



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

This document is available in Welsh as well as English.

<b>Members:</b>	Mr Alasdair Kenwright (AMSK) Mr Malcolm Macdonald (MM) Mr Martin Evans (ME) Mr Andre Morgan (AM)
<b>Also Present:</b>	Mrs Carys Morgans, Chief of Staff (CoS) Ms Beverley Peatling, Chief Finance Officer (CFO) Mr Edwin Harries, Director of Finance (DoF) Mr Jonathan Maddock Client Manager, TIAA (JM) Mr Mark Swallow, Arlingclose Mrs K Phillips, Corporate Governance Manager (KP) (Agenda item 19 only) Mr Jason Blewitt, Audit Manager (WAO) Miss Caryl Bond, Assurance Support Officer
<b>Apologies:</b>	Mr Dafydd Llywelyn Police & Crime Commissioner (PCC) Mr Mark Collins, Chief Constable (CC) Ms Vicky Davies, TIAA (VD)
<b>Declarations of Interest:</b>	None.

ACTION SUMMARY FROM MEETING ON (6 <sup>th</sup> December 2017)		
Action N <sup>o</sup>	Action Summary	To be progressed by
<b>A32 2017/18</b>	<b>To provide Members with a report on data breaches in six months.</b>	<b>Force June/July 2018</b>
<b>A34 2017/18</b>	<b>Members to provide the CoS with feedback on the Draft Joint Corporate Governance Framework.</b>	<b>Members</b>

MM welcomed everyone to the meeting and due to a number of new members introductions were made.

Apologies were given on behalf of the PCC, the CC and Vicky Davies.

### **A35 2017/18 Minutes of the meeting held on 6<sup>th</sup> December 2017 and Matters Arising**

DoF asked that the title of agenda item 4 (a) be changed to Investigations – Duty of Care, HR and Financial Systems, in order to reflect that a specific area was looked at.

In relation to A32 2017/18 within the minutes, AMSK queried whether the organisation was ready for the GDPR legislation coming into force in May.

CoS gave a brief update, stating that there are processes in place to work steadily towards compliance. CoS explained that the OPCC had recently attended an All Wales GDPR awareness session with the ICO and that although there is much work still needed to be done, there is a plan in place to work towards full compliance.

CoS recommended that a more detailed update be brought to the Committee at a future meeting or seminar in relation to the Force's position with complying with GDPR.

All actions noted within the minutes had been completed and necessary items appeared on the agenda for later discussion.

**Decision: Subject to the noted amendment the minutes of the meeting held on 16<sup>th</sup> December 2017 were accepted as a true record.**

#### **A36 2017/18: The Wales Audit Office Draft Audit Plan 2018/19**

JB introduced the WAO draft Audit plan for 2018/19 explaining that the plan sets out their plans for the coming year and the proposed fees. JB summarised the key findings within the report explaining that there have been no limitations upon them in terms of planning for their work and their respective responsibilities as noted in Appendix 1 of the document.

JB explained that the key risks for 2018/19 are Management overrides, Accounting for Jointly-controlled Operations, Estates Resource Transfer, earlier closing of year-end accounts and Financial Governance arrangements. As noted in the report, JB explained to the Committee what processes are in place to respond to these risks.

#### **A37 2017/18: Verbal Update on the Internal Audit Contract.**

CFO explained to the Committee that the current contract with TIAA expires on the 23rd June 2018. The primary contract period was 3 years with the option to extend by a further 2 periods of 12 months each.

CFO explained that SWP and Gwent's current contracts expire on 31<sup>st</sup> March 2019 and having taken strategic procurement advice and given the desire and commitment to progress on a collaborative basis, it has been agreed to extend the current contract on a non-compliant basis which will facilitate a collaborative tendering process and contract

alignment with the other two forces going forward. This extension will cover the 160 days as detailed in the draft audit plan.

### **A38 2017/18: Draft Internal Audit Plan 2018/19**

JM summarised the content of the plan referring to the key emerging themes which are; Budget Pressures, ICT – Enactment of GDPR, the ongoing pressure of the financial position and the introduction of Force Management Statements for all Forces from April 2018 and collaboration – increasing collaboration throughout Wales and across the Public sectors.

