

**HEDDLU
GOGLEDD CYMRU
NORTH WALES
POLICE**

JOINT AUDIT COMMITTEE

9.30am – 9 March 2020
Conference Room 1, Force Headquarters, Colwyn Bay

AGENDA

Membership:

Rachel Barber (Chair)
 John Cunliffe
 Claire Hodson
 Dianne Walker

	Standing Items		Page	Time
	Apologies	Chair		5
88	Minutes of the last meeting The Chair shall propose that the minutes of the meeting held on 28 November 2019 be signed as a true record	Chair	3-11	
89	Actions Log	Chair	12-22	10
	Standing Items			
90	HMIC Update (for information)	Audit & Inspection Team	23-27	10
91	Internal Audit <ul style="list-style-type: none"> a. Internal Audit Oversight b. Summary Internal Controls Assurance (SICA) Review c. Assurance Report – HR Management – Wellbeing Strategy d. Collaborative Assurance Review of Debtors e. Collaborative Assurance Review of Estate Management Delivery f. Collaborative Assurance Review of Payroll Arrangements g. Assurance Review of Capital Programme h. Collaborative Assurance Review of Single Online Home 	Internal Audit	28-39 40-49 50-53 54-59 60-67 68-72 73-76 77-83	10
92	Risk Update	Chief Superintendent Corporate Services	84-86	10

	Substantive Items			
93	Risk Management Process (for assurance) (Oral)	Director Finance & Resources / Chief Superintendent Corporate Services		20
94	Annual Governance Statement – Governance Framework & Review (for review and observations)	Chief Finance Officer/ Director of Finance & Resources/ chief Superintendent Corporate Services	87-104	20
95	Capital Strategy (review & observations)	Chief Finance Officer	105-132	15
96	Internal Audit Annual Plan (for approval)	Internal Audit	133-153	10
97	Wales Audit Office Annual Plan (for approval)	Wales Audit Office	154-168	10
98	Procurement and Contract Management (for information)(Presentation only)	Chief Finance Officer	169-187	10
	AOB (Advise the chair ahead of the meeting)			
	DATES OF FUTURE MEETINGS 30 th July 2020 5 th October 2020 10 th December 2020 ALL WALES JAC EVENT 30 April 2020 TECHNICAL BRIEFING 8 June 2020 (2019/20 Statement of Accounts & WAO Fees)			
			Total	140mins

JOINT AUDIT COMMITTEE

28th November 2019

PRESENT

JOINT AUDIT COMMITTEE:
Jim Illidge – Chair Rachel Barber John Cunliffe Dianne Walker Claire Hodson
FORCE OFFICERS:
Seb Phillips – Director of Finance & Resources Guto Edwards - Head of Finance Helen Williams - Financial Control Accountant Kathryn Jones – Risk & Business Continuity Coordinator Superintendent Simon Williams – Corporate Services Anne Matthews – Finance & Budgets Officer Chief Insp Andy Griffiths – Audit & Inspection team
OFFICE OF THE POLICE AND CRIME COMMISSIONER:
Stephen Hughes – Chief Executive Officer Kate Jackson – Chief Finance Officer Angharad Jones – PA to the Chief Executive

OTHER:

Helen Cargill, TIAA

APOLOGIES AND DECLARATIONS OF INTEREST

Apologies were received by Derwyn Owen and Michelle Phoenix from Wales Audit Office.

Chair welcomed Seb Phillips to his first Joint Audit Committee meeting as the new Director of Finance and Resources for North Wales Police.

76. MINUTES AND ACTION LOG

Addition under Section 72 - Joint Audit Member stated that they were aware of a Risk Associate Company who could assist with training if needed.

Amend Section 72, 2nd paragraph – change “approach **has** been rolled out across the Force” to “approach **is being trialled** across the force”.

The minutes of the meeting held on 23 September 2019 were agreed as a true record of the meeting once above amendments incorporated.

77. ACTION LOG

Action Log was updated and will be circulated with the minutes.

