

**Minutes of the Joint Audit Committee**  
**Wednesday 9<sup>th</sup> December 2015 @ 10:00 am**  
**Strategic Command Centre, Police Headquarters**

**Present:** Mr Alasdair Kenwright )  
Mr Malcolm MacDonald ) Members of Joint Audit Committee  
Mrs Ann Williams )

**In attendance:**

Tim Burton – Deputy Police & Crime Commissioner (DPCC)  
Simon Prince - Chief Constable (CC)  
Helen Morgan-Howard – Chief of Staff, OPCC (HMH)  
Jayne Woods – Chief Finance Officer, OPCC (CFO)  
Edwin Harries – Director of Finance (DoF)  
Samantha Gainard – Director of Legal & Compliance (SG) agenda item 5 only  
Jason Garcia – Audit Manager, WAO (JG)  
Vicky Davies – Head of Audit TIAA (VD)  
Anne Williams – Support Officer, OPCC

In Gawain Evans' absence, Alasdair Kenwright agreed to chair the meeting.

Following introductions a warm welcome was extended to Vince Tether and Tony Joslin from HMIC who attended the meeting as observers.

**A17 Apologies for absence**

Apologies for absence were received from Gawain Evans Member of Joint Audit Committee, Christopher Salmon PCC and Mr John Herniman WAO.

**A18 Declarations of interest**

There were no declarations of interest.

**A19 To confirm the minutes of the meeting held on 23<sup>rd</sup> September 2015**

The minutes were agreed as an accurate record of the meeting.

**A20 Matters arising**

There were no matters arising from the minutes.

**A21 Business Continuity arrangements**

SG provided an update on Business Continuity arrangements. SG confirmed the undertaking of a new approach to split the corporate plan into business areas with Business Continuity champions being identified. A devised training programme was scheduled to commence in January and run to the end of March 2016 before a check

and testing of the system. Various mechanisms of testing had been observed together with an organisation event to ensure measures in place were realistic and achievable. A target date of June 2016 was indicated.

The Chair questioned arrangements for dissemination within the organisation to ensure that all areas were fully sighted of plans. A response confirmed that responsibility fell with each departmental area with the Force Communication Centre serving as a central point, and guidance on the Business Continuity website

Concerns on progress were dismissed with reassurance given by SG that training was to commence in January.

VD confirmed that the review of Business Continuity rescheduled to 2015/16 Quarter 4 was deferred until Quarter 1 2016/17 thus providing Members with added assurance.

MM was encouraged by the update and it was pleasing to note that the issue had been addressed. MM made an observation on the significance of desk exercises to provide a feel for a real incident and the value of forward planning in selecting an appropriate alternative estate base in any incident.

## **A22 External Auditor's Annual Audit Letter for 2014-15 – Police & Crime Commissioner and Chief Constable of Dyfed-Powys Police**

JG summarised findings from the audit work undertaken in relation to both the Police & Crime Commissioner and Chief Constable of Dyfed-Powys during 2015.

Key positive statements within the Audit Letters highlighted an unqualified opinion on the 2014-15 financial statements of the Police & Crime Commissioner, the Chief Constable and the Police Pension Fund; the Commissioner and Chief Constable had appropriate arrangements in place in the year to secure economy, efficiency and effectiveness in their use of resources; and a certificate was issued confirming that the audit of the accounts had been completed on 29<sup>th</sup> September 2015.

In response to a question by MM on the criteria used to assess arrangements for securing economy, efficiency and effectiveness, JG explained that the criteria listed in Appendix A were simply examples of the types of questions that WAO use in order to make their assessment. These are standard questions that are asked to all similar organisations.

The DPCC welcomed the report in particular to the Commissioner and Chief Constable having appropriate arrangements in place for efficiency and effectiveness. The DPCC alluded to financial pressures in future years and confirmed early planning and preparation to protect the cost of rural policing.