ME asked a question regarding Annex A; GUARD Risk Analysis stating that within the plan for Cybercrime, he noted that it is currently down to be included next within the 2019/20 plan and questioned whether there would be a review carried out prior to this date. JM explained that within the 2017/18 review no concerns were identified and therefore felt that a review date of 2019/20 was considered appropriate.

AM asked why within the GUARD Risk Analysis for Body Worn Cameras the risk grade was Low, but the internal risk grade was deemed High. JM explained that this shows that their systems deemed the risk to be low, yet the Force identifies the topic as high. DoF stated that the Force would identify this theme as high risk as it is a current priority for the Force with internal projects and work currently being undertaken.

MM stated that one of the recommendations from CIPFA is that Force Management Statements should be included within the 2018/19 audit programmes to review what has been done in preparation for the Force Management Statements. As this is a large piece of work based on new legislation it was advised that it could be discussed if needed from an audit point of view. MM recommended that the audit programme does not currently change, but that a review of the Force Managements Statements can be added to the plan if required.

CoS confirmed that within the JAC seminar in June along with an overview of the accounts, a presentation on the Force Management Statements would be provided.

CFO stated that in recent conversations with DoF it was noted that the HMIC do attend other internal Audit Committees and whether inviting HMIC to attend JAC on occasion could be something to consider. MM agreed that this would be a positive action due to

the implications on the Annual Governance Statements about information that has to come from the HMIC. It would be beneficial to receive information on how their discussions interrelates from the HMIC on Corporate Governance issues.

MM stated that the TOR for the Committee was due to be reviewed March 2018, however given that CIPFA guidance was awaited in respect of audit committees and the role of CFO's, it was considered appropriate to defer reviewing the TOR's until this was received.

**Action: The TOR to be reviewed after the new guidance from CIPFA on Audit Committees and the Role of the CFO in Policing has been issued.**

**Action: Inviting HMIC to attend certain JAC meetings to be discussed as part of the review of the TOR.**

**A39: 2017/18 Treasury Management Strategy and a presentation from Arlingclose.**

CFO advised members that the Commissioner is required to approve a treasury management strategy before the start of each financial year. In addition to this the Welsh Government Guidance on Local Authority Investments also requires the Commissioner to approve an investment strategy.

To aide Members' consideration of the Treasury Management Strategy, MS from Arlingclose, Treasury Management Advisors gave a comprehensive presentation on the current economic position, market conditions, treasury management performance metrics and explained the key elements which needed consideration for the Strategy.

MM and CFO thanked MS for his presentation and for the work of Arlingclose. The Committee members reiterated that it is very useful to receive these assurances.

**Decision: The Committee recommended the Treasury Management Strategy and Investment Policy to the PCC for approval.**

AM queried whether the wording on page 27 in relation to Money Laundering: "If any staff involved in Treasury Management have suspicions of money laundering then this should be brought to the attention of the CFO, PCC and CFO CC." AM requested that the word should, be changed to must. This was agreed by all.

**Action: To change the word "should" to "must" within the section on money laundering within the Treasury Management Strategy .**

MS left the meeting.

## **A40 2017/18 Reports of the internal auditors**

Eight reports have been finalised since the last committee meeting and therefore have been brought to the committee's attention for consideration.

### **a) Corporate Communications**

Outcome: Reasonable Assurance, with three Priority 2 recommendations. The first recommendation refers to the individual strategies and guidelines identified as supporting documentation to the Corporate Communications Strategy be finalised and approved by the Chief Officers' Group. JM explained that this has been agreed and is in progress. The second recommendation is regarding the Corporate Communications team providing the PCC with media/ press releases and the need for a review to ensure impartiality. JM explained that a Memorandum of Understanding has recently been drafted to assist with this position. The third recommendation is regarding the need for officers to sign and return their Social Media Agreement forms as at the time of the review there were 31 officers who had set up Social Media accounts without the assistance of the Corporate Communications Team. This recommendation has been accepted and action is in progress.

### **b) Budgetary Control**

Outcome: Substantial Assurance with no recommendations made. JM explained that two years ago this was also awarded Substantial Assurance and therefore this is a consistent positive result.

MM thanked all those involved in the process. DoF stated that he would pass this positive feedback and praise back to the team.

