

**Meeting: Joint Audit Committee**

**Venue: Police HQ**

**Date: 18th September 2018**

**Time: 10:00 – 14:00**

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| **Members:** | Mr Malcolm MacDonald (MM)  Mr Alasdair Kenwright (AMSK)  Mr Andre Morgan (AM) |
| **Also Present:** | Mr Mark Collins, Chief Constable (CC)  Mrs Carys Morgans, Chief of Staff (CoS)  Ms Beverley Peatling, Chief Finance Officer (CFO)  Mr Edwin Harries, Director of Finance (DoF)  Mr Jason Blewitt, Audit Manager (WAO) (JB)  Mr Clive FitzGerald, Director of Audit (TIAA) (CF)  Mr Andrew Edwards Business Support (DPP) (A)  Mr Martin Marks, DPP Fleet Manager (MMa)  Ms Sarah Welsby, finance (SW)  Ms Sarah Cooper, HMIC Force Liaison Lead for the Welsh forces, (SC)  Mr Martin, HMIC secondment from Wiltshire Police, (MS)  Miss Caryl Bond, OPCC Assurance Support Officer (CB) |
| **Apologies:** | Mr Martin Evans (ME)  Ms Vicky Davies, TIAA (VD)  Mr Dafydd Llywelyn Police & Crime Commissioner (PCC) |
| **Declarations of Interest:** | None. |

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| ACTION SUMMARY FROM MEETING ON 24th July 2018 | | |
| Action No | Action Summary | Progress |
| **A52 2017/18** | **2 amendments as discussed to be made to the Joint Audit Committee Annual Report 2017/18.** | **Completed** |
| **A54 2017/18** | **The draft Letter of Representation of the Police and Crime Commissioner was recommended for signature by the appropriate signatories.** | **Completed** |
| **A56 2017/18** | **The Committee recommend the Draft Annual Statement of Accounts for 2017/18 to both the PCC and CC for approval.** | **Completed** |
| **A60 2017/18** | **CF to contact other areas in Wales for their approval on whether they would be happy to share their findings in relation to the implementation of the Welsh Language Standards in a comparison report.** | **In progress** |
| **A61 2017/18** | **Further detail to be added to the report on Force Significant Corporate Risk Register for the Committee to consider at future meetings.** | **Completed** |

MM welcomed everyone to the meeting.

Apologies were given on behalf of Martin Evans, Vicky Davies (TIAA) and the PCC.

No declarations of interest were declared.

**A64 2017/18**: **Minutes of the meeting held on 24th July 2018 and Matters Arising**

A query was raised in relation to the paragraph on page 4 regarding the number of ‘Uncorrected misstatements’. It was explained that in the last meeting the WAO gave an update in relation to their expectation that they would be adjusting less of the statements; however the CFO explained that in recent meeting she had received a different position from another member of the WAO. The CFO asked the WAO whether there could be a definitive view in order to be clear of the required approach for next year.

JB stated that this would be discussed within the WAO to ensure that there was clarity going forward.

It was noted that action A38 was ongoing due to still waiting on the new revised guidance. TIAA informed the committee that action A60 was still ongoing due to waiting on a response from all areas. All other actions have been completed.

**A64 2017/18 Decision: Subject to the noted amendment the minutes of the meeting held on 24th July 2018 were accepted as a true record.**

**A65 2017/18: To consider the 2017/18 progress report of the Internal Auditors (SICA)**

CF presented the September 2018 Progress Report of the Internal Auditors (SICA) to the Committee. CF explained that the only change to the plan was the change of the title of ‘General Ledger Review’ to ‘Review of Financial Management’ at the request of the senior management.

The Committee reviewed page 6 of the document which noted a summary of possible considerations for the committee. It was discussed that these actions and briefing notes are shared on the online Client Portal which the committee members can have access to. The Panel noted that at the moment they are happy with how things are and feel no need to currently change arrangements.

**A66 2017/18: Reports of the internal auditors**

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

1. **Compliance Review of the Quality Management System (QMS) Procedures Q2**

Outcome: No overall assurance assessment is provided as this was an operational, rather than an assurance review. CF explained that the audits within the Scientific Support Unit and Digital & Cyber Crime Unit generally complied with the requirements; a small number of corrective actions were identified and reported as part of the QMS reporting methodology. MM queried how these small corrective actions would be monitored. CF explained that as this is the first time for them to look at QMS, as an external eye, if and how they are going to follow up reviews will be something that will need to be considered later on in the financial year, alongside conversations with the Force as to whether they would like TIAA to conduct a follow up. CC stated that he felt a follow up review would be beneficial to ensure progress and completeness.

