

**Meeting: Joint Audit Committee**

**Venue: Teams**

**Date: 28th July 2022**

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| **Members:** | Mr Martin Evans (ME)Ms Lynne Hamilton (LH)Mr Farhan Shakoor (FS)Ms Kate Curran (KC) |
| **JAC Attendees** | Dr Richard Lewis, Chief Constable (CC)Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)Mrs Carys Morgans, Chief Executive (CEO)Ms Beverley Peatling, Chief Finance Officer (CFO)Mr Edwin Harries, Director of Finance (DoF)Mr Ian Williams, Head of Corporate Finance (IW)Ms Helen Cargill (TIAA), (HC)Ms Eleanor Ansell, Audit Wales (EA)Ms Lucy Evans, Audit Wales (LE)Ch/Supt David Guiney (ChSupt DG)Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | Mr Jonathon Maddock, TIAA (JM)Ms Clare James, Audit Wales (CJ)Ms Gaynor Maddox, Head of Programmes and Change (GM) |
| **Declarations of Interest:** | None. |

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|  | ACTION SUMMARY FROM MEETING ON (30th November 2021) |
| **Action No** | **Action Summary** | **To be progressed by** |  **Progress** |
| Action 292 | DoF to discuss the point in relation to the force not having ‘Records of Processing Activity’ (ROPA) in place which is a legal requirement with the DCC and to see if this can be considered by the Information Assurance Board going forward.  | DoF | Complete |
| Action 292 | CB will seek approval of the minutes from KC and AM. | CB | Complete |
| Action 293 | For the wording within the JAC ToR, Corporate Governance Framework and CIPFA guidance to be cross referenced to ensure consistency. | CB | Complete |
| Action 293 | For the CGF to be amended in line with the Committee’s observations. | OPCC | Complete |
| Action 293 | IW to speak with PSD to ensure that Fraud is reported in line with Policy and CGF ensuring clarity of understanding on definition of ‘urgent’. | IW | Complete |
| Action 298 | TIAA to work with IW to cut down the number of audit days to 160. | TIAA/IW | Complete |
| Action 299 | For a break down on the cost of the audit to be included in future plans to ensure transparency.  | Audit Wales | Complete |
| Action 305 | OPCC to circulate the JAC draft Annual Report for feedback and approval.  | CB | Complete |

ME welcomed the CC to his first ever JAC meeting as CC.

1. **Minutes of the meeting held on 23rd March 2022 and Matters Arising**

ME noted that there was a typo on page 1 under the attendee list.

CFO noted a typo on page 19, date on the decisions arising table should be 23rd of March 2022, not 21.

ME queried an update on the HR Absence Management Neighbourhood Property report as it has had repeated limited assurance. IW noted that there is an item on the agenda where a paper had been submitted in advance, detailing that HR matters have been largely resolved.

ME queried in relation to the Medium-Term Financial Planning (MTFP) the progress on a toolkit that the CFO was going to consider to see if it met the needs of Dyfed-Powys. CFO confirmed that this is pending for the MTFP group to consider.

ME noted that it was stated in the last meeting that the Force are awaiting on a HMICFRS reinspection report, and that an update would be given at the next Joint Audit Committee meeting.

**A01 2022/23: An update on the latest HMICFRS reinspection to be brought to the next JAC meeting.**

ME also reiterated the points made in relation to data breaches and tracking data breaches, to see if there are any patterns that arise and more importantly to see if there has been any success around sending out emails to wrong contacts following the proposed training and messaging prompts etc. This will be picked up when JAC next receive a data breaches input.

HC noted that Action 285 is ongoing but will be completed for the next SICA.

Action 292 update: DoF has discussed with the DCC and it has been confirmed that the Information Assurance Board will take this forward.

Action 293 update: CB has checked the JAC ToR but will double check the Corporate Governance Framework.

IW noted that the action in relation to the fraud policy has been completed and any matter that will have significant adverse financial or reputational impact connected with compromised integrity of a senior officer would be deemed as urgent. IW also noted that he had spoken with PSD to reinforce the fraud reporting to JAC, to make sure there is continuity and that progress against actions is clear etc.

Action 299 was marked as completed and it was agreed by Audit Wales that this would be included within future cost breakdowns.

The closed session at the end of today’s meeting between the CC, PCC, Audit Wales and TIAA has been postponed, as it was felt that it would be more beneficial to rearrange following a future meeting.

**D01 2022/23: Subject to the noted required amendments the minutes of the meeting held on the 23rd March 2022 were accepted as a true record by the Committee.**

1. **Actions from the Corporate Governance Group meeting**

DoF gave an overview of the actions arising from the Corporate Governance Group meeting on the 19th of May 2022. The main area of business was in relation to the completion of the Annual Governance Statement.

