

**OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR NORTH WALES  
AND  
NORTH WALES POLICE**

**ANNUAL REPORT OF THE JOINT AUDIT COMMITTEE 2017-18**

**18 JULY 2018**

**1 INTRODUCTION**

1.1 The Joint Audit Committee (JAC) presents its annual report for 2017-2018. The committee is a key component of the corporate governance framework of the Office of the Police and Crime Commissioner for North Wales (OPCC) and the Chief Constable of North Wales Police (CC). The committee is independent and provides advice and assurance on the adequacy of governance and risk management frameworks, the internal control environment and financial reporting.

1.2 Revised Terms of Reference for the JAC were approved on 26<sup>th</sup> February 2014. Its annual work plan outlining meeting agendas and content was approved on 13<sup>th</sup> July 2017.

1.3 The year 2017-18 is the final year of the current committee's tenure and a new committee has been appointed with effect from 1 April 2018.

**2 RECOMMENDATION**

2.1 To note the matters that have been considered and the conclusions drawn by the JAC during the 2017-18 financial year.

**3 COMMITTEE MEMBERSHIP**

3.1 Membership of the JAC was constant throughout 2017-2018 and comprised:

- Eira Bedford
- Dilwyn Evans
- Pam Hall
- Philip Lord (elected Chair for 2017-18)
- Geoffrey Stewart (elected vice chair for 2017-18)

**4 MEETINGS**

4.1 During 2017-2018 the JAC met on four occasions:

- 13 July 2017
- 20 September 2017
- 22 November 2017
- 20 March 2018

4.2 The meeting in July receives the draft annual financial accounts which are issued on 30 June and the meeting in September is required to be held before the 30 September deadline for publication of the approved audited financial statements. The meeting in November receives the Wales Audit Office annual audit report. The fourth meeting is held in March to receive the annual internal and external audit plans.

4.3 The following officers normally attended JAC meetings during 2017-18:

- Chief Executive Officer (OPCC)
- Chief Finance Officer (OPCC)
- Information Assistant (OPCC)
- Director of Finance and Resources (Force)
- Chief Accountant (Force)
- Supt Corporate Services (Risk management)
- Financial Management Accountant(Force)
- Engagement Lead (Wales Audit Office)
- Audit Manager (Wales Audit Office)
- Head of Internal Audit (Denbighshire CC).
- Head Of Internal Audit (TIAA)

4.4 The Police and Crime Commissioner (PCC) and Chief Constable (CC) attended the JAC meeting on 20 September 2017 to sign the audited financial statements for 2016-17

4.5 JAC meetings are held in public at the headquarters in Colwyn Bay, although private sessions have been held when the information discussed would be exempt under the freedom of information act 2000. Agendas and papers including minutes for meetings are published on the website of the office of the police and crime commissioner.

## **5 TRAINING**

5.1 As part of their continuing development JAC members received presentations after their meetings. During 2017-2018 the following subjects were covered:

- Sustainability and social value
- Health and safety
- Emergency services network
- RMS legacy data controls
- Risk management - Wylfa Newydd

5.2 In previous years members of the JAC joined members of the joint audit committees of the Gwent, Dyfed-Powys and South Wales Police Commissioners and forces to discuss issues of common interest and to receive refresher training No such meeting was attended by the JAC during 2017-18.

## **6 EXTERNAL AUDIT**

6.1 As external auditors, Wales Audit Office (WAO) presented to the JAC meeting on 20 March 2017 its Annual Audit Outline for the audit of the 2016-17 financial statements of both the PCC and North Wales Police (NWP) and performance audit work.

- 6.2 The draft financial statements of the PCC and CC for the year ended 31<sup>st</sup> March 2017 were presented to the JAC at its meeting on 13 July 2017. Members gave their comments on the draft financial statements whilst the external audit proceeded and changes were made by management where appropriate.
- 6.3 The final audited financial statements for 2016-7 were presented to the JAC meeting on 20 September 2017. As appointed auditor, WAO reported its intention to issue an unqualified opinion on the financial statements. Based on the assurances given by the Wales Audit Office and the OPCC and the CC, the JAC agreed that the Statement of Accounts be signed by the Chief Finance Officers as giving a *“True and fair view”* and that there were no known reasons why the PCC and the CC should not approve the Statement of Accounts for 2016-17.
- 6.4 The Annual Audit Report for 2016-17 was discussed at the JAC meeting on 22 November 2017. In addition to its unqualified opinion on the financial statements WAO declared its satisfaction that the PCC and the CC *“had appropriate arrangements in place to secure economy, efficiency and effectiveness in their use of resources”*.