DoF thanked TIAA on behalf of the team for their work in relation to the review, stating that their involvement in the process was beneficial and very much appreciated.

**Action 66** **2017/18: How a follow-up review of the QMS will be undertaken to be discussed.**

1. **Compliance Review of Neighbourhoods – Divisional Visits**

MM thanked AE for attending the meeting.

Outcome: Limited Assurance, with two Priority 1 recommendations, seven priority 2 recommendations and six priority 3 recommendations. Concerns have been raised in both the control of property subject to charge and the budgetary control arrangements for overtime.

The priority one recommendations were relating to the following concerns; detained property not found at both Brecon and Haverfordwest Divisional Headquarters need to be investigated. CF explained that since the recommendations have been made, a follow up has been conducted and AE confirmed that the exhibits in question had been re-directed back to the Force Digital Communications and Cyber Crime Unit (DCCU) for digital and forensic examinations and subsequently disposed of by the department. It has now been actioned for Property Officers to be recording the serial number of any DCCU exhibit on the Management System as an additional identification check to locate items easier. AE stated that they have done a holistic review and is now confident that they are now up to date with disposals and the location of exhibits.

CC also explained that in the future they will be moving to having one central Headquarters property store for all items with greater governance, control and practicability.

CF explained that the other recommendations were relating to retention and disposal of exhibits. AE advised the committee that a policy had been written and communicated to appropriate staff members in order to address the situation.

AK thanked AE for the response and asked whether it would be possible to have a follow up in a future meeting.

Monitoring of overtime had also been raised as an issue of concern. The CC explained that in terms of the concern regarding the lack of detailed budgetary information being provided to Superintendents to monitor overtime effectively, work was being undertaken to address this and information was now available on a monthly basis down to Inspector level in each geographical area. CC stated that they are currently in the process of looking at their overtime spend as an organisation and are working on how they can improve in a number of key areas.

AM commented that it was reassuring for the committee to hear of the progress and steps for improvement being made.

CFO noted that when they were forming the Internal Audit Plan they specifically focused on those areas that the organisation felt were problematic in order to make best use of independent review.

AE explained that as a result of the audit they have produced a Terms of Reference which incorporates all the findings which will be shared with all 4 divisions in the Force to ensure consistency of approach.

MM thanked AE for attending and for his input to the meeting.

AE left the meeting.

AM noted that on page 20, section 11.43 there is reference to a name of an individual and questioned whether this should be removed.

CF stated that this is noted and that he will ensure that the name is removed from the document.

**Action 66** **2017/18: TIAA to remove name of individual from bottom of page 20 of report.**

1. **Appraisal Review of HR - Leadership Skills**

Outcome: Reasonable Assurance with two priority 2 recommendations made. CF explained that Dyfed-Powys has documented a Leadership Strategy and has appropriate processes and training programmes in place to support the achievement of the Strategy. CF explained that it was recommended that the Force needs to ensure that survey completions for future leadership surveys are representative of the target group that the survey is aimed at and that the Force needs to have a process in place to identify potential leaders to ensure that they receive appropriate and timely training. CF explained that all senior leaders were invited to participate in an online gap analysis exercise with the response rate being around 20%.

It was explained that the second priority 2 recommendation was that the Force needs to identify how future leaders will be captured to be invited to attend appropriate and timely leadership training. CC stated that work is currently ongoing in response to these recommendations, explaining that recently there have been a number of surveys especially with the female staff network and that the force has recently just signed up with Durham University to a wider survey. It was also explained that they will be rolling out the leadership training to Inspector level and Police staff on equivalent levels to ensure that they are recognising talent and providing relevant and appropriate training were needed to progress individuals. It was stated that the feedback which they have received from the leadership programme has been very positive. CC explained that last years staff survey received an improved response rate of 53%, which is a significant improvement in comparison to 38% the previous year. It was noted that the Force is moving in the correct direction.

