax session in conjunction with Deloitte's on VAT issues. GE agreed to extend an invite.

**Decision: The Committee considered the Amendments to the Corporate Governance Framework.**

#### **A42 To consider the progress report of the Internal Auditors**

The report provided an update on the Controls Assurance framework as at 9<sup>th</sup> March, together with progress work undertaken against the 2014/15 Annual Plan and audits carried out since the previous meeting of the JAC. Contingency days in the plan were used to help develop the Risk Management arrangements. It was suggested that a Risk Management Mitigating Controls review in the plan be deferred until 2015/16. The performance against targets for the reports finalised were listed with a view to improve next year's turn around target.

Appendix A of the report showed progress against the interim annual plan for 2014/15.

VD reported on the progression of Priority 1 recommendations and highlighted the slippage in target date to 30<sup>th</sup> June 2015 for the completion of recommendation in Business Continuity Planning. Progress was on target for work in relation to IT Systems. Within the Estate Management review it was reported that the recommendation was almost complete and significant progress had been made with the backlog of outstanding invoices.

In discussing satisfaction with the revised completion target dates in Business Continuity Planning, it was recognised as being a large piece of work and VD informed Members that another review of Business Continuity was planned for 2015/16. DoR provided assurance that this work will be taken forward as a priority.

In order to gain an understanding of the situation GE questioned the amount of invoices received and processed over a period of time.

**Decision: The Committee noted the summary Internal Audit Progress report.**

#### **A43 To receive the report of the Internal Auditors**

##### **a) Payroll**

The report received a reasonable assurance with one Priority 2 recommendation in relation to contingency plans in place to perform monthly general ledger interface routines. Following discussions a good outcome was achieved on the key findings on deferred overtime payments not being accrued resulting in budgetary control on overtime being ineffective. The DoR provided clarification on the recommendations all of which had been accepted.

##### **b) Debtors**

The review of Debtors arrangements received limited assurance assessment. The two Priority 1 recommendations highlighted delays in raising invoices to debtors and debt recovery not being timely and in accordance with the Debt Recovery and Write Off Procedures and Financial Regulations. VD was happy with the July 2015 timescales set for implementation.

The DoR wished to note that the audit had been a positive experience for the new BSU staff team in gaining consolidated advice on ways of improving processes. In terms of Priority 1 recommendations the DoR summarised plans in terms of an improvement exercise for the NOI process and the production of better guidance to staff involved. There were also arrangements for training not just to meet requirements but for continuous improvement in future. The DoF wished to note the volume of transactions involved in these areas.

MM asked for clarification on the system owned by Carmarthenshire County Council and co-operation received as regards training needs. MM questioned procedures and processes in place on issuing of invoices before end of financial year, and processes in place with Legal Services on Debt Recovery.

### **c) General Ledger**

A substantial assurance assessment was awarded on the review which considered the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. A recommendation to ensure clarification in relation to Virement authorities between the Financial Regulations, Delegated Authorities and the Financial Control Procedures for Virement had duly been undertaken in the Corporate Governance Framework.

### **d) Internet and e-mail security**

The review considered arrangements for internet, website and e-mail security, meeting business needs, operational responsibilities, change management and physical and logical security.

Key findings found that reasonable arrangements were in place to ensure internet and e-mail security. A recommendation to grant access to previous employees/leavers' mail boxes and for authority to be included in the Information Security Policy had been agreed and implemented. A recommendation for a policy to determine and document the length of time for e-mails to be retained in archives and whether individuals should delete e-mails held in archive where actions may impact upon FOI requirements had also been accepted.

MJ confirmed that the Information Security Officer held responsibility for implementing change to the policy and taking forward the recommendations. In response to a question, MJ provided clarification on processes in place when long term sickness situations are encountered.

**Decision: That the Committee note the reports of the Internal Auditors.**

### **A44 To review the Annual Internal Audit Plan for 2015/16 (including a comparison against the three year audit plan)**

VD summarised the report which sets out the changes and rationale for changes to the Internal Audit Strategic Plan originally agreed. The Annual Plan sets out the reviews that will be carried out, the planned times and the scope for each review. The rolling Strategic Plan will be subject to ongoing review and could change as the risks change for the organisation.

VD informed Members that TIAA had successfully been appointed Internal Auditors for South Wales and Gwent. When appropriate VD proposed to compile and present a



report to all three Joint Audit Committees on similar reviews for the purpose of sharing best practice across those reviews; to be followed with a comparison review report.

