

**Meeting: Joint Audit Committee**

**Venue: Teams**

**Date: 19th October 2022**

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| **Members:** | Mr Martin Evans (ME) (Chair)Ms Lynne Hamilton (LH)Mr Farhan Shakoor (FS)Ms Kate Curran (KC) |
| **JAC Attendees** | 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 Nicola Davies, Head of Corporate Finance (Temp) (ND)Mr Jonathon Maddock, TIAA (JM)Ms Eleanor Ansell, Audit Wales (EA)Ms Gaynor Maddox, Head of Programmes and Change (GM)Ms Lee-Ann Brereton, Analyst/ Researcher (LB)Insp Richard Janas, (InspRJ)Miss Caryl Bond, Assurance Support Officer (CB) |
| **Apologies** | Dr Richard Lewis, Chief Constable (CC)Mr Dafydd Llywelyn, Police and Crime Commissioner (PCC)Ms Clare James, Audit Wales (CJ)Ms Lucy Evans, Audit Wales (LE) |
| **Declarations of Interest:** | None. |

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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 | In progress |
| A03 | For the pay references of individuals to be removed from the Assurance Review of Anti-Fraud Procurement report before it is published. | TIAA | Complete |
| A04 | TIAA to produce a summary report in relation to grants processes within OPCCs in Wales. | TIAA | Ongoing  |
| A05 | DoF to link in with South Wales Police in relation to property management. | DoF | Complete |
| 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 | Complete  |
| A07 | For the Business Continuity and the ICT disaster recovery audit to be undertake at the same time.  | TIAA | Complete |
| 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 | Complete |
| 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 | Complete |
| 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 |

1. **Minutes of the meeting held on 28th July 2022 and Matters Arising**

It was noted that the action numbers need reviewing to ensure no duplication.

A discussion took place about the inflationary pressures and the cost-of-living challenges, where Members queried if any additional work and considerations are in progress since their last meeting.

CFO noted the work in connection with Medium Term Financial Plan (MTFP), stating that they are already considering the implications for this year and for the future. It was also noted that the Force have commenced a review and are looking to save £10 million. It was noted that we are in a very uncertain economic and political situation. A Senior Leader’s event was held at HQ yesterday and the impact of the current financial situation on staff personally was acknowledged. CFO wished to reassure the Committee that significant work is underway.

Members suggested that an update to all actions is sought prior to a meeting to avoid additional time on completed actions. It was also noted that it would be useful to add the date of when each action has been completed to the actions table.

**A12 2022/23: The OPCC to ensure that an update and a date of completion is added to the actions table prior to each meeting.**

IW noted that A02 is in progress and will form part of the ongoing work at the Audit Governance Group.

A04 is in progress, JM noted that a collective report on the Commissioner Grants was pulled together a few years ago, but HC will produce an up-to-date report.

A05 – DoF noted that he had linked in with South Wales in relation to property management. A meeting took place on the 1st of September to discuss the app that they've developed. This is now being progressed with a tri-force collaboration in relation to the property management and the integration of Niche and Pronto.

It was confirmed that A06 had been completed and that the date of the RMS project has been changed to April 2023.

JM noted that A07 has been completed and that the plan has been amended to reflect the Committees suggestion.

IW noted that A08 is business as usual and will be reflected in the next internal audit plan.

It was noted that both A09 and A10 had been completed and are included on the agenda under the risk registers. It was confirmed that there is a page on DPPI 2 that captures all the force policies in one place.

**D02 2022/23: Subject to the noted required amendments the minutes of the meeting held on the 28th July 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 2nd of September 2022. The main areas discussed within the meeting was the Force Management Statement (FMS).A FMS update report is in the process of being produced to advise officers and staff how this will inform the Force Review and business planning for the next 3 years. The Risk Management Policy was formally signed off by the Group. DoF gave an overview of all other actions as noted on the paper circulated to the Committee.

It was also noted that the Force is able to sign the Annual Governance Statement earlier than the accounts and is on the agenda for the meeting today for final review.

1. **Audit Governance Group (AGG) meeting held on the 29th September 2022**

A discussion took place in relation to the Estates audit which received limited assurance. It was noted that one of the responsibilities at the AGG is to support business areas which have received limited assurance. Estates senior leaders attended the AGG to discuss the recommendations and advise on mitigations that they had already put in place. All priority one recommendations have been responded to and other recommendations are in progress.

There are currently 31 open recommendations. The recent increase is attributed to 15 recommendations from recent audits, 11 of which are from the Estates - Planned & Preventative Maintenance audit (Limited assurance) and 4 from the Operational Equipment audit (Reasonable assurance).