1. **Fleet Management – Single System Report**

Outcome: Limited Assurance, with one priority 1, eight priority 2 recommendations and 10 priority 3 recommendations. CF explained that this was not a review of the Force fleet management arrangements but a review of the Tranman version 9 system and leveraging the benefits of version 9 in comparison to previous versions. It was explained that this review was undertaken on the fleet management across the three Forces in South Wales. This resulted in some of the recommendations being relevant to all three Forces and some being Force specific. CF also explained that this was not be the final version of the report; once TIAA received a response from all three areas they would collate them all and produce one final report.

The recommendations related to a need for ensuring governance arrangements are in place, a greater utilisation of the system by all three forces and evaluation processes to be put in place.

MMa provided an update in relation to progress made and gave reassurance to the committee that the recommendations would be addressed. CC stated that is was pleasing to see from the report that the Dyfed-Powys recommendations were in hand.

DoF noted that they submitted a proposal to Gwent to work more closely and collaboratively with them and were awaiting their a response.

AM asked that a follow up on the review be brought to a future meeting.

CC asked when the final report will be ready. CF explained that they are currently waiting on the responses from both Gwent and South Wales, once these have been received they will be collated and a final report produced.

MM thanked MMa for his input.

MMa left the meeting.

**A67 2017/18: HMICFRS Update**

MM welcomed both SC and MS to the meeting.

SC thanked the Committee for the invite to attend and for the opportunity to give an input on the role of HMICFRS and how they may fit into scrutiny work and the role of the Committee.

SC gave a presentation on the role of HMICFRS, providing the Committee with an explanation of their history and background, the make-up of their team and their members and their purpose of promoting improvements in Policing, providing independent assessments of both the Police Force and Fire service to promote progress in the public’s interest.

MM thanked SC for her presentation and for the detailed explanation of the role and remit of the HMICFRS. MM explained the background of the group and how they may fit in with the role of the HMICFRS. It was explained that they had recently received a presentation on the Force Management Statement (FMS) and that as a Committee they found the FMS to be a very beneficial document. MM expressed that as a Committee they are keen to develop the relationship that they have with HMICFRS as their work interlinks and is therefore very grateful for their attendance at the meeting.

CC stated that they are delighted to have SC on board as their HMIC Force Liaison Officer and that they see the benefit of having an All Wales approach. CC stated that the relationship between the Force and HMICFRS is vital and that the Force is committed to making these positive changes.

The CC left the meeting at this point.

MM expressed the benefit of having HMICFRS representation at a JAC meeting on a regular basis.

SC explained that whenever HMICFRS carry out a thematic inspection they have an Advisory Group which sits and works with the Chief and the Chief Officer lead of the inspection field. However they have noted that they do not have an Advisory Group with a suitable Welsh focus, and are therefore looking to establish a Welsh Advisory Group for Chief Officers within Wales, so that they are in a better position to influence their agenda and ensure that the differences within Wales are taken back to the thematic team and are understood. SC stated that she felt that the All Wales joint approach is something to be celebrated and is working well.

AK reiterated that it was positive that HMICFRS recognised the level and volume of inspections that are sometimes carried out over a short period of time. SC stated that they are mindful of the situation but more work is needed with regards to this. SC stated that all thematic inspections will now come to her to allocate which area will be inspected; this will hopefully help avoid the same Force area being inspected on numerous occasions over a short period of time. As a Welsh Force is needed within each thematic inspection this naturally means that the Welsh Forces are seen more regularly than the English Force areas. SC explained that this is an area which will needed to be discussed with the Advisory Group to see the best way forward to monitor the number of inspections without excluding Welsh Forces.

AM thanked SC for the overview of the role of the HMICFRS. AM asked about risk based inspection and how the inspection is prepared for and how the focus decided. SC explained that questions are decided by looking at previous areas for improvement, the Force Management Statement and the Recommendations Register.

MM queried how HMICFRS see the FMS fitting into their work and expressed a concern on behalf of the Committee regarding the deadline of March for the FMS each year, stating that September would possibly be a better time. MM explained that the concern for the deadline of March was also discussed at the Corporate Governance Group. SC explained that the deadline this year was May and that they are hoping to move the deadline to March in the future, with the idea that the FMS will feed into the next round of Inspections each year. Unfortunately, this would mean that September as a deadline would be too late. However SC acknowledged that work is needed to be undertaken to see how they can make the FMS a useful document for both the HMICFRS and the Forces. SC explained that on the 3rd of October they have a de-brief workshop with the four Welsh Forces to discuss the best way to take the FMS forward and how it will look in the future.