There were also some discussions on risk reporting, audit recommendations and a matter was raised on the cost of living and the impact on staff particularly from a staff welfare perspective and how that fits into Governance.

KC wished to note that the policy framework document was really beneficial to staff to ensure consistency and quality in terms of policies and their content.

ME queried how the document will be embedded into the organisation. DoF noted that there will be communication with all the policy owners. Work will be done with all policy owners as and when policies become due for review.

1. **Audit Governance Group (AGG) meeting held on the 20th July 2022**

It was reported that there were 35 open recommendations as of 20th July 2022, demonstrating how the change in open items had been sustained. IW noted that having the open audit recommendations embedded as a standing item across all relevant oversight groups across the force had assisted in driving this improvement.

An overview was given of the age of open recommendations. Of the 35 open items, only 7 are within the time frame originally set for implementation. The remaining 28 items are therefore overdue. IW noted that sadly there has been no improvement to the recommendations that have been open for 12 months plus since the last meeting. However, since the last AGG meeting there has been a surge in progressing old outstanding recommendations principally led by the implementation of a number of long outstanding HR matters which are all connected to policies. Those are now being addressed and resolved. IW noted that they do have a number of older open recommendations attached to external matters such as the implementation of the records management system. Due to the implementation of the system being delayed this has impacted on audit recommendations linked to system improvements. There has however, been some interim work to mitigate the risks of the recommendations attached to the implementation of the system.

A discussion took place on the risk level of the recommendations. IW noted that of the 12 months plus recommendations, two were considered as high risk. FS suggested that for the older high-risk recommendations it would be beneficial to have some further information to ensure that the risks are being managed and that there are mitigations in place. IW will develop the reporting within the AGG and add some extra scrutiny or commentary on those higher risk items to make sure that mitigations are in place.

**A02 2022/23: IW to develop the reporting within the AGG for the older high risk open recommendations and add some extra scrutiny and detail to make sure that mitigations are in place.**

1. **Reports of the internal auditors**
2. **Assurance Review of Payroll**

Outcome: Substantial Assurance with one priority 3 recommendation. The recommendation related to some unsocial hours claims that were negative amounts rather than positive amounts. This was investigated and has been resolved.

1. **Assurance Review of Agile Working - Collaborative**

Outcome: Substantial Assurance with one priority 3 recommendation. It was felt that the agile working activity needed to provide further guidance in terms of data protection for individuals working agile.

1. **Assurance Review of Anti-Fraud Procurement - 2021/22**

Outcome: Reasonable Assurance with one priority 2 recommendation and one priority 3 recommendation.

HC confirmed that this audit has been undertaken for all four forces and all have similar issues. The issue found related to duplicate expense claims. It is recommended that the duplicate payments are reclaimed and that going forward a check of expense claims is undertaken on a quarterly basis to ensure there are no duplications. HC confirmed that the claims related to a very small amount.

**A03 2022/23: For the pay references of individuals to be removed from the Assurance Review of Anti-Fraud Procurement report before it is published.**

1. **Assurance Review of Creditors 2021/22**

Outcome: Substantial Assurance with no recommendations. This audit looks at the creditor payments, the arrangements for supplier changes, credit card payments, making sure everything was authorised before being processed. This report is consistent with previous years.

1. **Assurance Review of Commissioners Grants 2021/22**

Outcome: Reasonable Assurance with one priority 2 recommendation and one priority 3 recommendation. This audit reviews the effectiveness of the administration, compliance monitoring and reporting of the Commissioner’s grant arrangements. The main recommendation related to the process for authorisation and the audit trail for supporting grant applications and approval. HC noted that they found some cases where an application form hadn't been completed or a business case hadn't been completed, so the process as it's set out hadn't been followed in full. The recommendation is about making sure that the whole process is followed, and if for some reason something isn't required a rationale is recorded.

A discussion took place in relation to the PCC’s decisions. CFO noted that decisions are discussed within meetings and are formalised on decision log, which are subsequently published. The Police and Crime Panel also scrutinise decisions made by the PCC.

A discussion also took place around the work of the Commissioner’s Advisory Board (CAB). CAB provides some reassurance in relation to grants decisions.

HC noted that this an audit that has been done with the other forces and could look at pulling together a summary report of what they've found. PCC noted that it would be useful to see what processes other force areas have in place.