The Chief Constable had already articulated a budget requirement for 2016-17 to which the Commissioner had agreed, regardless of the impending outcome of CSR.

Members welcomed this statement on the 2016-17 budget and endorsed work undertaken by both the Commissioner and Chief Constable and their staff.

**Decision: The Committee noted the External Auditor's Annual Audit Letter for 2014-15**

**A23 Matters arising from 2014-15 Audit Letters**

Prior to the meeting a decision had been made to bring matters arising from 2014-15 Audit Letters to the Committee to provide openness and transparency.

JG introduced two documents, one addressed to the DoF and one addressed to the CFO. Members observed that in future one document would suffice unless significant differences were noted.

JG highlighted some matters within the Action Plan; in particular the challenging programme and approach to faster closure of accounts in 2018-19. Planned workshops organised by WAO in January 2016 would address areas for improvement and future challenges. The DoF confirmed work in progress to date to meet earlier closure deadlines. JG referred to future areas of accounting for collaboration in Wales and reported on difficulties and delays identified within the 2014-15 audit.

The CFO highlighted issues concerning the OPCC in relation to the ownership of assets. An exercise to establish ownership with the Land Registry was still ongoing and further work on a full review of assets was planned.

It was noted that Management's responses to matters arising from 2014-15 audit letters were to be concluded following the JAC meeting.

**Decision: The Committee noted the WAO matters arising from the 2014-15 audit letters and confirmed the value of bringing these matters to the Committee.**

**A24 Summary Internal Audit Progress report**

The report provided Members with an update on the Controls Assurance framework as at 1<sup>st</sup> December 2015 following work undertaken to date against the Annual Plan for 2015/16. The table within the report showed five completed audits and three draft audits since the previous JAC meeting. There had been no changes to the Annual Plan 2015/16 other than slight changes to timings as listed within Appendix A. VD highlighted that due to the delayed completion of the Business Continuity Plan the review of Business Continuity rescheduled to Quarter 4 was deferred until Quarter 1 2016/17 allowing the time to be used for either a review of the Driver Re-training Scheme or Recruitment and Retention arrangements. Members agreed it was appropriate for Officers to decide on which review was more appropriate and beneficial to the organisation. Following observations by the DoF Members agreed to the change in the Audit Plan.

The outstanding Priority 1 recommendation made in previous audit reports and the current position was listed in Appendix B. Progress against the set targets were on target for completion by year end with the review of Leases deferred to Quarter 4 due to staff absence. Minor delays in relation to comments on the drafts being returned for final preparation were being monitored. Members were satisfied with progress in relation to the outstanding priority 1 recommendation made in the previous Business Continuity audit report.

It was noted that Members were impressed with the audit work in terms of quantity and quality of reports.

**Decision: The Committee agreed the change within the Audit Plan.**

## **A25 Reports of the Internal Auditors**

### **a) Assurance Review of Creditor Payments**

The review considered the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The review awarded a reasonable level of assurance with three Priority 2 recommendations all accepted by management with reasonable timescales for implementation.

MM raised a point for clarification on page 4 regarding the reference to unrepresented cheques dated over 12 months old being investigated whilst WAO had reported on unrepresented cheques over 9 months. JG agreed to make enquiries as regards to the rule on unrepresented cheques.

### **b) Assurance Review of Pension Arrangements**

The review considered the arrangements for the creation, amendment and deletion of pension records and payment of pensions. The review awarded substantial assurance that the organisation had good controls in place in relation to pension arrangements and no recommendations were identified. One suggestion asked that consideration be given to identifying and training appropriate contingency cover in the absence of the Pensions Officer. This suggestion had been accepted by management.

### **c) Assurance Review of Document and Evidence Retention management arrangements.**

The review considered the arrangements for the secure retention of key documents and evidence. The review also considered the process in place for safe custody of documents and evidence and the arrangements for retrieval, removal and return of evidence. The review awarded reasonable assurance with one Priority 2

recommendation which sought clarity on the Property Management System being used by all areas of the Force to enable an agreed approach and implementation.

