

**Meeting: Joint Audit Committee**

**Venue: Skype**

**Date: 9th December 2020**

**Due to the current Coronavirus pandemic the meeting held on the 9th of December 2020 was conducted via Skype for Business.**

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| **Members:** | Mr Malcolm MacDonald (MM)Mr Martin Evans (ME)Mr Andre Morgan (AM)Mr Alasdair Kenwright (AMSK)Ms Kate Curran (KC) |
| **JAC Attendees** | Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)Mrs Beverley Peatling, Chief Finance Officer (CFO)Mrs Carys Morgans, Chief of Staff (CoS)Mr Ian Williams, Assistant Director of Finance (IW)Mrs Lynne Hamilton, New JAC member (LH)Mr Jonathan Maddock (TIAA), (JM)Ms Eleanor Ansell, Audit Wales (EA)Mr Huw Morgans, Risk & Business Continuity Management Advisor (HM)Mr Marc Jones, Senior ICT Operational Manager Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | Mr Mark Collins, Chief Constable (CC) Mr Edwin Harries, Director of Finance (DoF)Mr Jason Blewitt, WAO (JB)Mrs Kerrie Phillips, Governance Demand & Performance Manager (KP) |
| **Declarations of Interest:** | None. |

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|  | ACTION SUMMARY FROM MEETING ON (22nd October 2020) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| **Action 191**  | **Action A191: CB to amend the wording for decision A181 to “The draft Statement of Accounts of both the Chief Constable and Group accounts were recommended for signature by the appropriate signatories subject to any matters arising from the call of audit.”** | **CB** | **Complete** |
| **Action 194**  | **An update on the implementation of the IR35 to be given at the next meeting** | **ICT/ DoF** | **In progress** |
| **Action 195**  | **Thought to be given on a formal process for identifying Internal Audit areas needing action, in order for matters to be addressed and progressed accordingly.**  | **IW** | **Complete** |
| **Action 199**  | **Members to email CB with their comments and suggested amendments needed within the draft JAC ToR.** | **CB/ Members** | **Complete** |
| **Action 200**  | **For a copy of the Assurance Review of HR Management – Workforce Planning to be sent to Insp Janas.**  | **CB** | **Complete** |
| **Action 207** | **For the Committee to receive a copy of the Anti-Fraud and Corruption Policy and the guidance document for consideration at the next JAC meeting on the 9th of December.** | **SG** | **Complete** |

MM welcomed LH, who was attending the meeting as a guest in advance of her official appointment as a new Committee member in January 2021.

The PCC gave a special thanks to Mr Alasdair Kenwright for all his contributions over the years. AK joined the Police Authority as an Independent Member in 1999. Alasdair went on to be Vice-Chair and then Chair of the Authority and was a Ceredigion Local Health Board Community representative. AK was a key member of the Independent Custody Visiting Scheme for a number of years before becoming the scheme Co-ordinator for the Ceredigion Team. His role on the Joint Audit Committee began in 2013 and Alasdair has been a key member of the Committee for 8 years.

Mr Kenwright’s contribution to the work of both the Policing Authority, Dyfed-Powys Police and the PCC’s office has been extensive. He has contributed in a vast range of areas and has been an invaluable asset to many Team, Boards and Committees.

MM and the Committee passed on their personal thanks to AK for all his contributions to the Committee.

AK passed on his thanks to everyone.

**A210 2020/21:** **Minutes of the meeting held on 22nd of October 2020 and Matters Arising**

JM updated in relation to A171 – for him to look into the cases categorised as “other” and report back to the Committee. From discussion with the Professional Standards Department this refers to intelligence that does not naturally fit into any of the other categories. This option allows Forces to identify any emerging trends or issues.

IW noted that A194 is still in progress and will be covered in the next meeting.

A195 is ongoing and is a matter for the Audit Governance Group to cover.

CoS gave an update in relation to A97 - CoS to consider where the trust legally sits in terms of its link with the OPCC. CoS explained that the Safer Dyfed-Powys trust following agreement with the trustees, comes under the management and administration of the Force. Several meetings have taken place with key individuals who will be taking the charity forward in line with its objectives and in abidance with the Charity Commissioners guidelines.