An overview of the age of the open recommendations was given. It was noted that several the older recommendations are attached to longer term pieces of work, particularly the impending IT developments. 4 recommendations (all priority 2) previously considered implemented were reopened during the Sep 2022 Follow up audit, with TIAA challenging the quality or absence of evidence provided. This is a practice that hasn’t been observed in recent years and so requires further action. In 2 of these cases a remedy looks to be readily available.

**A13 2022/23 Members asked for some further information on the four re-opened recommendations at the next JAC meeting.**

A discussion took place in relation to a new Implementation & Evidence Cycle, which notes the language that should be used to determine the status of a recommendation and to ensure that evidence is noted following implementation.There are currently 22 recommendations requiring evidence in order to enable them to be closed.

A special meeting of the AGG was convened to discuss whether the work of the AGG should be merged with the Corporate Governance Group (CGG). After a fair evaluation of roles and responsibilities it was concluded that this would not bring sufficient advantage and would dilute the opportunity for detailed scrutiny. Instead to gain an efficiency it was agreed that the reporting of AGG to the CGG is to be simplified with greater focus on exceptions and less repetition of matters that are otherwise devolved.

ND reassured the Committee that for the older recommendations an additional column has been added to their tracker requesting that Heads of Department include an estimated implementation date.

1. **Reports of the internal auditors**
2. **Collaborative Compliance Review of Risk Management – Mitigating Controls**

Outcome: Substantial Assurance with no recommendations. This was a collaborative report with North Wales. The governance structures for the mitigation, monitoring and reporting of risk within the two Forces were deemed effective.

A discussion took place on the number of risks reviewed, JM confirmed that two risks is normal, and the Audit Committee or senior management can select them. A risk that affects all forces is usually selected in order to gain assurance and compare what all forces are doing to mitigate the same risk.

1. **Compliance Review of HR Management – Recruitment and Training**

Outcome: Substantial Assurance with no recommendations. Adequate arrangements for the selection and appointment of Police Officers and Police Staff were found to be in place.

1. **Compliance Review of Operational Equipment**

Outcome: Reasonable Assurance with two priority 2 recommendations and two priority 3 recommendations. It was found during a vehicle check to review the first aid kit that the first aid kit was poorly stocked, and contents were found to have fallen out of the carry case. In addition, the most recent Weekly Vehicle Maintenance and Equipment Check form that could be located was completed in December 2021. Weekly checks should be maintained.

The second recommendation was in relation to a recommendation which was reported in January 2020.The Force has experienced issues with the items sent for cleaning not being returned or incorrect items being returned. Discussions confirmed that these issues continue to be a problem for the Force and there has been little to no improvement in the service provided by the external company. It is recommended that a policy or procedure be put in place detailing the process for the sending, receiving and storing of laundered items in the custody suites across Dyfed-Powys

A discussion took place in relation to the lifespan of anti-harm suits in custody suites. Suits should be replaced after a certain number of washes, and it is therefore important that the number of washes is tracked. There is a concern that if anti harm suits are getting lost, are they being accurately tracked. ND noted that there is a tracker system for anti-harms suits that exists in custody, and they are fully sighted on the need to be replaced on a frequent basis.

**A14 2022/23: ND will provide the Committee with an update at the next meeting on the anti-harm suits tracking system that custody use.**

A discussion took place in relation to the laundry performance being a longstanding issue and it was noted that issues shouldn’t be left outstanding or until contracts come to an end. It was noted that contract management issues appear to be a reoccurring theme.

CFO stated that herself and the DOF will consider strengthening around contract management and some possible training.

**A15 2022/23: CFO and the DOF to meet with the Head of Procurement to consider options for strengthening contract management.**

1. **Estates Management-Planned and Preventative Maintenance**

Outcome: Limited Assurance with one priority 1 recommendation, six priority 2 recommendations and four priority 3 recommendations.

It was explained that the main recommendation was around the gas servicing certificates. It was found that four. heating boilers were non-compliant, which had not been reported to the Operational Estates Group. The Committee acknowledged the potential serious implications of this finding.

The second recommendation was in relation to the Electrical Installation Condition Records relating to fixed wire testing within 3 of the buildings and the need further tests to be undertaken to ensure statutory compliance.

It was also noted that other testing was required consistently on a frequent basis, such as legionella risk assessments, fire alarm testing and emergency lighting tests.

A discussion took place in relation whether an IT system could help flag up any certificates that are due renewing etc.

