**Minutes of the Joint Audit Committee**

**Tuesday 6th December 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:**Adrian Williams – Director of Resources (DoR)

Edwin Harries – Director of Finance (DoF)

Jayne Woods – Chief Finance Officer (CFO)

Sharon Richards – Governance Manager & Dep Monitoring Officer (SR)

Jason Garcia – Audit Manager, WAO (JG)

Vicky Davies – Audit Director, TIAA (VD)

Insp Stuart Bell – agenda item 12 only (SB)

Anne Williams – Business Support Officer OPCC

Andre Morgan - Observer

**A75 2016/17 Apologies for absence**

Apologies for absence was received from Mr Dafydd Llywelyn, Police & Crime Commissioner, Mr Simon Prince Chief Constable, Mrs Carys Morgans Chief of Staff & Mr John Herniman Wales Audit Office.

The Chair welcomed Andre Morgan to the meeting as an observer. Mr Morgan had been appointed a member of the Joint Audit Committee as from March 2017.

**A76 2016/17 Declarations of interest**

There were no declarations of interest.

**A77 2016/17 To confirm the minutes of the meeting held on 20th September 2016**

The minutes of the 20th September 2016 were accepted as a true record.

**A78 2016/17 Matters arising**

There were no matters arising.

**A79 2016/17 Appointment of Members to the Joint Audit Committee**

Following an external recruitment campaign to fill three vacancies on the Joint Audit Committee, Mr Alasdair Kenwright had been appointed for a further term and Mr Andre Morgan had been appointed as a member of the Joint Audit Committee as from March 2017.

A proposal put forward to the Committee was to proceed with four Members and to recruit three Members at the next round of vacancies to bring the membership back up to five Members.

Following a discussion on the number of Members required for quorum and the issue of resilience, Members were in agreement with the proposal in principle. The Committee had been functioning satisfactorily with four Members and the CFO agreed to check the Terms of Reference on the number of Members required for a quorum.

**ACTION: The CFO to check the Committee’s quorum.**

**DECISION: That the Committee proceed with four Members until the next round of recruitment.**

**A80 2016/17 Data Breaches**

The DoR summarised three reported recorded instances of Force breaches and potential breaches of the Data Protection Act 1998 since the last Joint Audit Committee meeting on 20th September 2016.

Following a debate on the sensitive nature of the information within the report, Members were asked to raise any specific questions of confidence within the report at the end of the meeting within a closed session.

The DoR supplied context to the Force’s position as regards information compliance and to ongoing work in relation to data breaches.

The Chair questioned work conducted by internal audit on data assurance resulting in key audit recommendations around resources and resilience. VD confirmed a scope within the draft Plan to cover any further inclusion.

The CFO confirmed no new data breaches from the OPCC since the last meeting of Joint Audit Committee. For completeness the CFO confirmed that the one data breach within the OPCC prior to the last meeting was ongoing and awaiting a result.

**A81 2016/17 External Auditor’s annual audit letters for 2015/16**

JG outlined the summary report which brings together all the work carried out by WAO within the relevant year.

Unqualified opinions had been issued on the 2015-16 financial statements of the Police & Crime Commissioner, Chief Constable and Police Pension Fund accounts.

WAO were satisfied that arrangements in place should secure economy, efficiency and effectiveness in their use of resources.

A certificate confirming that the audit of accounts had been completed on the 29th September 2016 had been issued.

The Commissioner and Chief Constable had robust planning processes in place with well-established links between financial planning and strategic planning. JG referred to specific work carried out prior to the new Police and Crime Plan being published by 31 March 2017 to demonstrate robust performance measures in comparison with the historic Police & Crime Plan. WAO had reviewed an early draft of the new Police and Crime Plan and identified that the performance measures in the historic Plan did not demonstrate the achievement of specific objectives. Feedback had been provided on these performance measures and the Commissioner was committed to consider these comments in finalising the new Police and Crime Plan.

The Commissioner and Chief Constable had met their revenue budgets for 2015-16 and continue to respond positively to significant financial challenges.

The Commissioner maintained a clear focus on Community Safety but some weaknesses remained in managing performance. Although this was something which was consistent in a lot of public sector bodies JG provided clarification on how this conclusion was reached. A national piece of work had been conducted on Community Safety at all Local Government and police bodies. A national report was available on the WAO website and Members were offered an opportunity to discuss this report further with the author.

