



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

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Minutes of the Joint Audit Committee
Tuesday 21st June 2016 @ 10:00 am
Strategic Command Centre, Police Headquarters

Present: Mr Gawain Evans (GE) Chair)
Mrs Ann Williams (AW)) Members of the Joint Audit Committee
Mr Alasdair Kenwright (AMSK))
Mr Malcolm MacDonald (MM))

In attendance:

Dafydd Llywelyn – Police and Crime Commissioner (PCC)
Simon Prince – Chief Constable (CC)
Adrian Williams – Director of Resources (DOR)
Jayne Woods – Chief Finance Officer, OPCC (JW)
Stephen Hughes – Chief Executive & Monitoring Officer North Wales OPCC
John Herniman – Engagement Director, WAO (JH)
Jason Garcia – Audit Manager, WAO (JG)
Vicky Davies – Head of Audit, TIAA (VD)
Karen Davies - Force Accountant (KD)
Sarah Welsby – Force Accountant (SW)
Chief Inspector Jon Cummins - (JC) agenda item 12 only
Inspector Stuart Bell (SB) – agenda item 12 only
Anne Williams – Support Officer, OPCC

In the absence of Carys Morgans Chief of Staff, Mr Stephen Hughes Chief Executive at North Wales OPCC attended the meeting in the capacity of Monitoring Officer.

A46 Apologies for absence

Apologies for absence were received from Carys Morgans Chief of Staff and Edwin Harries Director of Finance.

A47 Declarations of interest

There were no declarations of interest.

A48 To confirm the minutes of the meeting held on 22nd March 2016

It was noted that Adrian Williams Director of Resources was in attendance at the meeting and subject to this addition the minutes were agreed as an accurate record of the meeting.

A49 Matters arising

The CFO advised that the Corporate Governance Framework will be updated following the completion of ongoing work within the Force and OPCC.

VD provided clarification in relation to the amendment required within the Internal Auditors' Charter.

The CFO confirmed that the new CIPFA Solace Guidance was to be applied from the 2016/17 financial year and that last year's Annual Governance Statement was based on the old guidance.

Confirmation was provided that all actions declared within the minutes had been completed.

A50 Draft Statement of Accounts 2015/16

The report provided Members of the Joint Audit Committee with a summary of the financial reserves position for 2015/16 and the key issues considered when compiling the 2015/16 Statement of Accounts.

SW highlighted that the closure of accounts was on track for completion by the 30th June 2016. There had been a significant planned use of reserves during the financial year with a reduction in financial reserves from £44.9 million as at 1st April 2015 to £32.3 million on 31st March 2016. A breakdown of payments included an additional repayment of £7.0 million of outstanding debt resulting in an annual saving of £300k; PFI contract buy out of £3.6 million resulting in an annual saving of £500k; £3.3 million of reserves being utilised in support of the revenue and capital budget during the year. The remaining reserves at year end of £32.3 million are committed over the next four years to fund baseline revenue spending and capital allocations with a £4.5 million general reserve available for unforeseen events.

KD highlighted the more significant accounting entries and issues encountered during the closure of accounts process 2015/16. KD highlighted early processes and incremental changes put in place within the Force Finance team in preparation to meet earlier closure requirements. A considerable amount of work remained to be undertaken and KD emphasised the degree of challenge faced in future years. The staffing resource currently available to undertake the work over a shorter period of time will be reviewed over coming months.

AMSK questioned whether WAO were happy with measures in place for accounting for joint arrangements and collaboration due to last year's issue which had an impact on the completion of the statements. The Force had received a report providing draft figures to work on, with final entries still to be considered.

In relation to a national issue on the Contingent Liability Note MM questioned whether any discussions on acceptable wording had taken place between National Audit Office and Wales Audit Office. JH provided an explanation and MM was content with the Welsh approach which was consistent with all Welsh Forces.

Members noted the report.

A51 To consider the Chief Finance Officer (PCC) and Director of Finance (CC) Annual Governance Statements for 2015/16

Under the Accounts and Audit [Wales] Regulations there was a requirement for relevant bodies to conduct a review at least once a year of the effectiveness of the system of internal control and to include a statement reporting on the review within the Statement of Accounts.

There was a requirement to produce two Annual Governance Statements reflecting the arrangements in place for the Commissioner and for the Chief Constable. The Commissioner's Annual Governance Statement was also included in the Group Accounts.

The draft Annual Governance Statements for the Chief Constable and Commissioner had been written in accordance with the CIPFA document Delivering Good Governance in Local Government; Framework Addendum, with particular focus around the six core principals of good governance as identified in the revised 'Delivering Good Governance in Local Government'.