**A04 2022/23: TIAA to produce a summary report in relation to grants processes within OPCCs in Wales.**

1. **Assurance Review of Estates Management – Planned and Preventative Maintenance 2022/23**

Outcome: Limited assurance with one priority 1 recommendation, six priority 2 recommendations and four priority 3 recommendations. The majority of the recommendations relate to data integrity issues, such as issues with the IT system not being updated to include certificates that work has been undertaken. There were four properties that were not compliant with the gas regulations, noting that they hadn't been inspected on an annual basis as required. This report has not yet been finalised and therefore TIAA are waiting on management comments.

DoF noted that there are ongoing meetings with the provider to strengthen the processes in place going forward. DoF stated that the issues relate to the timeliness of the maintenance, administration and record keeping. This audit has flagged up the need for a better process in terms of reporting and scrutiny of contract management.

KC noted that the audit would have only looked at a sample of properties and advised that all properties should be checked for discrepancies. FS also reiterated the importance of ensuring that there is a process in place for monitoring contract management and compliance and suggested that a process is put in place using IT tools to ensure that compliance reminders are built in to help manage risks and ensure data is kept accurate and up to date.

ME noted that monitoring progress made in relation to Estates is one of the priorities for JAC for 2022/23 due to the Committee’s interest following the work of the Estates Gold Group. DoF assured the Committee that work will be undertaken to build in a process for regular scrutiny and monitoring of the data recorded.

1. **Follow up report on the Internal Audit of property**

DoF gave a brief summary of the paper which provided a snapshot of progress made against the audit of neighbourhoods – divisional visits property. It was noted that this audit received limited assurance and a summary was provided in relation to the ongoing work on the recommendations made. DoF noted that they have 5 property officers that are located across various stations. Issues relate to updating and keeping records up to date. Due to new property coming in and property continuously being moved, it was found that the location of property wasn’t always the same as what was being recorded on the system. A new system is being introduced which will hopefully improve matters. DoF noted that it is intended to undertake a further audit of property in October 2022.

It was noted that South Wales have also had limited assurance in this area for a few years and have established a senior group to focus on issues. It was suggested that the Force link in with South Wales to see if any learning could be shared from their discussions to drive improvements in this area.
**A05 2022/23: DoF to link in with South Wales Police in relation to property management.**

1. **Summary Internal controls Assurance (SICA) Report 2022/23**

HC explained that this report provides an overview of emerging Governance, Risk and Internal Control related issues and progress as of the 19th of July 2022.

It was noted that all work for 2021/22 has now been finalised and work on the 2022/23 plan was in progress. In terms of priority one recommendations and their status, there are two outstanding relating to the ICT Review of Data Assurance – Management of Police Information.

ME noted that within appendix C on the priority 1 recommendation for ICT Review of Data Assurance – Management of Police Information, it notes that in July 2022 – the RMS Project has been delayed to December 2022. Further detail was requested in relation to the timeliness of this recommendation. DoF gave an overview of the work that is ongoing and noted that the report should state April 2023 and not December. It was noted that the date of December should be amended to April within the report.

**A06: For the recommendation for ICT Review of Data Assurance – Management of Police Information under appendix C of the SICA report where it notes “July 2022 – the RMS Project has been delayed further to December 2022.” The date to be changed from December to April 2023.**

**7. Internal Audit Follow-up Review 2021/22**

HC explained that this report looks back on the previous year and all the recommendations that were outstanding from 2021/22 TIAA followed up 37 recommendations and 62% of which have been implemented, 12 were outstanding and two had been considered but not implemented. It was noted that they have 2 recommendations where despite chasing, TIAA had not receive any updates from staff or officers. These 2 recommendations have been carried forward as progress was uncertain and will be captured in the next follow-up report.

1. **Indicative Audit Strategy 2022/25 and Annual Plan 2022/23**

HC noted that the plan has been reduced from 166 days to 160 as discussed within the previous meeting. An 8-day audit looking at all Wales assurances was removed which meant that two days have been put into contingency. A discussion took place on the emerging key themes in which TIAA have identified due to operational changes, which may require consideration when planning internal audit coverage, for example vetting, firearms licensing, social media and recruitment. A discussion took place in relation to ensuring that these key themes are covered within the plan. DoF noted that the theme in relation to social media and ensuring compliance with professional standards and the Code of Ethics on both a professional and private basis seemed to be missing from the plan. However, he reassured the Committee that work has recently been undertaken by the Force in this area.