Members endorsed the management comment as a valid response.

#### **d) Assurance Review of the Strategic Planning Arrangements**

The review considered the arrangements by which the Chief Officer Group and senior management groups ensure that corporate plans for the organisation remain achievable in times of economic uncertainty. The review awarded substantial assurance assessment with good controls in place over the strategic planning arrangements.

The DPCC welcomed the report and confirmed that Strategic Planning was an area on which both the Commissioner and Chief Constable had undertaken a significant amount of work. Any issues are dealt with as they arise through weekly Policing Board and monthly Police Accountability Board meetings. The DPCC provided the Committee with assurance that all priorities and commitments within the Annual Report either had been delivered or were in the process of being delivered.

MM stated that two Members of JAC had observed a Police Accountability Board meeting and were impressed with the scrutiny mechanisms in place and the range of subjects covered at the meeting.

The webcasting of public Police Accountability Board meetings had commenced and Members fully endorsed this facility and requested site details in order to view future meetings online.

HMH stated that the Delivery Plan which reports progress against the Police & Crime Plan was no longer being produced or reported on to JAC as information within the Plan was included in other reports.

#### **e) Assurance Review of the Payroll arrangements**

The review considered the arrangements for the creation, amendment and deletion of payroll records; payment of allowance and pay awards; and payment of salaries. The review awarded reasonable assurance with two Priority 2 recommendations which were accepted and progressed by management. The DoF emphasised work in hand within the Payroll section.

#### **f) Interim Follow-Up review**

The interim follow up review by TIAA considered whether the management actions taken in respect of Priority 1, 2 and 3 addressed the control issues that gave rise to the recommendations. Progress of the management actions were identified with 42 recommendations implemented, 1 in process of being implemented, 1 no longer applicable with 9 given a revised target date. Reassurance was sought on whether

some of the revised target dates of December 2015 were realistic. Whilst the DoF reported that target dates were set by responsible officers who were in a position to agree the set dates, VD emphasised that a follow up report in March would pick up on any slippage. Members were invited to review progress on TIAA's online system if they so wished.

Members congratulated TIAA on the high number of reviews implemented within the audit process and complimented the information within the reports and supporting documents providing members with a comprehensive insight.

**Decision: The Committee noted the Internal Audit Reports.**

**Action: That HMH provide Members with webcast site details.**

## **A26 TIAA's Internal Audit Contract Extension**

VD withdrew from the meeting for the duration of the discussion.

The contract for provision of Internal Audit Services for the PCC and CC of Dyfed-Powys had been awarded to TIAA on the 24<sup>th</sup> June 2013 for three years. The contract was due to expire on the 24<sup>th</sup> June 2016 which allowed for the extension of the services provided for a further two years on a year by year basis. Members were asked to consider the extension of the Internal Audit Contract with TIAA for a year.

Members discussed the adequacy and independence of the performance of the internal audit service to date and referred to the collaborative benefits of remaining with TIAA.

A discussion ensued when JG asked Members to consider past experiences of working with internal audit providers. JG referred to collaborative work across police forces in South Wales and the scope for further collaboration and at the appropriate time to consider the option of looking to the market in order to accomplish a better financial package.

A discussion ensued in response to the DPCC asking Members to consider the value for money of the audit programme, culminating in an endorsement of the presented fee rates.

Members agreed to fully endorse the extension of the contract.

**Decision: The Committee formally agreed that TIAA's Internal Audit Contract be extended for one year.**

## **A27 Update on HMIC activity**

HMIC carried out 10 inspections on Dyfed-Powys Police Force in 2015 with details being provided in Appendix A. There had been a reduction in the pace and level of HMIC inspections over the latter months which was greatly welcomed after a protracted

period of intense activity. A progress report on HMIC audits highlighted good work within the Force on moving ahead with issues raised. All recommendations made by the HMIC had been captured on an action plan owned by the relevant Department Head and monitored via the T/ACC.