**Action A210: CB to amend the date noted on the action summary table to 22nd of October 2020.**

**Decision D210: Pending amendments as outlined the minutes of the meeting held on 22nd of October 2020 were accepted as a true record.**

**A211 2019/2020: Reports of the internal auditors**

1. **Assurance Review of Security of Seized Proceeds of Crime**

JM noted that this report was brought to the JAC meeting back in July and was re-circulated for information purposes for the Committee to note the correction within one of the tables as noted in a previous meeting.

1. **Assurance Review of Pensions**

Outcome: Substantial Assurance with no recommendations. This review has been undertaken three times and has had substantial assurance each time, good to see continuity in the good work being undertaken.

1. **Assurance Review of Fixed Assets**

MM welcomed MJ to the meeting.

 Outcome: Limited Assurance with one priority 1 recommendation and five priority 2 recommendations. Some major issues were identified during the testing of the Information Communication Technology (ICT) assets. Audit testing was not able to physically verify the existence of 19 out of the 20 assets selected, no regular reconciliations were undertaken to ensure that all assets were verified physically against the ICT database register and a number of assets with an unknown location on the database were found. In addition, two duplicate asset ID records were found.

MJ gave an update on each of the recommendations made.

MJ noted that historically the ICT department have recorded all assets purchased within the database, no matter of value or if they hold data or not. The assets are often shared items and not allocated to specific individuals/departments and as such the location is left as default and is not updated through the life of the asset, only entry into the organisation and disposal when they are returned to ICT.

Staff and officers move equipment without the knowledge of ICT and with COIVD and the decision by Chief Officers to allow staff to take equipment home, this has further compounded the issue.

Discussion to be held at December ICT Strategy Board as to what is to be recorded within the assets database moving forward. Consideration to be given to only record assets which hold data or have a specific value. Following this decision, a review will be undertaken of the database and records can be updated accordingly.

Work is also being undertaken to develop a monthly asset recording screen for all staff and officers to complete (mandatory) to capture what assets are issued to them.

MJ reiterated that assets which are no longer deemed to be needed are to be removed from the database, resulting in an accurate and clean asset database.

IW reassured members that the fixed assets register is prepared robustly and that the register that ICT are now producing will cross check what assets are still in use. IW and MJ also noted that all equipment that are disposed of is done so via an accredited company and is recorded and logged appropriately.

MM queried if there were any restrictions to stop staff downloading software on their work computers when working from home. MJ explained that staff do not have admin privileges and therefore are unable to download software without permission from IT. USB devices are encrypted to ensure security and all users working from home are required to log into a secure VPN network to ensure internet use is secure and monitored.

**A212 2019/2020: Summary Internal controls Assurance (SICA) Report 2020/21**

# JM explained that this report provides the Joint Audit Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of work as at 2nd December 2020. The report summarises all audits undertaken over the period and summarises the priority one recommendations that are outstanding since the last report.

JM explained that Appendix A notes the Governance, Risk and Internal Control considerations during a covid-19 lockdown phase.

JM explained that there is only one audit that they have not yet booked in against the plan and this is the Strategic Resource Planning audit which will be undertaken in all 4 forces. They are currently waiting on North Wales to liaise with the other Welsh Forces.

JM explained that in terms of Dyfed-Powys audits, they are on plan for completion at the end of March.

MM queried the Collaborative review on Early Action Together (Adverse Childhood Experiences ACES Project) where it notes that the lead Force is North Wales, however, within the notes it states that North Wales do not wish to participate. JM noted that a new lead Force will need to be appointed and the plan will need to be updated accordingly.

KC noted that it is good to see that there has been significant progress made on the recommendations set as part of the Neighbourhood review.

**A213 2020/21: Draft Internal Audit Plan**

JM explained that this is a draft plan, for members to consider the agenda next year and for discussions to be undertaken to see if any amendments are required, or if there are any additional audits that need to be carried out.

The key major themes are Covid-19, Brexit, recruitment and cyber-crimes.