MM questioned the availability of the Force report on Community Safety which had been shared with management within the Force as this report was of more interest than the national report. Due to the lapse in time and change in PCC, JG suggested Members approach the PCC office to establish how work had progressed on findings which would show a comparison to where they are now compared to 12 months ago.

GE questioned the type of performance measures in the context of the overall report. JG referred to recent work conducted on performance measures in the Police & Crime Plan. A specific report on that information could be provided if Members so wished and JG agreed to discuss these issues with the CFO.

MM questioned mechanisms in place to ensure that records were obtainable over a course of time to monitor performance measures.

It was suggested that the draft Plan be shared with Members to enable Members to feed into the planning process of the Plan.

The PCC was due to provide a high level overview on the draft Plan to a Demand and Finance Summit on 7th December with a request for feedback to the Governance Manager at the earliest convenience.

A discussion took place around timing for distribution of the draft Plan to Members. Members also discussed the benefits of a general discussion on the Police & Crime Plan at the training day in January.

The DoF referred to historic discussions on Performance Measures in meetings but not specifically included in the Plan.

MM referred to a vital exercise on process being key with mechanisms to allow monitoring.

A discussion took place on previous review work undertaken by TIAA and their current agenda for review and work scheduled within their 2017/18 plan.

AW questioned the role of the Police and Crime Panel in scrutinising performance measures.

The move to VFM looking at 3 E’s was welcomed.

**ACTION: That a general discussion on the Police & Crime Plan be placed on the agenda for the JAC training day January 16th.**

**ACTION: The draft Plan to be shared with Members at the appropriate time.**

**A82 2016/17 Matters arising from the 2015/16 audit letters.**

JG highlighted matters arising from the audit of 2015-16 Financial Statements with an emphasis on management responses to the matters identified.

MM questioned the likely process for speeding up end of year audit work.

JG referred to discussions and documentation to be covered with the Finance department and management in order to work out elements which could be carried out earlier and to determine what is achievable. Members also appreciated challenges and implications on WAO in this process.

**Decision: The report was noted.**

**A83 2016/17 Progress report of the internal auditors (SICA)**

VD highlighted changes to the Annual Plan 2016/17 and the proposal to defer the review of Strategic Control and Corporate Governance until 2017/18 to allow for changes to be implemented following the election of the new Police and Crime Commissioner and to allow for review by the new Chief Constable.

In relation to the Priority 1 recommendation concerning Business Continuity, the Plan had now been approved and implemented. Fieldwork was in progress in relation to Creditors and Commissioner’s Services. The report showed good progress against the Annual Plan for 2016/17.

A discussion ensued on whether the Committee was required to recommend or endorse the changes proposed within the Annual Plan.

**Action: The CFO to check the Committee’s Terms of Reference in relation to the Committee’s responsibility to either approve or endorse the changes within the Annual Plan.**

**Decision: The Committee was in agreement with the proposed changes.**

**A84 2016/17 Reports of the internal auditors**

1. **Compliance Review of the Governance - Neighbourhood (Uniformed Policing) Management Team Arrangements**

In consultation with the DoF and Chief Superintendent, the review assessed the governance arrangements of the Uniformed Policing Management Team and included attendance at the Senior Management Team and arrangements for the issue of uniform issues.

The review awarded reasonable assurance assessment and found appropriate and well defined governance arrangements in place for Neighbourhood Policing. One Priority 2 recommendation highlighted a need for minutes of the Senior Management Team meetings to show more evidence of issues discussed. This recommendation was not implemented (only actions are recorded) and a discussion took place around safeguarding mechanisms and processes in place to support this decision.

1. **Assurance Review of the Payroll Arrangements**

The review considered the arrangements for the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries.

The review awarded substantial assurance with two Priority 3 recommendations. A discussion ensued around the non-acceptance of the recommendation to produce a monthly variance report of net pay comparisons for OPCC staff in the same way as for Police Officers and Police Staff. An aspect of concern to Members was that this process had once been agreed and then abandoned; albeit Members understood the reason for the abandonment. The DoR confirmed that checks and balances were in place to monitor this area.

Members were reassured that a budget report received by the CFO every month acted as a variance report which was reasonable to determine appropriate control of the budget.