DoF confirmed that the noncompliance in relation to testing has been added to the risk register. All outstanding testing identified has now been completed with the exception of the electrical installation Condition records work, which is planned for those 3 outstanding properties.

The Committee noted that it appeared to be cultural systemic structural failure and would be looking for assurance on the wholes system rather than just the items identified. Members also queried the process in place in terms of the holding to account of individuals who are not executing a standard operating procedure. Members felt that a follow up audit on this after a few months would beneficial.

It was positively noted that the testing for asbestos found no issues at all.

DoF reiterated that work is ongoing in relation to looking at our overall arrangements in terms of procurement, delivery and control mechanisms.

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

JM explained that this report provides an overview of emerging Governance, Risk and Internal Control related issues and progress as of the 12th of October 2022.

A discussion took place on climate change and environmental and sustainability issues. It was noted that TIAA, have been accredited to the Green Dragon Environmental Certification since 2012, achieving Standard 3 in February 2022.

JM gave an overview of appendix. A, which noted the progress against the plan. The final two audits need arranging between now and the end of the year, dates of which will be confirmed in the next couple of weeks.

IW queried about the six categories used in the table on the root cause indicator and asked if they were consistent across all of their clients or are they specific to Dyfed-Powys. JM confirmed that it is a standard part of their risk assessment these categories are used across all the sectors.

IW also queried if the root cause indicators had been collected for a full year and whether it would be possible to see the full year stats. JM confirmed that he could provide the data for the year for the December meeting.

**A16 2022/23: JM to include the root cause indicator statistics for a full year in the next SICA report.**

JM noted that in all other sectors the highest volume of recommendations also come under compliance.

1. **Treasury Management report**

CFO noted that this is the annual Treasury Management Outturn Report for 2021/22 and review of 2022/23 activity to date. The first section is the economic update, which is provided by our Treasury Management Advisors

CFO noted that they have incorrectly interpreted some of the references from the Link Group update. These will be amended and re-circulated for accuracy.

The Force are aware of the impact of the wider cost of living crisis and are mindful of this in relation to their Medium-Term Financial Planning and in terms of year end and year in year forecasts.

CFO noted that within section 8, there is a reference to 2022/23 and that it should be 2021/22.This will be amended and included in the new version to be circulated. This correction will confirm that there was no borrowing in last financial year.

The Treasury Management Strategy (TMS) also focuses on security, liquidity and then yield activity in 2022/23. They are currently focusing on cash flow forecasting to inform external borrowing decisions. That's closely linked with both the in- year position and MTFP and Capital Programme, which is under review at the moment. It was noted that they are seeking clarity and certainty around their spend profiles to ensure that there is no borrowing in advance of need.

A discussion took place around the relationship between the Force and their new Treasury Management advisors, Link Group. It was explained that Link will be assisting the finance team and their new staff with some additional training in readiness for the 2023/24 TMS.

1. **Statement of Accounts Update**

CFO explained that they have the issues in relation to the external evaluation of estate. Following a tender process work is now underway and is expected to conclude early December. The Statement of Accounts are on hold pending completion of this work in December as it will need to be reflected with the accounts.

A discussion took place around the impact on the team in terms of their preparation for the next set of statutory accounts. It was also noted that the finance team are heavily involved in the Force Review activity and the requirement to identify savings of £10 million over the next 3 years. This is a very challenging period for the finance team. JAC members wished to reiterate the importance of ensuring the well-being and resourcing of the respective teams, especially given the work pressure and the financial pressure that everyone is under at the moment.

1. **Consultation on Fee Scales 2023-24 update**

It was noted that this was circulated for information to the JAC.

EA noted that although the consultation has now closed, they are still happy to feedback any comments.

EA noted that fees are increasing across the board and will be between 12 and 18% for 2023/24.

1. **Annual Governance Statement (AGS)**

GM thanked LH for her email and feedback on the AGS, all identified amendments have been logged and will be undertaken. The Committee stated that they were very happy with the document and thanked GM for the work that has been undertaken.

**D03 2022/23: Members were happy to recommend the AGS to the PCC and CC for approval.**

1. **HMICFRS activity**

Insp RJ was welcomed to the meeting.

It was explained that the latest Peel Inspection report for Dyfed-Powys Police on the 18th of August this year. The content of the report is encouraging, with improvements made across several areas of assessment in the period between the initial inspection in 2021 and the subsequent re-inspection in 2022. Indeed, during the additional evidence gathering period granted by HMICFRS, the Force has made improvements in gradings in five core question areas namely, victim service, crime data integrity, responding to the public, investigating crime and the management of offenders/suspects. An overview was given in relation to the gradings given to the force on each of the 12 areas inspected.