ME asked if there is a definitive list of all areas that could be looked at, to ensure that there are no areas that are forgotten or that have not had an audit in a number of years. JM explained that when forming a three year plan they look at emerging risks, but they also consider how often they have looked at different areas to ensure that areas are not forgotten.

IW noted that he has recently undertaken the task of creating a list of all audits undertaken since 2015, noting their outcome and the length of time committed on each area. IW will share this at the next Audit Governance Group meeting. IW noted that trends have been identified, for example, that an audit on payroll is undertaken each year and every year it is given the outcome substantial assurance. This gives us assurance in a risky area, but is possibly taking the place of another area that requires attention. IW confirmed that the task has identified some areas which have not been reviewed for some time, however, all areas that were given a limited assurance were revisited in a short space of time.

IW has also looked at emerging risks from the FMS and that this will be discussed in the next Audit Governance meeting.

ME confirmed that he attends the Audit Governance Group meetings where the audit plan is discussed.

MM also stated that it would be useful to consider if there are any audits that do not need to be looked at again for a period of time, in order to free some time for other areas to be reviewed.

**A214 2020/2021: The 2019/20 Annual Audit letter from Audit Wales**

EA explained that this is the final report to Dyfed-Powys within the 2019/20 financial year. EA explained that the audit opinion was issued back on the 3rd of September and the ISA260 report was presented on the 29th July. EA explained that in terms of the value for money work, they rely on all the audit work undertaken within the year and also assessments that are completed by officers, EA explained that a copy of the assessment questions can be found within the appendix. EA noted that Audit Wales are satisfied that appropriate processes are in place in terms of resourcing.

A certificate of completion has been issued and was completed on the 3rd of September and EA wished to note that the financial audit fee is in line with what was set out in the annual audit plan at the start of the year.

**A215 2020/2021: The Audit Wales Value for Money Checklist**

MM queried whether the checklist had been formally issued with management comments. CFO confirmed that this is a copy of what management have already submitted to Audit Wales for their due consideration as part of their judgement on value for money and is on the agenda for the Committees awareness.

MM noted that he felt that the Investment in Peoples Gold accreditation would have been useful to include as part of the checklist and also perhaps a bigger emphasis on the Annual Governance Statement. However, MM acknowledged that this document had already been submitted. CFO stated that they are happy to take on board any observations, although the document has been submitted to ensure that points are reflected in future years.

**A216 2020/2021: Audit Wales letter - Request for support on data analytics**

MM stated that he did have some concerns regarding the document in that it does need to be considered by Chief Officers and the PCC in order for them to recommend that their staff are on board to support this implementation. MM noted that there are many questions in terms of the practicalities and what data will be transferred and how it will be kept secure.

EA explained that although this letter has gone out to all bodies, this approach is currently being piloted and Dyfed-Powys has not been chosen to be part of the pilot and therefore this data will not be taken from Dyfed-Powys in 2021. They will be looking this year at the questions and how successful the approach is. MM thanked EA for highlighting this point as it was unclear from the letter that Dyfed-Powys was not taking part in the new approach for this year and that it was currently being trialled as a pilot.

CFO stated that it would be helpful to have some information on what the pilot is trying to deliver and reference to any engagement with stakeholders, as the approach does raise questions in relation to data security and what the impact may be on resources locally. It would be useful to have a discussion on the context of the pilot and the way forward in order to improve how the organisation can work together better with Audit Wales.

EA stated that there are contact details within the letter for the Data Analytics Team who would be in a position to explain how any data collected will be used. EA stated that a member of the Data Analytics Team may be able to attend a future forum to discuss these questions in detail. CFO asked if EA could pass the message back to the Data Analytics Team and see if someone would be available to attend the next Welsh Police Forces Finance and Resources Group to provide an input and to allow a collective discussion to take place across all CFO’s and DOF’s across Wales. EA confirmed that she would get in touch with the Team to see if this can be arranged.

**Action 216: EA to contact the Data Analytics Team and invite them to attend and provide and input at the next Welsh Police Forces Finance and Resources Group.**

**A217 2020/2021: Audit Wales consultation on fee scales 2021-22**

EA explained that the Audit Wales fee scales for 2021-22 is currently out for consultation. Audit Wales welcome any comments, as shown within the exhibit on page 5, the hourly rates have not changed for 2021-22. Comments are requested back by the 8th January 2021.