CoS asked SC what she thought the relationship should be between the FMS and the Police and Crime Plan (PCP).SC stated that in future when new PCPs are being published, they could align with the Force FMS. The document would not replace the PCP but the two documents would need to work alongside each other. This would be a matter for each individual PCC and CC.

MM stated that it would be useful for HMIC to possibly have a slot in the February Annual Training day.

**Action 67 2017/18: OPCC to send February Training day dates to SC to check availability.**

CoS asked how the HMIC view the role of the JAC and how can they be best utilised to support the work of the HMICFRS. SC stated that it was important to have members who have relevant skills, competency and confidence to raise appropriate issues and questions, with Members who are not afraid to challenge any areas of concern. It is also important that the Committee receive documents in plenty of time prior to each meeting to ensure enough time to absorb and understand the information before each meeting.

DoF stated that it may be useful for SC to have sight of the Audit plan in the future for HMICFRS to comment from their perspective as to whether they believe anything needs adding. SC agreed with this and stated that building links with the Committee and both the WAO and TIAA is beneficial.

MM thanked SC and MS for attending. HMICFRS left the meeting at this point.

**A68 2017/18: 2018/19 Treasury Management report**

CFO presented the mid-year report to the Committee explaining that the Treasury Management Strategy report was approved by Members at their March meeting. It was explained that the report seeks update on borrowing investments and performance to date as well as meeting requirements as set out in the Treasury Management Strategy by providing assurance regarding the procedures that have been put in place. The CFO explained that Arlingclose provide specialist training and support for practitioners due to the technicality of the report. The report notes the work of the Corporate Finance Department who manage the implementation of the approved Strategy. CFO welcomed SW to the meeting.

SW explained that in terms of their investment activity at present their focus is on maintaining security, but they are trying to maximise the return on investment SW brought the Members attention to the table on page 7 which clearly shows that they are low on their credit risk, but high on their return.

CFO stated that they will have regular performance review meetings throughout the year.MM stated that it would be useful to have a presentation from Arlingclose again in March next year, especially with the political developments.

The Panel thanked the team for their work on the document.

**A69 2017/18: Verbal Update on the Corporate Governance Group meeting**

MM explained that due to the last Corporate Governance Group meeting being held in the summer holidays, unfortunately attendance was low. MM explained that one of the aspects discussed at the meeting was how the FMS fitted together and when was the best time for the FMS to be written and submitted. The Annual Governance Statement was also discussed with reference being made to the actions within the document; however, this will be progressed further in future meetings. MM explained that there was a paper put forward by the Force with a request for more Internal Audit work to be done. This is felt to be very positive step, with internal audit work being integrated into the work of the Force and the significance of audit work and reviews being recognised and valued.

**A70 2017/18: Force significant Corporate Risk Registers**

MM stated that the report had been amended based on the suggestions from ME at the last meeting. The Committee stated that they felt it was a clear document which covered the needed information well. AM also noted that in future documents it may be useful to note the previous score as well as the current mitigated risk score for each item.

**Action 70 2017/18: The previous mitigated risk score to be included for each item on the risk register report as well as the current mitigated risk score.**

In relation to the risk on financial matters, the CFO explained that the Force has set up a Finance Gold Group to specifically look at a wide range of financial issues. This Group had instigated a considerable amount of scrutiny, with key meetings taking place looking at issues such as overtime, income opportunities, Medium Financial Plan and procurement.

The CFO updated the group on directions recently published by Her Majesty’s Treasury in relation to police pensions, which would result in a significant increase in the employers’ contributions for police officer pensions. It was suggested that this should be included within the corporate risk register in relation to financial issues.

AM noted positively that under point 4 – Crime Recording in the risk register, it was encouraging to see the 6 bullet points detailing the action and progress being undertaken.

The Committee noted that receiving the report just noting the main risks and any developments/ changes is extremely useful and a positive change.

**A71 2017/18: Update on the Internal Audit Contract**

CFO explained that as Members will be aware, arrangements had been put in place to extend the Internal Audit Contract with TIAA for an extra year to align with the other Forces. It was explained that South Wales will be leading on a collaborative procurement and there is a timetable in place, with activities commencing in the very near future.

**A72 2017/18: Update regarding ICO and Data Management**

MM explained that members have received an update report on the ICO and Data Management breeches occurred. MM raised a question as to how they manage to deal and monitor verbal disclosure breeches. It was noted that these breeches would be dependent on the individual stating that they have committed a breach of information.