1. **Compliance Review of the Risk Management – Mitigating Control Arrangements**

The review awarded a reasonable assurance assessment. A previous audit by TIAA reviewed effective risk management arrangements and these were embedded and finalised in February 2016; the current review confirmed that risk management arrangements had continued to evolve and improve through 2016. A Priority 2 recommendation required greater sharing of information between the Force’s estates department and the Office of the Police and Crime Commissioner in relation to estates statutory compliance. This recommendation was accepted by management and confirmation was received that this work had been completed. It was confirmed that work was continuing in order to enhance the measurability and timeliness of the mitigating actions contained within the risk registers where feasible.

1. **Interim Follow Up Review 2016/17**

The follow up review by TIAA established the management action taken in respect of Priority 1 and 2 recommendations arising from the internal audit reviews. There had been good progress with the completion of the recommendations with 29 recommendations being implemented with the remaining 4 being given a revised target date. Recommendation 1 listed within the report had by now been completed.

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

**A85 2017/18 Internal Audit Annual Plan**

The early draft Annual Plan outlined planned reviews, timings and scopes for each review. The rolling strategic plan was subject to ongoing review and could change as the risks for the organisation change and reviewed with senior management and the Committee at the appropriate time.

VD highlighted the changes projected to the original Plan set out in the Internal Audit Strategy 2017/18.

A discussion ensued on the undertaking of an appropriate balance of reviews and the risk for duplication. Members sought assurance on whether the right balance was being achieved.

JG confirmed an organisational decision by WAO to move away from controls testing and to embark on more transaction based testing of income / expenditure / payroll / assets.

VD provided TIAA’s perspective of the work involved and explained their standard planning approach. A discussion ensued around the planning of TIAA’s work programme and areas for review to provide assurance in each relevant audit years.

Members observed that the range of work covered during audit was commendable. The DOF emphasised assurances received by the Force through the work of internal audit and the value of processes being independently looked at.

A discussion took place on budget implications on the number of audit days with a further discussion due on prioritisation.

The CFO confirmed that all comments made would be taken on board. A more risk based approach to setting the final Plan and budgets was in place. Members were of the opinion that discussions between WAO and TIAA were key to determine the right approach.

The DoF highlighted one issue with the current draft plan in that it included a review of the Joint Scientific Investigations Unit which DPP was not a part of. VD suggested that we might like to consider other areas of collaboration that TIAA could audit. TIAA can provide VFM to the Forces across southern Wales as they also provide internal audit services to South Wales and Gwent Police Forces.

**Decision: To note the report.**

**A86 2016/17 Update on HMIC activity**

SB gave an update in relation to HMIC’s publication of the Force Efficiency report, and the expected reports on Leadership and Legitimacy and Effectiveness.

117 actions were outstanding on the tracker with owners being requested to update in advance of the next Governance Group meeting.

SB referred to future inspections to include another PEEL inspection focusing on Efficiency, Legitimacy and Leadership; Custody and Crime Data Integrity and possibly being Modern Day Slavery and Stalking and Harassment.

Vince Tether, Force Liaison Officer was expected to attend the next JAC meeting in March.

There was some uncertainty around the role of Members in scrutinizing HMIC feedback. Following a detailed discussion it was agreed to obtain some clarity on the roles and responsibilities of the Corporate Governance Group and Joint Audit committee.

**Decision: That the report be noted.**

**ACTION: The CFO to check the Terms of Reference of the Joint Audit Committee in relation to HMIC and to update SB of any changes in going forward.**

**ACTION: To invite Vince Tether to periodic Corporate Governance Group meetings.**

**A87 2016/17 Minutes of the Corporate Governance Group 30th November 2016**

A verbal update on discussions at the last Corporate Governance group meeting was provided by the DoF with apologies for the lack of minutes.

The next meeting of the Corporate Governance Group was scheduled for 2nd March 2017 when a position on a draft annual governance statement will be discussed.

**Decision: The Committee noted the verbal notes of the Corporate Governance Group meeting held on 30th November 2016.**

**A88 2016/17 Any other Business**

A Joint Audit Committee training day was scheduled for 16th of January 2017 at the University of South Wales in Newport at 9.30am with further details to follow.

**Committee entered into a Closed Session**

**A89 2016/17**

The Director of Resources provided further information and answered questions from Members in relation to data breaches.

There were no actions or decisions.

**The next meeting was scheduled for 29th March 2017**

**Meeting ended at 11.30am**