## **7 INTERNAL AUDIT**

- 7.1 Denbighshire County Council (DCC) Internal Audit Services ceased to provide the internal audit service during 2017-18 and TIAA were appointed as internal auditors for an initial period of 3 years effective 1 April 2017.
- 7.2 The annual internal audit plan for 2017-18 was approved by the JAC at its meeting on 15 March 2017. The 190 planned days of audit work were allocated to checking detailed areas within governance, risk management, ICT, finance, estates management, contract management, fleet management, HR management, operational matters as well as an allocation of time for audit administration. The JAC monitored the internal audit work, regularly receiving and considering reports from the Head of Internal Audit. As in the previous year, there were no significant delays in carrying out the 2017-18 internal audit programme. Full details of internal audit work carried out during the year together with conclusions and evaluations are included in the minutes of JAC meetings which are available on the OPCC website. All areas audited were assessed by the internal auditors as providing either substantial or reasonable assurance with the exception of the compliance review of the Easter Area command unit which was rated as providing limited assurance. Follow up work is being carried out by the internal auditors.
- 7.3 In their examination of each of the Internal Audit reviews, members of the JAC sought assurance that the recommended actions to be undertaken by management to reduce risks would be carried out. TIAA follows up each review to ascertain the degree of compliance in implementing its recommendations.
- 7.4 The Head of Internal Audit Services presented the Internal Audit Annual Report for 2016-2017 to the JAC at its meeting in March 2017. In the Head of Internal Audit’s opinion *“the Police and Crime Commissioner and the Chief Constable can have ‘medium’ assurance in the overall adequacy and effectiveness of their internal control environments, including their arrangements for governance and risk management.”*. There are no qualifications to the head of internal audit’s opinion.

## **8 GOVERNANCE**

- 8.1 The first draft of the annual governance statement for 2016-17 had been presented to the JAC at its meeting on 15 March 2017. Members of the JAC and Internal Audit commented on this draft in time for any amendments to be incorporated before its final presentation to the JAC at its meeting on 13 July 2017. The completed and final annual governance statement was received by the JAC at its meeting on 20 September 2017.
- 8.2 The initial draft of the annual governance statement in respect of 2017-18 was received and discussed by the JAC at its meeting on 20 March 2018.
- 8.3 The Joint Governance Board, established in July 2014, met regularly throughout 2017-2018. Its purpose is to consider the overall joint governance framework and to ensure that the PCC and the CC fulfil their corporate governance responsibilities. The board membership comprises senior officers of both the OPCC and the Force and the Head of Internal Audit. A member of the JAC attends meetings of the board. The Chief Finance Officer reports to every JAC meeting on the work of the board.

## **9 RISK MANAGEMENT**

- 9.1 A member of the JAC has been nominated to meet the Risk Manager ahead of each meeting to discuss in detail the risk management process and risk activity. Members of the JAC have access to all the OPCC and Force risk registers before their formal meetings. Starting from March 2017 JAC meeting risk owners have been invited to attend closed sessions to explain how the risks they are responsible for are being managed.
- 9.2 The JAC concentrates on the combined strategic risk register and seeks reassurance that it is reasonable, comprehensive and dynamic. It also checks that residual risk is in line with both organisations' appetites for risk. At every JAC meeting members receive and review the risk management update on the organisational risk management process.
- 9.3 At its meeting on 22 September 2015 the JAC received the Joint Risk Management Strategy for the years 2015-2018. The aim of the strategy is to ensure that in identifying and managing risk successful outcomes and reduced levels of harm to individuals and communities can be achieved. The JAC recommended that management of risk within the OPCC and the Force could be enhanced by maintaining a register of risk registers.

## **10 FORWARD LOOK 2018-2019**

- 10.1 At its meeting on 18 July 2018 the newly appointed JAC will review the committee's work programme for 2018-2019.
- 10.2 The schedule of work will include reviews of the internal and external annual audit plans, the draft and final statements of accounts, value for money assessment, annual audit report, internal audit reports, annual governance statement, treasury management strategy, risk management strategy and corporate risks and mitigation measures.
- 10.3 The JAC has four meetings planned during 2018-19 financial year:
- 18 July 2018
  - 20 September 2018
  - 21 November 2018
  - 19 March 2019

10.4 JAC members will continue to receive training and development in their roles and an induction seminar is planned for the new committee. Specific aspects of Force activities will be presented and there will be a training session with members of the other three Wales JACs

## **11 CONCLUSIONS**

11.1 The JAC adhered to its terms of reference as they applied for 2017-2018.

11.2 The JAC completed its work plan for 2017-18.

Philip Lord (Chair of JAC for 2017-18)

18 July 2018