**A218 2020/2021: Draft JAC terms of reference**

No comments made on the latest version of the terms of reference.

**Decision 218: Members accepted the draft as the final version of the JAC terms of reference.**

**A219 2020/2021: Force significant Corporate Risks**

MM welcomed HM to the meeting.

HM explained that there have not been any new or discharged risks since his last report in 22nd of October’s JAC meeting. HM explained that the report does provide an update on the four areas of risk that were identified and discussed previously.

HM gave an update in relation to the Cyber security risk stating that the Force are taking positive steps forward, although figures show from an exercise where emails were circulated to groups of officers and staff during the year that 636 emails in a variety of formats have seen 134 persons (21%) clicking on links. Although the percentage has decreased from 29% to 21%, this percentage is still too high and therefore there is much more work to be done in the New Year. The aim is to decrease the figure down to at around 10%.

The second key area of risk is the forensic medical examination of children. Positively progress in relation to this area of risk is back on track after a pause being seen over the Summer.

The third area of risk is the Road Traffic toxicology (RTTOX) samples and Drugs casework. HM explained that this risk is being managed very well by the Force Scientific Unit and Criminal Justice departments who are ensuring that submissions are being made as efficiently as possible in order to comply as well as can be managed within the statutory time limit positions.

The final area of risk is the Force Communication Centre – Fall-back site in Ammanford. HM explained that as members are aware from previous reports that issues have been ongoing with CAPITA for some time. HM explained that there is now a Gold Group in place to discuss the FCC and ICT matters. This group is due to meet tomorrow and this matter will be discussed again with key individuals in order to try and identify the best way forward. The situation is being dealt with and monitored. ME queried whether CAPITA will be attending the Force Gold Group. HM stated that CAPITA would not be attending, however, meetings are taking place with CAPITA in addition to the Gold Group.

HM explained that the meeting will be looking at a long term and a short term solution, due to the Force now being in the second part of their contract with CAPITA. ME noted that it is reassuring to learn that there is now a Gold Group which will focus on this area of concern.

HM reassured the Committee that there are plans in place to ensure that there is a back-up plan should anything happen to the FCC. Business continuity plans are in place in the event of any emergency.

**A220 2020/2021: OPCC significant Corporate Risks**

CoS explained that there is one significant new area of risk relating to the Capital Projects. A number of concerns have been raised in relation to Capital Project Management and governance around the Estates programme. Project delays and cost increases throughout the period of some works need to be reviewed and understood to ensure Management and Governance control processes of projects are fit for purpose.

In response to this the issue was raised formally with both the Strategic Estates Group and the OPCC Executive Team. An Estates Gold Group has been created to formally review this issue, which will include consideration of the governance process of capital management along with a facilities management review, post implementation of a review into the Estates function which was undertaken in 2017. The first meeting of this Gold Group was held yesterday the 8th December 2020.

CFO explained that there was a planned internal audit on Estates Governance which commenced last Monday. Given the audit and the PCC’s approach of setting up the Gold Group, they took the opportunity to narrow the scope of the planned audit, to provide a more focused review, which will hopefully be able to help highlight areas of concern.

MM noted that the audit report on Estate Governance will be available for members in the next JAC meeting in March.

ME and KC raised concern that the risk owner was the Director of Estates and queried whether it would be more appropriate for someone separate from the business area to be responsible for reviewing progress. ME stated that he was reassured that this area of risk will be reviewed by the Gold group that has been set up to ensure the right questions are asked.

CFO agreed that this area is wider than the risk register and an action plan has been put in place in order to try and address some of the issues.

MM suggested that the risk owner be changed from the Director of Estates to CoS and for CoS to provide an oversight of the matter. CFO agreed and stated that the PCC who is Chairing the Gold Group has also taken full responsibility and accountability for this area and progress will be monitored.

**Action 220: For the risk owner for the Capital Projects risk within the OPCC risk register to be changed to the CoS.**

CFO reassured Members that they are taking this area seriously and there was a wide attendance at yesterday’s first Gold Group meeting.