78. HMICFRS UPDATES

Force Audit and Inspection Team updated the Committee on the HMICFRS inspections which have been undertaken since the last meeting.

The Child Protection inspection has taken place and North Wales Police fared well with only 7 recommendations and reported a very positive inspection overall. Responses to the recommendations have recently been returned to the HMICFRS and expect HMICFRS to revisit the Force to check their position within next six months. Feedback received states that they are satisfied with the responses provided.

Counter-terrorism inspection has also taken place and the HOT debrief was very positive. No recommendations have yet been received.

North Wales Police are ranked first within the table of outstanding recommendations per force and are also top of the success rate of recommendations completed per Force table.

Feedback has been received from HMICFRS regarding the PEEL Inspection and a good overall grading has been received. One area needed immediate attention – Treat the Public Fairly. This is now a priority within the Force and the results of the Public Confidence Survey which was recently undertaken is being used to inform the Resource Planning for next year.

No action plan has yet been received from the PEEL inspection but sure that the Force will be challenging some of these decisions. These recommendations will be looked at/actioned across all business areas.

JAC member had requested, in advance of the JAC meeting, sight of the responses to the HMICFRS; this request had been declined by the Chief executive and Chair of JAC.

The Chief Executive explained that the responses to the recommendations had not been shared with the Joint Audit Committee as this was considered to be part of the Police and Crime Commissioner role in scrutinising the Force and not the Joint Audit Committee’s responsibility. Joint Audit Committee Member explained that they believed their role was to seek assurance that the recommendations were actioned and scrutinised.

It was reported that the North Wales Police Strategic Planning Board scrutinises all HMICFRS recommendations and that outcomes are fed into the Corporate Improvement Board, Senior Management Board and Strategic Executive Board. Joint Audit Member asked for the terms of reference for these boards to enable them to gain assurance that the recommendations are scrutinised and recorded within the organisation.

ACTION 78a	Terms of Reference for the Strategic Planning Board, Corporate Improvement Board, Senior Management Board and Strategic Executive Board to be shared with the Joint Audit Committee.
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It was noted that the Child Protection report is available online and that in the view of the Committee it may well be of concern to members of the public. Chief Inspector of the Audit & Inspection Team stated that a press release has been published explaining the steps that North Wales Police are taking to address these recommendations. Joint Audit Committee commended this action and stated that steps taken need to be shared with the public.

It was noted that additional officers had been allocated to the Protecting Vulnerable People Unit (PVPU) and that improvements had been made with the identification of vulnerable individuals. It has been recognised that the retention of specialist officers was essential.

Joint Audit Committee Member noted that there were difficulties within the Appropriate Adult Scheme. Chief Executive Officer explained that the Office of the Police and Crime Commissioner own the contract and that they are in the process of reviewing the contract in light of difficulties encountered with the recruitment of Appropriate Adults and time taken to reach custody.

79. INTERNAL AUDIT REPORT AND PROGRESS REPORT

a. INTERNAL AUDIT OVERSIGHT

Joint Audit Committee noted the content of the paper.

It was noted that 1 overdue/outstanding recommendation remains and this will be reviewed at the end of December.

The Health and Management and the digitisation of the health and safety forms has been delayed again as the H&S Administrator appointed had withdrawn from taking up the role at the last minute. A new Health and Safety Manager has now been appointed and this action will be taken forward as soon as possible. Joint Audit Committee Members to receive update on actions at next meeting.

ACTION 79a	Joint Audit Committee Members to be updated at next meeting on progress made against Health and Management and the digitisation of the health and safety forms.
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b. SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REVIEW

This report summarises and provides an update on the progress of work undertaken in 2018-19 and updates on progress against the Annual Plan.

It was noted that the North Wales Police's Collaborations audit will not now take place this financial year and that the dates allocated will be used for another audit which has not yet been identified.

All collaborative audits which are being undertaken with the other Welsh Police Forces are progressing well and two draft reports have been issued. The Estates audit was difficult to compare as different contracts were chosen across the Forces. It was reported that the process is very similar within each Force with just the contacts difficult to compare as consistent contracts were not chosen.