### **c) Creditors**

Outcome: Substantial Assurance, with one priority 3 recommendation in relation to procedures. JM stated that this time last year this was awarded limited assurance and therefore significant improvements have been made.

MM thanked the team for the progress that has been made and asked the DoF to pass on this positive feedback back to the team.

#### **d) General Ledger**

Outcome: Reasonable Assurance. The review considered the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. There was one priority 2 recommendation and two routine recommendations identified. JM explained that the priority 2 recommendation was in relation to reconciliations being carried out and completed in a timely manner, but explained that this was due to staff shortages within the department which was being addressed and will therefore hopefully solve this issue.

CFO recommended that herself and the DoF meet on a weekly basis and assess any risks with regards to potential resource issues in order to ensure that plans are put in place to manage and mitigate any risks. The DoF also explained that they are looking at increasing their number of staff within the finance department which will also increase their resilience.

#### **e) Debtors**

Outcome: Reasonable Assurance, with four priority 2 recommendations and three priority 3 recommendations. The main concern was in relation to timeliness issues.

#### **f) Crime Recording**

Outcome: Reasonable Assurance, with three priority 2, two priority 3 and 1 operational effectiveness recommendation. JM went through each recommendation explaining the processes in place to meet each recommendation.

AK queried the staffing issues referred to in the report and asked whether there are steps in place to mitigate risks, AK had noticed that within the Risk Registers crime recording has a high score and queried whether this area is receiving adequate attention. MM stated that from his meetings with the HMIC this area was receiving attention but is an area of concern that needs highlighting. MM stated that it would be useful to consider this further when reviewing the Risk Register.

DoF highlighted that an audit had been undertaken by a Detective Inspector who reported findings back through the Performance Management Group in January. Issues identified include the recording of crimes within crimes with all crimes requiring to be

recorded separately and the interpretation of what is considered a crime by individual Officers. DoF explained that there are training implications which will need to be looked at. DoF acknowledged that this is an area of risk for the Force but was an area which is receiving a lot of attention.

### **g) Counter Fraud**

Outcome: Reasonable Assurance, with four priority 2 recommendations and three priority 3 routine recommendations. The recommendations included, the Business Interest and secondary employment policy be reviewed on an annual basis as the policy was last reviewed in 2015, It was also recommended that the Gifts and Hospitality guidance be reviewed and updated as this was last reviewed in 2013.

JM explained that one of the operational issues identified included the timeliness around 'signing off' gifts and hospitality requests/declarations. This will be reviewed to see if this process can be made quicker by some declarations being signed by PSD instead of each one being signed by the CC. MM stated the importance of having set guidance/criteria on what level of declarations can be signed off by PSD and when it is necessary to obtain a signature from the CC. AK suggested that the Gifts and Hospitality register could come to the Committee for them to undertake a dip-sample of what declarations are being granted etc.

### **h) Welsh Language Standards**

Outcome: Reasonable Assurance, with just two priority 2 recommendations. Work is to be continued with the Force on ensuring compliancy with all 155 of the statutory Welsh language standards on ensuring compliancy with all 148 of the statutory Welsh language standards for the OPCC. CoS explained that 2 standards still need to be finalised by the OPCC which relate to implementation of the recruitment system, the language choice in the lift in Headquarters. Both standards are shared with the Force and a plan is in being to address them. The CoS stated the PCC had recently met with the Welsh Language Commissioner who was pleased with the progress made by both the Force and OPCC.

The Committee noted that they are grateful for all the hard work that has been undertaken in achieving this level including both staff, Officers and the translation team.



**Action: The translation team to be thanked for their hard work in relation to helping both the Force and OPCC to achieve the current level of compliancy with the Welsh Language standards.**

**A41 2017/18: To consider the Draft Accounting Policies for 2017/18 Annual Statements.**

The CFO stated that at the request of the Joint Audit Committee, it was considered appropriate to report and consider the draft accounting policies ahead of the consideration of the statement of accounts.

The CFO explained that CIPFA produce an annual checklist of changes and new requirements, no changes are required for the 17/18 accounts although there will be some which may impact on the 18/19 accounts.

The draft policies therefore remain the same as those that applied to the 16/17 accounts subject to minor amendments.