The DoR referred to the Chief Constable's draft Annual Governance Statement and highlighted key themes within. The Force had been working to refresh its vision, mission and values and fully embedded the "Code of Ethics", supporting Police Staff Code of Conduct, induction training and the bad apple procedure. Various systems were in place for staff and public to raise concerns and provide confidence that matters are dealt with. The DoR referred to work undertaken to develop Force Capacity and Capability in order to be effective in terms of governance. At a strategic level the Force had committed to maximising the use of information technology in order to better engage with the public and release capacity amongst officers and staff. This included the expansion of mobile data provision, electronic case file provision and digital interviewing; with plans to invest further sums in body worn video and in car telematics.

In relation to engagement with local people and stakeholders to secure robust public accountability, the DoR highlighted key items already undertaken and referred to planned new developments for engagement.

Reference was made to the work of the Corporate Governance Group and drew attention to both progress made in taking forward the governance framework during 2015/16 and to outstanding issues currently receiving attention.

The DoR concluded that good progress had been made on implementing key governance issues such as implementing risk management and the governance of collaboration, with some outstanding work on business continuity yet to be completed. Work had been initiated to review Corporate Governance Framework arrangements for the Force and PCC.

The Chair invited questions on the content of the report.

In 2015/16 the Force had experienced a significant level of HMIC inspection activity. MM observed that the detail within the report did not emphasise this level in comparison to the amount undertaken in 2014/15. MM commented that many of the inspections listed related to 2014/15 rather than 2015/16 and asked that this evidence be checked.

In relation to progress and actions considered within the Corporate Governance Group, GE questioned the value of all members receiving feedback on developments highlighted within the Group. Members agreed this to be an useful measure.

In relation to the breach of information security, SH questioned whether this featured on the Force Risk Register? The DoR confirmed its inclusion on the Risk Register together with some planned action around addressing wider IT issues.

A discussion arose on the self-reference aspect of the breach and concern on the level of penalty imposed preventing an accessible system for people to disclose matters.

The CFO referred to the Commissioner's Annual Governance Statement and to a number of items already referred to by the DoR. The format of the Commissioner's Statement was slightly different but the documents covered each element of governance to ensure activities are carried out in a structured manner to demonstrate good governance. The Review of Effectiveness had been carried out by the Corporate Governance Group and listed sources of

evidence in order to form a view. The Findings and Actions summarised the most significant governance issues identified and addressed during the 2015/16 financial year. These issues had been earlier referred to by the DoR. Whilst the Force had embedded their risk registers the CFO highlighted that the Commissioner had outstanding work to firmly embed its registers into the organisation and was currently looking at developing risk appetites for each risk on the corporate register.

Reference was made to Discretionary Payments paid to senior staff; a matter now closed. New issues recognised during the year were highlighted and a number of issues previously identified had been successfully addressed and closed as detailed. The review concluded that the governance arrangements in place continued to be regarded as fit for purpose within the organisation in accordance with the governance framework.

A discussion ensued around the negative press coverage in relation to the scale of relocation expenses. GE questioned policies in place across Police Authorities and to the relative scale of negative press coverage. JH referred to the previous policy and recommendations undertaken and made suggestions for improvement. The CFO provided clarification on the necessity to make reference to this matter within the statement.

Whilst the Statement made reference to the Police & Crime Plan there was no reference to other statutory responsibilities such as the issue of an Annual Report which identified progress within the year on the Commissioner's priorities. SH suggested that reference to this be added.

The Force and OPCC Risk Registers was an item on the agenda at a later stage but Members felt it appropriate to bring forward a discussion on Risk at this stage to aid the dialogue on Annual Governance Statement for both the PCC and CC.

Action: To check the dates of HMIC inspections.

Action: That feedback on developments highlighted within the Corporate Governance Group be provided to all Members of the Joint Audit Committee.

Decision: To change the order of agenda to accommodate a discussion on Risk Registers.

A52 Force and OPCC Risk Registers and an update on risk management arrangements within Dyfed-Powys

MM sought clarification on the exempt nature of this agenda item.

The DoR drew attention to the critical sensitivity of operational items within the Force Risk Register.

There had been a delay on the management of the Force Risk Register due to sickness. All key findings from the recent HMIC Effectiveness and Efficiency reports had been added to the risk register under four key issues. The Corporate Risk Register was supported by the Dynamic Risk Register which included more detail and maintained on a day to day basis. The DoR highlighted each area covering key issues across the Force and highlighted recent progress on Health and Safety issues.

MM expressed his concern on the Health & Safety aspects and the exempt nature of certain areas and was provided with re-assurance that the Force Risk Register was being progressed as a priority task in conjunction with the Dynamic Risk Register.

Following an observation by GE the CC provided clarification on the identified risk of failure of service delivery.

The CFO introduced the OPCC Corporate Risk Register and highlighted that more work was required to fully embed both the Corporate and Dynamic Risk Register. The CFO pointed out that risks associated with the large estates programme currently being undertaken was managed by the Director of Estates in conjunction with the Force under a separate piece of work.