TO NOTE - assurance had been sought and received outside the meeting that actions identified within the Client Briefing Notes issues had been actioned within North Wales Police.

It was suggested that Internal Audit provide an extra column at the end of the Client Briefing Notes table for comments. Joint Audit Committee felt that this would be helpful and Internal Auditor to ensure that extra column will be added to the table.

ACTION 79b	Internal Audit to place an extra column for comments within the Client Briefing Notes table.
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c. ASSURANCE REVIEW – BUDGETARY CONTROL

Joint Audit Committee noted the Assurance Review – Budgetary Control report where substantial assurance was given with no actions identified.

The review considered the budget preparation process, the monitoring of arrangements and reporting to Boards. It was noted that comprehensive arrangements are in place for the monitoring and controlling budgets within North Wales Police incorporating the production and reporting of detailed financial and management accounts information to all key stakeholders.

d. ASSURANCE REVIEW – TREASURY MANAGEMENT

Joint Audit Committee noted the Assurance Review of Treasury Management where substantial assurance was given with no actions identified.

The review considered the arrangements for controlling the investment and borrowing arrangements, compliance with the organisation's overall policy, banking arrangements, reconciliations and the reporting to committee. It was noted that the Treasury Management processes and actions were operating in accordance with the approved Treasury Management Strategy.

e. COMPLIANCE REVIEW OF UNCERTAINTY MANAGEMENT – MITIGATING CONTROLS

Joint Audit Committee noted the Compliance Review of Uncertainty Management – Mitigating Controls report where reasonable assurance was given and no recommendations raised. The grading of reasonable assurance was given due to the overarching changes being made within the organisation.

The review considered two risks currently included in the organisation’s risk map and the effectiveness of the identified controls reviewed. It was noted that the Force is still to finalise its Risk Management Policy due to the significant work that is being undertaken to develop an Assurance Mapping process to reinforce its current arrangements for managing risk.

The collaborative audit on Mitigation of Risk being held next year will hopefully make recommendations across Wales and will enable all Forces to share best practice.

80. **RISK MANAGEMENT REPORT**

Joint Audit Committee noted the Risk Management Process report.

It was reported that two ESN risks had been added to the register and that risk 37 had been closed as recruitment of additional staff had mitigated the risk.

It was noted that progress had been made in simplifying the assurance mapping process. A meeting will be held in mid-December where issues will be looked at thoroughly to ensure appropriate issues are highlighted and to find a process that is not too bureaucratic and ensures that officers are kept updated.

Joint Audit Committee asked that they receive a progress report once meeting had taken place and in advance of the March Joint Audit Committee.

ACTION 80a	Superintendent Corporate Services to ensure progress report be sent to Joint Audit Members once meeting had been held to discuss the assurance mapping process.
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Joint Audit Committee questioned why the ESN risk had only recently been placed on the Risk Register when all had been aware of the issue for some time. It was noted that the identification of risk was a stumbling block and that cultural changes were need within the organisation. At present officers deal with the issues and are reluctant to put on the risk register as concerned about the bureaucracy that would entail.

It was decided that an off line meeting be convened as soon as possible between Chief Executive Officer, Director of Finance and Resources, Superintendent Corporate Services and any Joint Audit Committee Members who would like to attend to discuss the Risk Register and way forward.

ACTION 80b	Meeting to be organised between Director Finance and Resources, Superintendent Corporate Services, Interim Governance Manager and Joint Audit Committee Members to discuss Risk Register.
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81. **DEEP DIVE – FINANCE**

Risk – that Finance and resources are inadequate to deliver service plans. £31.104m cuts have been made over the period 2001-12 to 1018-19 which is 21% of the original budget. Further financial pressures from potential further cuts, review of the policing funding formula, increased pay awards and new demands mean that there will be continued pressure on the available resources to meet future demand for the service.

Head of Finance provided detailed information regarding the mitigating measures taken to ensure that the risk is correctly managed and scrutinised.