**Decision: Accounting Policies for 2017/18 Annual Statements to be recommended to the PCC for approval.**

**A42 2017/18: To consider the Reserves Policy**

The CFO explained that the Local Government Finance Act 1992, requires local authorities to have regard to the level of reserves when calculating their budget requirement and the Financial Management Code of Practice states that the Commissioner should establish a policy on reserves. The Home Office has also recently issued specific guidance on police finance reserves which seeks enhanced transparency to demonstrate clear utilisation plans.

The CFO stated that in setting the precept for 18/19 and formulating the Medium Term Financial Plan, the Commissioner has demonstrated a clear plan of reserve utilisation to support both the delivery of his Police & Crime Plan through both revenue and capital budgets going forward.

Subject to minor amendments, it was agreed to recommend the policy for approval.

**Decision: The Reserves Policy to be recommended to the PCC for approval.**

**A43 2017/18: To review the Capital Strategy.**

The CFO explained that the Capital Strategy set out the principles that underpin the Commissioners forward plan and is a vital tool to support planning and corporate working across the two corporations sole. Strategic capital investment is fundamental in achieving delivery of the Police & Crime Plan, supporting service delivery, rationalising and improving facilities and enhancing technology to improve productivity and performance.

The CFO explained that as members will be aware there have been significant reductions to core capital funding over recent years. The capital programme will be supported by the planned use of capital reserves over the next two years, prudential borrowing with a planned profile of revenue contributions to capital going forward.

CFO also explained that as decisions within the Reserves Strategy and Capital Strategy are intrinsic in setting the medium term financial term plan there possibly is a sequencing and timing issue and moving forward it would be worth embedding both the reserves policy and the capital policy within the medium term financial plan to make the document more comprehensive.

**A44 2017/18: Joint Corporate Governance Framework 2018/19**

The CoS explained that this is an updated version of the framework following feedback from the Committee. The CoS provided the Committee with an additional summary document with frequently asked questions which is proposed to be published alongside the Framework. This additional document identifies clearly the purpose of the Framework why and when it should be used and identifies the key elements within the framework and where they can be found. The Framework has been considered at PAB by the CC and PCC and will be ready to publish to the wider organisation in the very near future.

AK asked that the wording on page 64 in relation to money laundering be changed from should be, to must be, in order to make the statement more certain. MM also noted that there is a typo on the bottom of page 5 which will need to be amended.

**Action: The Corporate Governance framework to be amended as discussed above.**

#### **A45 2017/18: HMIC issues and Force Management Statement Update**

The DoF explained that the HMIC PEEL Efficiency report was published on the 9<sup>th</sup> of November was awarded a grade of Requires Improvement. All actions within this report are in progress and are being monitored by the HMIC group. The PEEL legitimacy 2017 report was published on the 12<sup>th</sup> December and was awarded a grade of Good which is an improvement on the grade awarded in 2016. The Joint inspection of custody report was published on the 6<sup>th</sup> of March. The recommendations from this report have been captured and an action plan has been drawn together by the Chief Inspector of custody.

The DoF explained that the PEEL effectiveness report is due for publication on 26<sup>th</sup> March 2018 and the Force is hoping for an improvement. The DoF also explained that they have had an inspection by WECTU and HMICFRS against their counter terrorism provision between the 28<sup>th</sup> – 31<sup>st</sup> of January and this report is due for publication in June 2018. All recommendations within reports are overseen by the HMIC governance group. MM explained that he currently sits on the group and was assured by the approach being taken. DoF explained that the Force Management Statement will be published in May and this will be discussed further in the JAC seminar in June.

**Action: The Force Management Statement to be discussed within the seminar in June.**

Dof explained that the Force was 1 out of 11 to be selected to take part in a Fraud inspection, which would commence shortly and will run until June 2018. The Force is yet to be inspected on Crime data integrity and therefore this is expected sometime in the next 12 months. It was explained that a new Force Liaison Officer has been appointed by the HMIC team who would be the main point of contact for all the forces in Wales.