The OPCC risk register formed similar themes as within the Force risk register. The CFO made reference to the risk element in relation to the appointment of a new Police & Crime Commissioner & impending change in Chief Constable; funding and the impact of significant funding changes in the formula funding; the Commissioner's statutory functions and ability to deliver the Police & Crime Plan.

GE questioned arrangements in relation to the non-delivery of statutory duties delivered by volunteers. The CFO provided clarification on solutions to the recruitment of additional volunteers and to alternative methods. The Volunteer Policy was currently being reviewed to allow added flexibility in their employment.

Decision: Following examination of areas of risk within the Force and OPCC Risk Registers, Members were content with the Annual Governance Statement for both the PCC and CC.

Decision: Members considered the draft 2015/16 Annual Governance Statements for the Commissioner and Chief Constable in conjunction with both the OPCC and Force Risk Registers.

A53 To consider the Draft Annual Accounting Policies for 2015/16

Members were presented with the Draft Accounting Policies for inclusion in the Group Statement of Accounts for 2015/16.

The 2015/16 Statements of Accounts will be presented to Members in the September Audit Committee meeting and the Draft Accounting Policies had been prepared in advance of the September meeting to allow Members the opportunity to review and consider this element of the Statement of Accounts at an earlier stage.

The CFO highlighted changes made to the draft accounting policies for 2015/16 and made reference to the termination of the PFI during the accounting period.

GE questioned the necessity for Members to see the Accounting Policies in advance of the Statement of Accounts in the September meeting. Suggestions were made and a discussion ensued on the most appropriate solution and way forward.

Members concluded with an agreement to delay the June JAC meeting to avoid the creation of this document, subject to the delay having a detrimental effect on other areas of business.

The CFO agreed subject to consideration being given to the preparation of the Annual Governance Statement where observations from the forum are fed into the accounts.

JH provided an opinion on the matter from a Wales Audit Office perspective.

Action: That consideration to the Annual Accounting Policies be given when setting 2017 meeting dates.

Members considered the draft 2015/16 Accounting Policies.

A54 To consider the 2015/16 Internal Auditors reports

a) Summary Internal Audit Progress Report (SICA) 2015/16

The summary provided Members with an update on the Controls Assurance framework following work undertaken to date against the Annual Plan for 2015/16. The SICA was based on the internal audit work carried out by TIAA and management representations received during the period. The report sets out details of audits carried out since the previous meeting of JAC. The performance against targets for the reports finalised in 2015/16 was as planned except for the review of Business Continuity which was deferred to 2016/17. VD summarised the monitoring on targets and made reference to some untimely responses and one recommendation not accepted during the year which had previously been reported to the Committee. Final progress against the 2015/16 Annual Plan showed that all reviews were completed.

MM stressed the importance for timely responses on targets. The DoR referred to a small anomaly on the title of a report within being a Recruiting report rather than a Recruitment and Retention report.

b) Assurance Review of Recruitment arrangements

The review considered the arrangements for the selection and appointment process of Police Officers and Police Staff and arrangements for any additions to basic salary that are provided to Police Officers and Police staff as part of their contract of employment. The review also considered the arrangements for making ongoing changes to individual salaries.

Key findings concluded that adequate procedures are in place to ensure fairness and transparency. The review awarded reasonable assurance with three Priority 2 recommendations and six routine recommendations; all in relation to compliance with procedures and keeping information on file in line with procedures. Management agreed all recommendations, all of which had been implemented.

The review had proved useful for the Force and the DoR provided clarification on the transfer of recruitment responsibility from a centralised HR department to the Business Support Unit.

c) Assurance Review of Leases Arrangements

The review considered the arrangements for property leases including the setting up, approval, authorisation, monitoring, renewal and safe keeping of leases. The review awarded reasonable assurance with three Priority 2 and three operational recommendations.

The audit initially commenced in September 2015 and was postponed by the Force. The work was later reconvened in February 2016, during which time improvements were evident in the arrangements for effective oversight of property leases.

The Priority 2 recommendations related to limited procedures in place and the lack of information on the whereabouts of certain property leases.

Management were content with the recommendations and the specified implementation dates.

In response to a question, the CFO provided clarification on the Director of Estates' remit on strategic and oversight of estate matters for the Commissioner and to the structure and responsibilities of day to day running of the Force estates falling under the Chief Constable. The PCC emphasised the close collaborative working relationship between the DoE and the DoR at Estate Board level and his contentment on arrangements and relationships in place. The PCC referred to ongoing work to achieve improved governance interfacing between the OPCC and the Force. The CC emphasised the focus on working relationships as being key.

d) Follow-up review 2015/16

The follow up review established the management action taken in respect of the Priority 1 and 2 recommendations arising from the internal audit reviews during the year.