It was explained that the main background documents which are used when considering the finance processes are:

Medium Term Financial Plan
Capital Strategy
Statement of Accounts

Joint Audit Committee asked that they see the Force Management Statement which is produced every year for HMICFRS. Superintendent Corporate Services is happy to share but would need to ensure that the HMICFRS give their consent for this document to be seen by Joint Audit Committee.

ACTION 81a	Superintendent Corporate Services to contact HMICFRS to ascertain if Force Management Statement can be shared with Joint Audit Committee.
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Head of Finance stated that planning work is undertaken throughout the year but that the main work is undertaken between June and January annually.

Operational Improvement Programme (OIP) was used in the past for planning the resources needed but this year Priority Resources Planning was used and is now the new process the Force will use where service, impact, risk and benefits are considered.

Joint Audit Member explained that he expected to see more explanation within this document of the assurance given to show that the risk is managed correctly ie. more detail explaining what is available/considered when setting the budget.

It was noted that in future an executive summary will be produced for each deep dive paper that is presented to Joint Audit Committee stating what assurances are in place and looking at scenarios of what would happen if risk identified were to happen. (This to be discussed at the off line meeting mentioned in action 80b).

Chief Executive Officer stated that scenarios are already used as Head of Finance and other officers from the Force come to the Police and Crime Commissioner with difference scenarios when setting the precept increase. These scenarios are identified within the Medium Term Financial plan presented to the Police and Crime Panel yearly and would answer many of the questions raised. It was agreed that the Medium Term Financial Plan and Precept Report are presented to the next Joint Audit Committee meeting.

ACTION 81b	Medium Term Financial Plan and Precept Report to be presented to the next Joint Audit Committee meeting.
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The next risk to be presented to the Joint Audit Committee for a Deep Dive will be chosen at the off line meeting (Action 80b). Head of Finance suggested that it would be best to choose a risk that had an Internal Audit Report to correspond with the subject as this would also provide assurance.

ACTION 81c	Next Risk to be presented to Joint Audit Committee for Deep Dive will be chosen at off line meeting.
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82. GOVERNANCE REVIEW

Interim Governance Manager updated the Committee on the progress achieved to date as well as the next steps within the Governance Project.

The Governance Project is progressing well but has not gone through the formal governance structures as yet and the Police and Crime Commissioner has yet to be briefed on the findings.

The fourth phase is due to commence shortly and will focus on implementing the recommendations arising from the review to ensure the Force and Office of the Police and Crime Commissioner have an efficient, effective and robust governance structures/arrangements in place.

28 recommendations have been highlighted and it is recommended that a scheme of delegation is created and that work is carried out with other organisations to develop best practice.

It was noted that the document did not include what current governance structure is in place or what is proposed. Joint Audit Committee stated that they had much experience within this field and can add value before the final document is prepared. Superintendent Corporate Services to consult with the Joint Audit Committee as part of the governance review before the review is finalised.

ACTION 82	Superintendent Corporate Services to share Governance Review document with the Joint Audit Committee before the governance review document is finalised.
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83. SEMI-ANNUAL TREASURY MANAGEMENT REPORT 2019-20

Joint Audit Committee noted the content of the paper and observed that there were no unplanned breaches to the limits or indicators.

It was noted that long term loans had been acquired when interest rates were at their lowest point and this has benefited the organisation as it had been able to reduce the need for short-term loans and has given a certainty on the interest paid.

JAC Member noted that the requested half year financial review to 30 September 2019 had still not been made available, for information as requested. Chief Executive stated that this report would be issued to the Police & Crime Panel in due course.

84. WALES AUDIT OFFICE ANNUAL AUDIT LETTER

Joint Audit Committee noted the report which closes last year's audit where the OIP has been recognised as best practice.

Joint Audit Committee congratulated all for their hard work.

85. JAC MEETINGS 2020 AND WORK PROGRAMME

Joint Audit Committee noted that changes to the timetable for next year's Joint Audit Committee meetings and noted their availability to attend on the revised dates.