It was positive to note that the previous cause for concern in relation to our crime data integrity has been met and signed off due to substantial improvements made with respect to crime recording practices in very quick time.

It was explained that The PEEL report has highlighted several specific areas where the force is required to make improvements. An overview was given on the new Areas for Improvement (AFIs) allocated following the publication of PEEL 2021/2022 Report, and also those AFIs (superseded) which still require work to be completed.

The Committee wished to congratulate the force on the improvements made. KC raised a question in relation to the new AFI’s and the one in relation to performance monitoring. It was queried whether this has come from anything specific. InspRJ explained that the findings were related to the force performance process. There are a number of different performance meetings that are at different levels, some of those were deemed to be slightly inconsistent, some of the issues and actions discussed were not filtering down to daily management meetings. This could be improved to make sure there's a consistent approach to performance management across the board from a strategic level to daily management meetings.

FS queried whether the list of AFI’s is prioritised. Insp RJ noted that there's not an exact hierarchical number, but we will prioritize those AFIs that they've had for a longer period of time or those that are of a high priority such an in relation the recording of crime etc.

Insp RJ reassured that there is a governance structure to monitor all areas for improvement, to make sure there's oversight and scrutiny and that risks are identified and prioritized. All AFIs sit under their respective strategic delivery boards and then there's additional scrutiny oversight through regular meetings that Insp RJ attends with the Deputy Chief Constable and the business area and AFI leads.

It was explained that upcoming HMIC inspection activity include a criminal justice joint inspection in relation to meeting the needs of victims and the criminal justice system. There's also a HR planning serious organised crime Welsh region inspection, which will be completed by the end of 2023. There's also thematic inspection of armed policing in January 2022 and the force are currently waiting details of a thematic inspection of custody.

1. **Force Review Update**

IW explained that the review team has been together for about a month. They have an agreed terms of reference and a reporting structure. It was explained that they are following the MSP strategic principles for project management.

The team to date has been looking at potential areas of saving and evaluating the financial impact and the reality of being able to attain savings more formally. They have also systematically approached all heads of service to ask views on what opportunities there are for reductions and savings within their departments. A Senior Leaders event was held yesterday, explaining the scale of the necessity for the £10 million saving that's required which included a session which captured ideas and thoughts from all those in attendance.

All Heads of Departments will be spoken with individually to explore savings. The team are also mindful of the timeline for presentation to the Police and Crime Panel and PCC’s responsibility for setting the precept.

It was noted that a saving of 6 million will be needed by April, followed by 2 million the following year and then another 2 million the year after.

It was confirmed that it would be useful for the Committee to receive a regular update at each meeting of the progress being made.

1. **Force significant Corporate Risks**

GM apologised that the Panel had not yet received a copy of the full risk register. Following their audit, they are making a few changes which they have taken from best practice. However, they have gone back through the last 2-5 years and looked at all the risks that have been held in force and transferred all the risks into a new risk template and logged all histories.

GM gave an overview of all the key risks. An update was given on the Coroners Office risk, there is a risk that reputational damage will be caused by not recognising the resilience that is required for the Coroners Officer's role.

A discussion took place in relation to the custody risk in relation to CCTV. Dates for work have now been confirmed at the Strategic Estates Board and it was recognised that with the funding challenges that these may change however this would be monitored. Work in relation to the affray alarms and the risk in relation to custody healthcare was also discussed.

LH queried the emerging risk in relation to the cost of living and impact of fuel inflation which are noted under winter of discontent. It was queried whether it was felt that this risk properly and fully reflects the financial challenges that they are facing. GM agreed that it doesn’t at present. CFO agreed and noted that they will ensure that these financial challenges are properly reflected within the risk register.

**A17 2022/23: For the financial challenges in terms of the cost-of-living impact to be properly reflected within the force risk register.**

FS queried in relation to the CCTV concern whether the force had considered using Artificial Intelligence Visual Analytics. FS gave the Committee a quick description of what AI can do, noting its effectiveness on monitoring high risk items. GM stated that she would share this with the Head of ICT.

It was noted that with property exhibit management being raised in two TIAA audits, it is back on the register, recognizing the transition over to Niche, which does have an impact on property management and evidence management.

GM explained that she will be asking to move the risk in relation to the FCC call back site to ICT ownership as it is an issue with technology rather than an estates risk.

It was noted that the BMW risk will be kept red due the risk death or injury to officers. This will stay red until all vehicles have been replaced.