There had been reasonable progress with the completion of the recommendations, with 53% being implemented. 47% of the recommendations had been given revised target dates which will be monitored and reported within the interim follow up in September. VD highlighted one outstanding Priority 1 recommendation in relation to Business Continuity.

AW expressed her concern at the slippage encountered on some original implementation set target dates. The DoR provided Members with reassurance that significant progress had been made on Business Continuity planning.

Members emphasised the necessity for closure on older reviews by the next meeting as some had been outstanding for a number of years. Members appreciated that certain aspects of the reviews were fluid and ongoing but stressed the importance of an end date. VD provided further explanation with regards to progress on the older reviews.

Action: TIAA to provide an update on completion of outstanding recommendations at the September Committee meeting.

e) Annual Report 2015/16

The Annual Report by TIAA determined that sufficient internal audit work had been undertaken to allow for a reasonable conclusion as to the adequacy and effectiveness of the Dyfed-Powys Police's risk management, control and governance processes. TIAA determined that Dyfed-Powys had adequate and effective management, control and governance processes to manage the achievement of its objectives.

VD summarised the content of the Annual Report. AMSk questioned the requisite for the report to be a signed report and for some amendments within the content to be considered.

Action: That TIAA re-issue a revised signed Annual Report.

A55 Summary Internal Controls Assurance Report (SICA) 2016/17

The summary provided the Joint Audit Committee with an update on the progress of work as at 8th June 2016 and sets out progress against the Annual Plan for 2016-17. VD provided clarification on some changes made to the planned quarters. Good progress had been made with one report issued to a draft stage. Progress on Business Continuity had already been discussed and VD highlighted some backtracking work made in relation to implementation dates and the prospect of final conclusion by the next meeting.

A56 To receive the Minutes of the Corporate Governance Group meeting 8th June 2016

The DoR highlighted key areas within the minutes including reference to the development of a Collaboration Strategy for the Force.

MM endorsed the attendance of a member of JAC at each meeting of the Corporate Governance Group.

Decision: The Committee noted the minutes of the Corporate Governance Group held on 8th June 2016.

A57 To consider the annual report of the Joint Audit Committee

This was the third annual report for the Dyfed-Powys Police and Crime Commissioner and Chief Constable's Joint Audit Committee. The CFO thanked Helen Morgan-Howard for producing the draft Annual Report for 2015-16. An outstanding section on the report was to agree the priorities for 2016/17. On completion the report will be presented in a glossy format as in previous years. A discussion on priorities for 2016/17 included HMIC reports; corporate governance arrangements, risk registers and regular review of overdue outstanding recommendations. VD offered an opportunity to view the online portal for updates on recommendations which Members agreed to if appropriate. A discussion ensued on the benefits of responsible individuals attending JAC meetings to provide updates on outstanding

Priority 1 recommendations. A discussion also ensued around the pressure of resources during HMIC inspections and Members communicated their support and focus to Value for Money.

Decision: Appropriate individuals to be invited to JAC meetings to provide update on any long outstanding Priority 1 recommendations.

Action: To include the priorities for 2016/17 as discussed.

A58 Update on HMIC activity

JC provided members with a brief update on the most recent HMIC inspection activity.

HMIC had been in force for four days for the tranche of their annual PEEL inspection process. The inspection focussed on Force performance in Efficiency, Legitimacy and Leadership and JC summarised the main points of the inspection. A Force action plan had been created on the 24 specific actions provided by HMIC and a hot debrief to the Chief Officer team had taken place. The full report was expected for release in December and JC explained the proactive approach taken by the Force in drawing up the action plan soon after the inspection and in advance of the full report.

The Force was again expected to undergo a heavy period of inspection with 19 inspections undertaken over the last 18 – 24 months. The next PEEL inspection on Effectiveness was due in the Autumn with inspections of Custody, Crime Data Integrity, Domestic Abuse and Serious Organised Crime/Counter Terrorism to follow; the dates of which were not yet known.

The CC pointed out that the work undertaken by the review team in preparing the Force for the inspections had been a significant investment.

GE questioned whether the high volume of inspections was being experienced across all forces. JC confirmed that it was not unique to Dyfed-Powys.

JC referred to the role of Force Liaison Lead when questioned on whether the Force had continuity as part of preparations for HMIC inspections.

JG confirmed that WAO met with the Force Liaison Lead to prevent any duplication work being undertaken.

MM commented on the negative press reporting of HMIC reports and to the non-publicising of positive outcomes.

The CC explained that some local work was required with the media once draft reports are produced.

The Committee were complimentary of the amount of work undertaken to deal with the difficult situation around HMIC inspections.

A59 Any other business

None

The meeting closed at 11:45am

Next meeting scheduled for 20th September 2016