The PEEL programme was to continue for 2016 with all forces subject to an unannounced Crime Data Integrity review. HMIC had announced a system of a HMIC Lead Officer becoming more involved in direct engagement with respective Forces and this approach was welcomed.

In relation to HMIC developments, HMIC were working with its Criminal Justice Joint Inspection partners to finalise an inspection programme of major issues across a wide spectrum of criminal justice activity. In relation to crime-recording, HMIC in future would carry out unannounced inspections. Through HMIC force insight work, HMIC planned on gathering information throughout the year instead of just prior to fieldwork, thus reducing the demand for data wherever possible.

Recent HMIC publications and upcoming publications were highlighted.

Mr Tether provided clarification on HMIC's position and progress with inspections in moving forward into 2016.

The CC welcomed the positive change referred to by Mr Tether in HMIC's approach to the context of planned activity. The CC referred to challenges posed to the force area of Dyfed-Powys and made some observations on the outcomes of recent HMIC inspection reports.

The Chair whilst referring to previous pressures of HMIC activity on day to day business was encouraged to hear of the reduction in HMIC activity and the creation of a liaison lead role between the Force and HMIC.

The DPCC also welcomed the creation of a liaison role and also HMIC's involvement in the wider criminal justice system.

MM reiterated Members' past concerns on the disproportionate number of inspections which Police Forces in Wales are subject to.

**Decision: The Committee noted the information on HMIC activity.**

## **A28 Minutes of the Corporate Governance Group 10<sup>th</sup> November 2015**

The DoF summarised key areas within the minutes. A point worthy of noting was in relation to the format of the Annual Governance statements. It was agreed to await the outcome of a consultation by CIPFA on a revised CIPFA/Solace Governance Model. Also the updated versions of the Corporate and Dynamic Risk Registers had been considered.

A discussion ensued with regard to the significance of a representative from JAC being in attendance at Corporate Governance Group meetings. In the absence of the Chair MM asked for consideration to be given to a substitute being invited.

The CFO provided clarification as the 10<sup>th</sup> November meeting discussed the Chair's recent appointment to a new role within Welsh Government and the impact of this new role on his position not only as Chair of JAC but also as Member of JAC.

**Decision: The Committee noted the minutes of the Corporate Governance Group 10<sup>th</sup> November 2015 and agreed for a process to be developed inviting a substitute representative of the Committee to Corporate Governance Group meetings in the absence of the Chair.**

## **A29 Any other business**

a) As alluded to in the previous agenda item JW announced that GE Chair of JAC had been promoted to the role of Finance Director within Welsh Government. A lengthy discussion ensued with regard to the appropriateness of GE continuing as Chair and Member of JAC in light of his new role. Members considered the opinions of WAO, TIAA and the CC on the matter. Valuable points were raised through discussion with a recommendation for Members to consider issues around perceived conflict of interest within Welsh Government and other organisations responsible for governance. Members agreed the value of taking this perception issue up with Governance Officers within Welsh Government.

It was noted that GE had brought invaluable expertise to the committee and GE had been professional in his conduct and demonstrated integrity in bringing the matter to the attention of the Committee.

Following a detailed discussion it was agreed that the CFO liaise with the Director of Governance within Welsh Government with regard to perceived conflict and inform Members of the outcome.

**ACTION: That the CFO liaise with the relevant officer within Welsh Government for advice and report the outcome to Members prior to the next meeting.**

b) The Chair made reference to recent negative press publicity concerning Dyfed-Powys Police. Members discussed the review of reputational risk resulting in the loss of public confidence as a result of negative press publicity.

The approach taken by both the OPCC and the CC were confirmed and Members were satisfied with the actions taken in order to protect the reputation of the organisation.

**The meeting closed at 12noon and the next meeting was scheduled for 22<sup>nd</sup> March 2016**