#### **A46 2017/18: All Wales JAC Development days.**

MM gave a brief overview of the Development day for Audit Committee members in Wales on the 1<sup>st</sup> of February 2018. MM went through the main points of the day as noted in his report of the day. MM wished to highlight that one of the points that was raised during the day is that the HMIC do not have responsibility for the Fire rescue service in Wales and therefore there is a concern that this may be confusing when the HMIC is now known as HMICFRS, an explanation is required within reports to show clearly that this additional role does not apply to Wales. MM explained that the confusion over the HMICs title will be raised with HMIC by CIPFA representatives. MM stated that it was a useful conference, however it was felt by attendees that it would have been more useful to have information on how national changes which are happening within the Police Service come to the Committee in order to ensure that they are aware of the developments and their potential impact.

#### **A47 2017/18: Annual Governance Statement 2018/19**

CFO welcomed KP to the meeting and explained that it is a legislative requirement for the PCC and CC to produce Annual Governance statements. CFO explained that CIPFA have recently done a compare and contrast exercise based on a sample of 16/17 Annual Governance Statements and explained that a number of forces are moving towards the approach of having one annual Governance Statement between the Force and OPCC. As such a draft joint Corporate Governance statement had been prepared, and the Committees views on the document and the joint approach was welcomed.

AM expressed that he was in favour of having one document, as although the Force and the OPCC are independent of each other it is useful to show that they have one corporate strategy and one governance. ME agreed that having one document portrays a consistent and strong message. The Committee agreed that having one joint document would be a positive development.

MM noted that there needs to be consistency with the order in which the PCC and CC are referred to within the document and that there needs to be clarification as to when they are referring to Dyfed-Powys Police does this also include the OPCC side. With it being a joint document, it needs to be clear as to when they are referring to only the Force and

when they are referring to both the Force and OPCC. CoS stated that if the document was to refer to the Dyfed-Powys Police Service this would be the term to encompass both the Force and OPCC. CFO recommended including a definition of this at the start of the document in order to make this clear to the reader.

MM asked as to why on page 14 within the table for 'Significant Governance issues and actions' it included the owner and the timescale of each action, as this could possibly make the document a little too complex. KP explained that this idea came from a recommendation within the CIPFA highlight report that key actions that are to be undertaken over a period of time, that the owner and timescale be clearly specified. However, KP stated that if the committee felt that this information would be more appropriate to be recorded within an action plan separate from this document then this could be removed. CFO recommended that research is undertaken to see what others are doing in relation to including this information and to see what we can find in terms of good practice.

The CoS also recommended asking the Corporate Governance Group to discuss this and to see how they feel with regards to what is the best way to take this forward. Members were asked to forward any additional feedback to Kerrie Phillips in order to finalise the Annual Governance Statement.

**Action: That how the table of 'Significant Governance Issues' is displayed within the document is discussed within the Corporate Governance Group and that research is carried out to identify best practice with other areas.**

#### **A48 2017/18: Draft Joint Audit Committee Annual Report 2017/18**

The CoS gave a brief explanation of the current content of the report and explained that they have left the priorities for 18/19 for discussion at today's meeting. CoS asked the committee for their views on any content that should be included. The Committee agreed that they were happy with the format and layout of the document. In terms of the 18/19 priorities MM noted that the Committees terms of reference will need to be reviewed, Treasury Management code changes and the Force Management statements.

MM asked Members whether it would be useful for the Committee to look at more aspects in terms of value for money and to look further into where the Force's money

goes etc. AK stated that by looking at value for money it runs the risk of becoming a long programme, AK stated that it is the committee's role to ensure that arrangements are in place to ensure Value for money rather than looking at the finer details, therefore it is possibly best to consider the TOR first and to see what should be considered under this and to what extent.

CFO also stated that within the JAC seminar in June the Wales Audit Office would be giving a presentation on the role of their office and any highlights and tips for the committee in terms for their review of the statement of accounts.

CoS stated that GDPR could be another priority to be included within the report. The committee agreed that this is an important aspect for this year and should be noted as a priority.

CoS stated that if Members wish to add anything further to the annual report then they are welcome to email her with any additional comments and suggestions before Easter.

#### **A49 2017/18: Force and OPCC Corporate Risk Registers**

AM raised a concern regarding the risk connected with both the delay in implementing software for automatic firearms background checks on addresses and the introduction of new provisions/ legislation regarding pre-charge bail. DoF stated that with regards to the firearms software, actions have been put in place to mitigate the risks, with the control room checking directly on the firearms system as to whether individuals have a firearm at their property whilst they are waiting nationally for the software issue to be resolved.