It was noted that the Information management and compliance risk is back on the register. The reason why it has been reviewed again is because in the transition over to Niche they will be decommissioning legacy systems which will need to be done carefully.

1. **OPCC significant Corporate Risks**

CEO explained that as members can see from the report the situation remains unchanged with 5 retained risks on the risk register. It was noted that positively the VCOP compliance position has improved quite significantly. The introduction of new processes has meant that the numbers of outstanding referrals that needed to be processed have reduced significantly, it is hopeful that by the next report that the risk level will be reduced further.

The risk in relation to Go Safe remains a matter that is being progressed on a regional basis and there's activity being progressed through the Chief Finance Officers.

The Sexual Assault Referral Centres risk remains unchanged, discussions are continuing at an all Wales level and they are looking to seek funding to support with the developments that are needed.

An update was given in relation to the Legally Qualified Chairs (LQC’s). Notification had been received that the Supreme Court have dismissed the Avon and Somerset versus Eckland case in the Court of Appeal and it was determined that the Chief Constable was liable for any disability discrimination by the statutory police. This is a key decision, which is impacting that Chief Constables who will now be held liable for any discriminatory conduct by misconduct panels. LQC's have now asked for improved indemnity and confirmation that forces are adequately financed and insured to cover potential costs. CEO will be meeting with Legal services next week to discuss the implications and how they proceed locally in response to this determination.

1. **Fraud Update**

CFO confirmed that there have been no new cases in the last quarter. However, two instances have more recently been reported and will be reported to the next JAC.

A discussion also took place around the need to declare any business interests and declaration of interests.

**A18 2022/23: IW to discuss with the Head of Professional Standards that individuals are reminded of the need to declare any business interests etc.**

JM also reassured the Committee that PSD have a page on the intranet which includes guidance/ information on business interests. Information is there, but some communication signposting would be beneficial.

1. **Members Update**
2. **JAC Leads**

It was reiterated that it's not an obligation on the members to attend all the governance meetings suggested, but it provides an opportunity for members to be exposed to some key areas.

**A19 2022/23: GM and CB to send out the necessary meeting invites to JAC members.**

ME asked if LH would be happy in attending the Commissioning Advisory Board meetings. LH confirmed that she would be happy to attend. Members did note that their attendance would be subject to their diary availability. GM noted that they are trying to plan most of the meetings a year in advance which may help with planning.

It was also noted that should a member not be able to attend a key meeting such as estates, then possibly another member could cover. It was also noted that should a member not be able to attend, their comments or views on the agenda and papers can be submitted to the Chair of that meeting via email prior to the meeting for their consideration.

1. **OPCC re-structure**

CEO noted that they are starting to see the positive impact of the restructure already, with many new individuals having started in post. The CEO wished to note that they still have a few critical posts outstanding. The Head of Assurance is due to start next week, this will drive some of the scrutiny and assurance activity. However, they are currently advertising for a new External Funding Manager, a role which is deemed to be critical, particularly in this current climate. Every effort is being made to try and fill this vacancy as soon as possible.

ME thanked FS for co-chairing the meeting due to ME’s technical issues.

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| DECISIONS ARISING FROM MEETING 19th October 2022 |
| Decision No. | Decision Summary | Progress |
| Decision D02 | Subject to the noted required amendments the minutes of the meeting held on the 28th July 2022 were accepted as a true record by the Committee. | Complete |
| D03 | Members were happy to recommend the AGS to the PCC and CC for approval. | Complete |

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|  | ACTION SUMMARY FROM MEETING ON (19th October 2022) |
| Action No | Action Summary | To be progressed by |  Progress |
| A12 | The OPCC to ensure that an update and a date of completion is added to the actions table prior to each meeting. | CB | Complete04.11.22 |
| A13 | Members asked for some further information on the four re-opened recommendations at the next JAC meeting.  | IW |  |
| A14 | ND will provide the Committee with an update at the next meeting on the anti-harm suits tracking system that custody use. | ND |  |
| A15 | CFO and the DOF to meet with the Head of Procurement to consider options for strengthening contract management. | CFO/DoF |  |
| A16 | JM to include the root cause indicator statistics for a full year in the next SICA report. | JM |  |
| A17 | For the financial challenges in terms of the cost-of-living impact to be properly reflected within the force risk register  | GM/DoF/CFO |  |
| A18 | IW to discuss with the Head of Professional Standards that individuals are reminded of the need to declare any business interests etc.  | IW |  |
| A19 | GM and CB to send out the necessary meeting invites to JAC members.  | GM/CB | Complete03.11.22 |