AM noted that under 1.5 closed incidents, the highest number of breaches fell under inappropriate verbal disclosure and e-mails being sent to the wrong individuals and asked whether there could be any training given to help in these particular areas?

MM noted that the report shows an increase in the number of breaches reported, it was discussed that this may be down to individuals having a greater awareness of data protection and breeches and the steps to take following an incident.

CF explained that with the implementation of GDPR and data protection act 2018, they have seen an increased awareness of data protection and data management across all areas, due to increased staff training and knowledge. This naturally has led to an increase in self-declarations which is reflected in the number of breaches across the board.

MM expressed thanks to the individuals involved in providing the report.

**A73 2017/18: Any other Business**

1. **JAC Membership Update**

CoS explained that during the last meeting Members agreed that it would be appropriate to consider increasing the membership of the Committee to 5 individuals. CoS explained that an advertisement for a new Member would be placed on the 27th of September with interviews taking place on the 24th of October. This timeframe will hopefully allow the new Member to be in post by the finance seminar and meeting on the 30th of November. CoS explained that they will be following the same recruitment process and criteria as used previously.

MM asked that is the Committee are aware of any potential Members to please let them know of the opportunity.

1. **Commissioning Advisory Board**

CoS explained that the PCC has reviewed his Commissioning Advisory Board and refocused their work. Moving forward the Board will act as a review body, to consider the impact commissioned services are making and to advise on the awarding of grants to services

The membership of the Board has recently been reviewed and it was felt it would benefit from independent members representing the public’s voice. It has been decided that the membership of the board will now include some members of the Force and OPCC, but additionally some independent representatives from JAC, the Quality Assurance Panel and the Independent Custody Visiting Scheme.

CoS asked for nominations for the Board. MM stated that he is happy to attend, however, should anyone else wish to take up the opportunity then to let them know.

AM wished to query the independence of the Committee member, asking whether there would be a risk for a conflict of interest.

CoS stated that this has been considered and as the Board will be an Advisory Board and not a decision making group, this is not believed to be a risk.

AM and AK stated that they were happy to nominate MM and for him to attend.

MM is happy to attend as long as no one else wishes to take on the opportunity.

**C) National Audit Office - Report**

MM discussed a report which has come from the National Audit Office, which looks at the financial sustainability of the Police Forces in England and Wales. MM explained that he found the document to be very useful and is happy to forward a copy to Members.

CFO also explained that there is also a summary report based on the full National Audit Office sustainability report, which covers the main themes and points which would also be useful for Members to see.

**Action 73 2017/18: OPCC to forward a copy of the National Audit Office report and summary report on financial sustainability to Members.**

MM thanked everyone for attending.

**The Meeting closed at 12:15 hrs**

**Date of next meeting: 30th November 2018**

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| DECISIONS ARISING FROM MEETING 18th September 2018 | | |
| Decision No. | Decision Summary | To be progressed by |
| **A64 2017/18** | **Subject to the noted amendment the minutes of the meeting held on 24th July 2018 were accepted as a true record.** | **OPCC** |

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| ACTION SUMMARY FROM MEETING ON 18th September 2018 | | |
| Action No | Action Summary | To be progressed by |
| **A66 2017/18** | **TIAA to remove name of individual from bottom of page 20 of report.** | **TIAA** |
| **A66** **2017/18** | **How a follow-up review of the QMS will be undertaken to be discussed.** | **TIAA** |
| **A67 2017/18** | **OPCC to send February Training day dates to SC to check availability.** | **OPCC** |
| **A70 2017/18** | **The previous mitigated risk score to be included for each item on the risk register report as well as the current mitigated risk score.** | **Force** |
| **A73 2017/18** | **OPCC to forward a copy of the National Audit Office report and summary report on financial sustainability to Members.** | **OPCC** |

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| ONGOING ACTIONS SUMMARY FROM PREVIOUS MEETINGS | | |
| Action No | Action Summary | To be progressed by |
| **A38 2017/18** | **The TOR to be reviewed after the new legislation on Audit Committees and the duties of the CFO has been issued.** | **On-going** |
| **A38 2017/18** | **Inviting HMIC to attend certain JAC meetings to be discussed as part of the review of the TOR.** | **On-going** |
| **A60 2017/18** | **CF to contact other areas in Wales for their approval on whether they would be happy to share their findings in relation to the implementation of the Welsh Language Standards in a comparison report.** | **On-going** |