AM raised a concern over the timescale of this being resolved as the importance of officers being pre-warned before entering a property that a firearm may be present is essential.

DoF stated that with regards to risk status of the change of legislation with pre-charge bail, he believed that this requires updating. DoF stated that this was an issue back in early 2017 when the legislation first came in but has the impression that this is now operating in a far better way and possibly the red needs reviewing, as this may have improved.

MM stated that actions have been taken and therefore they will wait for the next review to see the improvement.

## **A50 2017/18: Corporate Governance Group minutes- 14<sup>th</sup> February 2018**

MM stated that he currently attends these meetings, however should anyone else wish to attend in his place or to attend additionally then to please let CM know.

It was decided that the attendance of the Corporate Governance Group be discussed as part of the review of the JAC TOR.

**Decision: The attendance of the Corporate Governance Group be discussed as part of the review of the JAC TOR.**

### **Any Other Business**

There was no further business to be discussed.

MM thanked everyone for attending the meeting.

**The Meeting closed at 14:00 hrs  
Date of next meeting: 24<sup>th</sup> July 2018**

**DECISIONS ARISING FROM MEETING 19<sup>th</sup> March 2018**

Decision No.	Decision Summary	
<b>D35 2017/18</b>	<b>Subject to the noted amendment the minutes of the meeting held on 16<sup>th</sup> December 2017 were accepted as a true record.</b>	<b>Completed</b>
<b>D38 2017/18</b>	<b>The TOR to be reviewed after the new guidance from CIPFA on Audit Committees and the Role of the CFO in Policing has been issued.</b>	<b>In progress</b>
<b>D38 2017/18</b>	<b>Inviting HMIC to attend certain JAC meetings to be discussed as part of the review of the TOR.</b>	<b>Completed</b>
<b>D39 2017/18</b>	<b>The Committee recommended the Treasury Management Strategy and Investment Policy to the PCC for approval.</b>	<b>Completed</b>
<b>D40 2017/18</b>	<b>The translation team to be thanked for their hard work in relation to helping both the Force and OPCC to achieve the current level of compliancy with the Welsh Language standards.</b>	<b>Completed</b>
<b>D41 2017/18</b>	<b>Accounting Policies for 2017/18 Annual Statements to be recommended to the PCC for approval.</b>	<b>Completed</b>
<b>D42 2017/18</b>	<b>The Reserves Policy to be recommended to the PCC for approval.</b>	<b>Completed</b>
<b>D46 2017/18</b>	<b>Feedback from the JAC Development days was noted.</b>	<b>Completed</b>
<b>D50 2017/18</b>	<b>The attendance of the Corporate Governance Group be discussed as part of the review of the JAC TOR.</b>	<b>In progress</b>



**ACTION SUMMARY FROM MEETING ON (19<sup>th</sup> March 2018)**

Action N <sup>o</sup>	Action Summary	To be progressed by
<b>A38 2017/18</b>	<b>The TOR to be reviewed after the new legislation on Audit Committees and the duties of the CFO has been issued.</b>	<b>OPCC</b>
<b>A38 2017/18</b>	<b>Inviting HMIC to attend certain JAC meetings to be discussed as part of the review of the TOR.</b>	<b>OPCC</b>
<b>A39 2017/18</b>	<b>To change the word "should" to "must" within the section on money laundering within the Treasury Management Strategy.</b>	<b>CFO</b>
<b>A40 2017/18</b>	<b>The translation team to be thanked for their hard work in relation to helping both the Force and OPCC to achieve the current level of compliancy with the Welsh Language standards.</b>	<b>OPCC and Force</b>
<b>A44 2017/18</b>	<b>The Corporate Governance framework to be amended as discussed above.</b>	<b>CoS</b>
<b>A45 2017/18</b>	<b>The Force Management Statement to be discussed within the seminar in June.</b>	<b>OPCC</b>
<b>A47 2017/18</b>	<b>That how the table of 'Significant Governance Issues' is displayed within the document is discussed within the Corporate Governance Group and that research is carried out to identify best practice with other areas.</b>	<b>Force</b>