Members were pleased to note that changes to the Plan had been identified and commended auditors and management on the audit process and identifying appropriate areas for review.

The DoF provided clarification in response to a question by GE on any cash balances held within the Force. VD confirmed that this would be covered under Treasury Management review planned next year.

In response to a question by MM VD confirmed the scope for Leases review as set out on page 5.

**Decision: That the Committee note the report on the Internal Audit Plan.**

**A45 To receive an exempt update report on work undertaken in relation to the Internal Audit Assurance Review of the Fixed Assets Arrangements**

The CFO provided the Committee with an update in relation to progress made by the OPCC to date in complying with recommendations made by a recent Internal Audit Assurance Review of the Fixed Asset Arrangement.

The CFO provided appropriate responses to questions raised by Members.

**Decision: That the Committee note the report on Fixed Asset arrangements.**

**A46 To receive an update on HMIC activity**

The DoR summarised key issues within the report which provided Members with an update on on-going HMIC activity and the outcomes from recent inspections and publications.

The final report on Multi Agency Public Protection Arrangements (MAPPA) inspection was awaited whilst a hot debrief highlighted strengths and good practices in multi-agency commitment.

The Digital Crime and Policing study was not an inspection but a fact finding study to inform all forces of current trends and processes in place at present.

Following the National Child Protection Inspection a report highlighted a number of positives together with a number of recommendations for improvement.

The inspection of Firearms Licensing was imminent. It will be a risk based inspection focussing on the firearms licensing process and the risk management of that process.

The Honour Based Violence inspection was in two parts. Dyfed-Powys had returned the data elements and documents as part of phase 1 of the inspection and await confirmation on selection for part 2 of the phase 2 inspection process.

Notification of inspection for phase 1 of the PEEL inspection 2015 had been received and the force will host HMIC sometime between April and June 2015. The initial strands would focus on the efficiency and leadership areas.

With regard to the report on the inspection on National Child Protection, AW questioned how the force was addressing the recommendations which had an impact on partnership working whilst undergoing financial constraints; in particular cases relating to forensic medical examinations, cases where children or young people had been detained under Section 136 Mental Health Act, and cases of alternative accommodation for children and young people remanded in custody.

The CC alluded to issues and concerns around inspections of police forces in terms of partnership working and challenges within Local Authorities. The CC referred to significant improvements brought about by the Mental Health Triage. AW stressed the importance of partnership work with Health Boards also being critical. The CC clarified the position and difficulties experienced in relation to forensic medical examinations across the force area.

In relation to the Peel Inspection, MM expressed his concerns over preparation required for inspections and Members commended the force for meeting the demands of inspections whilst working under immense pressure.

**Decision: That the Committee note the report on HMIC activity.**

**A47 To receive the Force and OPCC's risk registers and to receive an update on Risk Management arrangements**

SG presented the report on the Force risk register. A two tier approach had been implemented; namely a Corporate Risk Register and a Dynamic Risk Register. The system had generated much debate and discussions around issues which would otherwise have gone unresolved or unchecked. The system highlighted areas where work was needed in order to improve efficiency in the way the Force deliver its business.

SG was thanked for her input and Members raised no questions on the Force risk register.

HMH updated Members on work to date on the OPCC risk register which followed the same approach that SG outlined for the Force. More detail would be presented in due course following discussions with the Corporate Governance Group.

The CC complimented SG on a very practical approach and step change in relation to risk management.

MM endorsed the system as an excellent improvement within the organisation.

**Decision: That the Committee note the Force and OPCC's risk registers.**

**A48 To receive the minutes of the Corporate Governance Group meeting on 24<sup>th</sup> February 2015**

The DoF drew Members' attention to the content of the Minutes.

**Decision: That the Committee note the minutes of the Corporate Governance Group 24<sup>th</sup> February 2015**

**A49 Any Other Business**

The Chair requested a briefing on procurement at a seminar either at the beginning or end of the JAC meeting in June.

CM asked Members to consider any other beneficial items for the seminar.

The Chair also informed Members of a training day in October, the date to be confirmed in due course.

A private meeting of Members and Internal and External Auditors was arranged following the conclusion of this meeting.

**Next meeting due on 23rd June 2015.**

**The meeting closed at 11.55 am.**