FS suggested that the ICT disaster recovery and Business continuity are done together due to the links between them both and the need for assurance that both are aligned together from a business and IT perspective. HC stated that both audits could be done together by an IT auditor with specific expertise that is required.
**A07: For the Business Continuity and the ICT disaster recovery audit to be undertake at the same time.**

**A08: For an internal discussion to take place with TIAA to ensure that the plan is aligned taking into consideration the date of when areas were last audited.**

1. **Internal Audit Annual Report 2021/22**

HC gave an overview of the TIAA annual report for 2021/22. It was noted that despite Covid-19 and the need for work to be undertaken remotely, all work had been completed with no impact on their opinion for the year. TIAA were satisfied that sufficient internal audit work had been undertaken to draw a positive conclusion as to the adequacy and the effectiveness of the police and Crime Commissioners and the Chief Constables risk management control and governance processes. The report details how TIAA have arrived at that opinion and summarises the number of recommendations raised and their risk and progress.

1. **Statement of Accounts 2021/22**

CFO gave an update on the Statement of Accounts explaining that sadly the accounts are not in a position for final approval as hoped. It was explained that members had been made aware at the June seminar that there have been ongoing issues around the basis of valuation and since the seminar various aspects of the valuation has been challenged with the external valuers in terms of their application of principles and their quality assurance. Discussions have taken place with partnering forces and there seems to be many different approaches. A decision has been made to seek further valuation and are pursuing procurement options, which may take around three months. CFO explained that they were also awaiting a response from the current valuers. CFO acknowledged that this has caused Audit Wales additional work and thanked them for their honesty in sharing some of their concerns. It was noted that although the volume has improved there are still some typographical area errors, further consideration will be given on how these can be better picked up in future.

A discussion took place in relation to whether this was a Dyfed-Powys Police issue solely or whether this relates to a wider issue around asset valuation across England and Wales in public bodies. It was noted that they are awaiting a response from the valuers, however, there does seem to be a difference of approach within what the valuers have taken with the force and the principles that they have applied in comparison to what has been applied elsewhere.

1. **Audit Wales – Update**

LE reiterated that Audit Wales fully supports the route that Dyfed-Powys is taking in relation to the Statement of Accounts and will continue to work with officers towards a revised accounts timetable. It was noted that there are some areas around pension fund and remuneration as additions that will be revisited when they have revised accounts. A discussion took place around quality assurance, and it was noted that although significant improvements have been seen, there are still some quality issues that need addressing. Audit Wales will work with the Force to see if they can avoid these issues recurring again in the future.

It was noted that the audit remains open and therefore whilst the majority of their work has been completed, should anything spike nationally that requires addressing, this could have an impact on cost. Audit Wales will run a time report to see where they are against the budget to ensure that Dyfed-Powys has an indication on how they are doing in terms of cost and an indication on how this may impact on the fee.

The Committee passed on their thanks to all the staff involved in the accounts and the impact that this has had on the staff was recognised.

IW queried, due to the delay of finalising the accounts for 2021/22, would this affect the timetable for the current year 2022/23 and the final audit for next year. The impact that this would have on the finance department would be significant.

Audit Wales confirmed that the plan at present would be for next year to be business as usual.

**12. Force significant Corporate Risks**

Ch/Supt DG noted that the documents received by JAC are work in progress and will be approved at the Corporate Governance Board. It was explained that the risk management sharing guide has been put in place to ensure an effective working relationship between the Office of the Police and Crime Commissioner and the Chief Constable with regards to shared risks.

A discussion took place in relation to the red risks including the Digital and Cyber Crime Unit server running out of storage space and the impact this could have on the Force’s ability to comply with ISO standard requirements and impact on the integrity of the evidence with a negative impact on prosecutions. The Force is hoping to have a technical solution in place by October. In addition they have a short-term storage solution in place which will allow for a longer, more sustainable solution to be worked through.

An update was provided in relation the Force Communication Centre fall back site. Discussions are taking place with Capita in terms of fees to extend their support to March 2023.

An update was also given in terms of CCTV in custody suites. Work is in progress to prioritise the CCTV upgrade within the suites that are currently experiencing the most issues first.

**A09 2022/23: DoF will seek an update from the Inspector of Custody in relation to the mitigations in place in relation to the CCTV risk within custody.**

A discussion ensued in relation to the risk relating to cars which was a national matter that was being progressed.

CFO noted the need to consider a risk around some of the inflationary increases and cost of living challenges and stated that this will be considered as soon as possible. A discussion took place on the need to be careful on how this risk is framed due to its uncertainty. The risk would focus on the impact of policing services over the short, medium and long term financial plan.

KC asked if Health and Safety could be considered on the risk register moving forward. It was agreed that this should be given consideration.

1. **OPCC significant Corporate Risks**

CEO gave an overview of the OPCC risk report noting that there are five risks detailed within the report, four of which are regional or indeed national matters, which have all been previously presented to the Committee.