CoS explained that the second area of risk is in relation to financial resources - Uncertainty in relation to the Comprehensive Spending Review 2020 of the Covid-19 on financial resources and income. CFO stated that this is a mirror of what currently sits on the Force risk register.

MM queried if this risk is also on the OPCC risk register should the owner be the CFO instead of DoF. CFO explained that this a pending question on when items should sit on one register or both, further discussions are needed to agree on protocols, but is happy for the risk to sit with herself or jointly with the DoF.

**A221 2020/2021: Corporate Governance Group meeting held 19th November 2020**

Members noted that they had received a copy of the actions for their information.

**A222 2020/2021: Audit Governance Group meeting held on the 12th November** **2020**

IW explained that they have had two quarterly meetings to date under the new Governance Structure. The “Focus” approach on specific business areas is working well, with a focus so far has been People Services and Professional Standards. It has proven useful to have open discussions with TIAA and business leads. There have been 56 Audit recommendations implemented since the group was formed and there will be a continued focus on older recommendations and priority 1 & 2 recommendations going forward. Good progress had been made on closing recommendations throughout the year and the number of open recommendations is far lower than this time last year.

The Audit Governance Group is having a positive impact, focussing attention on internal audit activity around the Force.

MM noted in terms of the plan for internal audits, the Committee tend to receive the list in March for the coming year. It was suggested that it may be worthwhile for risk to be considered in the Audit Governance Group to see if any areas can be identified and considered for internal audit attention.

IW agreed and confirmed that this will certainly be considered before the next Audit Governance Group. IW confirmed that this was previously done and resulted in a review of the Health and Safety area being carried out.

**A223 2020/2021: Fraud activity update**

CFO explained that the Fraud and anti-corruption Policy and guidance document was taken to the Corporate Governance Group meeting and discussions have been undertaken in relation to the specifics of the Fraud and Anti-corruption Policy but also wider discussions in relation to the approach that the organisation is going to adopt in terms of reviewing their Policies and the level of detail included within them.

CFO explained that the Fraud policy will be used as an example of the new approach going forward. Useful discussions have been had in relation to having a balance between getting high level information into a policy and then collecting any supporting detail separately. Work also needs to be undertaken in relation to ensuring that policies align with information incorporated with other key documents such as the Corporate Governance Framework. The process in which new policies and revised policies should follow was discussed and work in relation to this is ongoing.

CFO explained that the documents that the Committee have received today are still in working progress and further work is required, revised versions will be circulated at a future meeting.

AM noted that it was pleasing to see the accompanying guidance document, however, it was felt that some sections are still vague. AM wished to note that there is inconsistency with the title of the document, on page 1 it notes Anti-Fraud and Corruption Policy, but then on page 3 it notes fraud and corruption Policy. AM also noted a typo on page 5 where the document is referred to an Ant-Fraud and Corruption policy.

AM also noted that on page 6 under the section on investigation the Policy notes:

“At the conclusion of any fraud or corruption investigation where a case has been proved consideration will be given with regard to informing the Police and Crime Commissioner, Police and Crime Panel and External Auditor. Consideration will also be given to reporting the case to the chair of the Joint Audit Committee.”

AM expressed that he did not feel that the wording “consideration will be given” is explicit enough to ensure consistency on whether Fraud activity is reported to key individuals. This wording is not clear on who should be informed in a case of proven fraud.

CFO stated that these comments will be fed back to both the OPCC and Force to ensure that this feedback is taken on board. The CFO agreed that it is important to ensure that the process is clearly outlined.

ME raised a point in relation to section 6.2 Responsibilities on page 7. ME noted that it stated here: “The Joint Audit Committee will review and monitor the effectiveness of policies on fraud, irregularity and corruption.” ME queried whether extra detail needs to be added here to record how this with be monitored by the Committee and how often.

CFO agreed with ME’s comment and stated that the Committees ToR should reflect this also to ensure that this area is being covered effectively.

MM noted that this comment should also be included on the Organisational Policy Paper summary section on page 2 of the Policy, to note a comment that the JAC have also approved the Policy on a particular date.