It was noted that they are maintaining close contact with the regional group in relation to the SARC project, however, there is no change since the last meeting.

A discussion took place in relation to the risk relating to Commissioned services - Goleudy and noncompliance with contracted timeliness for victim updates, initial victim contact and Victims’ Code of Practice (VCOP) compliance. CEO explained that there is a meeting scheduled for early September to explore processes and to consider how the OPCC can monitor VCOP compliance moving forward.

It was also noted that the risk in relation to Estates has been transferred over to the Force risk register.

ME queried the score of 16 for the risk in relation to police funding. It was noted that the mitigation score was also 16 and graded as Amber in comparison to the last risk in relation to LQC’s which has a mitigation score of 16 and is graded as green. CEO stated that the office will check the scoring and update the Committee accordingly.

**A10 2022/23: For the scoring within the OPCC risk register to be reviewed.**

1. **Fraud Update**

ME noted that any ongoing monitoring would be good in relation to Fraud. A question was asked in relation to the bad Apple reporting method and the communication on the back of fraud reporting internally. It was noted that fraud activity is discussed within the Code of Ethics group which has an independent chair and in in addition to that, information is provided on the Force intranet. Both fraud and disciplinary actions are noted on the Force intranet, which ensures transparency and clear messaging.

1. **Members Update**
2. **The All Wales training feedback.**

A discussion took place on the all Wales training session. It was noted that although virtual training can be challenging, this did save considerably in terms of traveling time. The new report on the potential of internal audit was also discussed and it was noted that emphasis was placed on the reviewing of financial statements by audit committees.

1. **JAC leads**

It was explained that work is ongoing to pull together a list of all the meetings that would benefit from JAC representation and the commitment and time that this would take. The review of the governance structure is still ongoing. Once a finalised position has been achieved, it will be appropriate to consider where is most beneficial for JAC oversight and attendance.

**A11 2022/23: OPCC to circulate a list of all current and possible meetings in which JAC members may wish to attend.**

**16. Any other business**

A discussion took place in relation to the Welsh Governments announcement for 20 mile an hour speed limits to be rolled out across Wales and whether staff resourcing and cost financial implications for the force in terms of the enforcement of the new rule had been considered. It was noted that speed awareness is linked to the Go Safe issue that was discussed as part of the review of the Risk Registers and the shortfall that they have in terms of grant funding. It was noted that there's no specific additional enforcement at this point in time tabled and it would be considered within the package of decision making as to where to deploy officers based on threat, risk and harm.

A brief update was given in relation to the internal audit contract and a brief discussion took place on a piece of work driven by South Wales which has been undertaken consider options for the delivery of internal audit services.

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| DECISIONS ARISING FROM MEETING 28th July 2022 |
| Decision No. | Decision Summary | Progress |
| Decision D01 | Subject to the noted required amendments the minutes of the meeting held on the 23rd March 2022 were accepted as a true record by the Committee. | Complete |

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|  | ACTION SUMMARY FROM MEETING ON (28th July 2022) |
| Action No | Action Summary | To be progressed by |  Progress |
| A01 | An update on the latest HMICFRS reinspection to be brought to the next JAC meeting. | RJ | Complete |
| A02 |  IW to develop the reporting within the AGG for the older high risk open recommendations and add some extra scrutiny and detail to make sure that mitigations are in place.  | IW |  |
| A03 | For the pay references of individuals to be removed from the Assurance Review of Anti-Fraud Procurement report before it is published. | TIAA |  |
| A04 | TIAA to produce a summary report in relation to grants processes within OPCCs in Wales. | TIAA |  |
| A05 | DoF to link in with South Wales Police in relation to property management. | DoF |  |
| A06 | For the recommendation for ICT Review of Data Assurance – Management of Police Information under appendix C of the SICA report where it notes “July 2022 – the RMS Project has been delayed further to December 2022.” The date to be changed from December to April 2023. | TIAA |  |
| A07 | For the Business Continuity and the ICT disaster recovery audit to be undertake at the same time.  | TIAA |  |
| A08 | For an internal discussion to take place with TIAA to ensure that the plan is aligned taking into consideration the date of when areas were last audited. | IW/TIAA |  |
| A09 | DoF will seek an update from the Inspector of Custody in relation to the mitigations in place in relation to the CCTV risk within custody. | DoF |  |
| A10 | For the scoring within the OPCC risk register to be reviewed. | CEO | Complete |
| A11 | OPCC to circulate a list of all current and possible meetings in which JAC members may wish to attend. | OPCC | Complete |