CFO noted these comments and will ensure that the feedback is passed on to address these concerns in the revised versions.

**A224 2020/2021: JAC membership Update**

MM welcomed LH to the meeting. CoS explained that LH will officially join the Committee in January 2021. CoS also confirmed that AM has been re-appointed for another 4 year term with the Committee. MM on behalf of the Committee welcomed AM back for a second term.

CoS also reiterated the Committee’s thanks to AK for all his valuable contributions over the last 8 years to JAC and for his work previously with the Police Authority.

**A225 2020/2021: All Wales JAC Training Day update**

CFO explained that they are still trying to arrange their annual All Wales training day. North Wales are taking the lead next year and work is in progress to try to set a date with the aim of securing CIPFA again. A date will be shared with Members in due course.

**A226 2020/2021: Internal Audit Contract**

Due to the nature of the update, JM was excused from the meeting. MM thanked JM for all his work and contributions to the meeting.

CFO explained that as members will be aware when they last tendered for internal audit services they entered into a two year contract with TIAA, which is now due to end in March 2021. CFO explained that this option did include the option to extend the contract. There has been representations from one of the other Forces in particular in relation to encouraging wider interest in terms of their tendering next time around, in order to test the market and to see what other providers are available. Due to the challenges in terms of timescales, there has been a proposal to take advantage of the one-year extension, which will allow time for additional research on the services that are available. CFO wished to bring this proposal to the member’s attention. The Committee agreed that in terms of the timescales and the current pandemic, a one-year extension is a sensible and appropriate way forward.

**A227 2020/2021: Any other business**

ME noted that in light of the absence of the CC and the PCC in the last meeting and the PCC having to leave early within this meeting, should there be a list of nominated individuals to attend the Committee should the CC and PCC not be available to ensure adequate representation at all meetings. MM noted that it is particularly difficult for the PCC as he does not have a deputy, however, the CFO and CoS always attend as a consistent representation from the OPCC. It was also acknowledged that DoF attends all meetings as a representation from the Force. The Committee stated that it would be useful for the Deputy Chief Constable to attend should the CC be unable to attend a particular JAC meeting.

CoS reassured the Committee that herself and the CFO brief the PCC on all matters arising from meetings in any event that he is unable to attend.

**Action 227: For the DCC or the ACC to attend on behalf of the CC should he be unable to attend a particular JAC meeting in the future.**

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| Documents circulated to Members since 9th December 2020 |
| **Name of document** | **Date shared** |
| **Audit Wales letter 22.01.2021 – Impact of Covid-19** | **15/02/2021** |

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| DECISIONS ARISING FROM MEETING 9th December 2020 |
| Decision No. | Decision Summary | Progress |
|  **D210** | **Pending amendments as outlined the minutes of the meeting held on 22nd of October 2020 were accepted as a true record.** | **Complete** |
| **D218** | **Members accepted the draft as the final version of the JAC terms of reference.**  | **Complete** |

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|  | ACTION SUMMARY FROM MEETING ON (9th December 2020) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| **Action 210** | **CB to amend the date noted on the action summary table to 22nd of October 2020.** | **CB** | **Complete** |
| **Action 216** | **EA to contact the Data Analytics Team and invite them to attend and provide and input at the next Welsh Police Forces Finance and Resources Group.** | **Audit Wales** | **Complete** |
| **Action 220** | **For the risk owner for the Capital Projects risk within the OPCC risk register to be changed to the CoS.**  | **OPCC** | **Complete** |
|  **Action 227** |  **For the DCC or the ACC to attend on behalf of the CC should he be unable to attend a particular JAC meeting in the future.**  | **OPCC/CC** | **Complete** |

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| ONGOING ACTIONS SUMMARY FROM PREVIOUS MEETINGS |
| **Action No** | **Action Summary** | **To be progressed by** |
| **Action A171** | **For the Committee to receive an update at a future meeting on the decision made on the two possible preventative options that are highlighted in the ICT Review of Data Assurance – Management of Police Information (MOPI) and Primary Nominal Index (PNI) report.** | **ICT** |