The Committee asked that the following subjects be added to the work programme:

Governance Review – March Meeting
Force Management Statement – when published
HMICFRS PEEL recommendation – public engagement – when recommendations become available.

Chief Finance Officer to inform Wales Audit Office that the Annual Audit Letter will be required in October next year and not November as in past years.

ACTION 85	Chief Finance Officer to inform Wales Audit Office of change of date for presenting the Annual Audit Letter and add subjects to the Joint Audit Committee Work Plan.
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86. CHAIR RESIGNATION

It was noted that the current Chair of the Joint Audit Committee was stepping down as Chair in order to take up another Chair position, but indicated he would be willing to stay on as a Committee Member.

Chief Executive Officer thanked the Chair for all his work and that he was grateful that he had been kept informed of the Chair's intentions and glad that he was able to stay on the Committee.

Chief Executive Officer announced that he was delighted to announce that the new Chair of the Joint Audit Committee will be Rachel Barber.

Joint Audit Member noted that the Chair vacancy was not filled by means of a process which invited all eligible members to apply for the role. The appointment had been decided upon without inviting or considering applications, and remaining JAC Members were informed of the choice of new Chair by way of individual conversations with the Chief Executive.

JAC Member stated that whilst accepting and supporting the decision, it is recommended that in future an open process is held to fill vacancies, to ensure transparency and consistency with the processes adopted for filling vacancies elsewhere in NWP and PCC, as well as HR best practice.

Chief Executive Officer confirmed that the Police and Crime Commissioner and Chief Constable had been kept informed at all times of the process being undertaken and he had spoken to all members individually.

87. **ANY OTHER BUSINESS**

Action Log

Re-visit action log:-

72 – closed

74a - Separate meeting to work through the issues. Close 74a and open new action.

Concerns re documenting the Risk Process

Joint Audit Committee keen to put on record their ongoing concerns regarding documenting the risk process and other documents that are shared with the Joint Audit Committee. The Committee are still looking for improvements in the flow of information to them, not because they want to check the details but because they are part of the audit trail which ensures that there is reasonable assurance and coverage on various issues. Believe that the meeting being organised will be a good way forward.

This will be the Risk and Business Continuity Coordinator last meeting before her retirement and the Joint Audit Committee would like to thank Kathryn for all her hard work and wish her well for the future.

	Open
	Closed
	Deferred

New/Open actions from November 2019

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
	22a	AOB – GDPR – Chief Executive Officer to look into the sharing of information between North Wales Police and the Office of the Police and Crime Commissioner under the new GDPR.	Immediate	CEO	Information Sharing Agreement required between the Office of the Police and Crime Commissioner and North Wales Police. Head of Information Standards & Compliance was working on this. ISA/MOU is being drafted for the sharing of information between OPCC and NWP. It is proposed to have one document to complement the Policing Protocol. CEO does not believe that this is needed as sharing of information is covered by the Policing Protocol and legislation that covered the work of the Commissioner but Work is still progressing between both organisations. This work is being progressed. 09/10/2019 – Head of Information Standards and Compliance is still liaising with other Forces to see what needs/has to be done but the Policing Protocol covers the transfer of information between OPCC's and Forces.	
	41d	Wales Audit Office Annual Report – Wales Audit Manager to pass comments to the Wales Audit Director and also to attempt to pass information about potential misstatements to North Wales	Immediate	Wales Audit Manager	This is ongoing during the course of the audit. 17/10/2019 – process worked well this year. Proposed action closed.	Closed

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		Police as soon as possible to reduce likelihood of significant misstatements remaining as uncorrected in the accounts.				
	42	Wales Audit Office – Fraud Enquiry Letters – In future, Chief Finance Officer to provide previous year’s response to the Fraud Enquiry Letters for both years side by side in a single document in order for the Joint Audit Committee to be able to compare both more easily.	March 2020	CFO	Ongoing.	
	44b	Joint Governance Board and Draft Annual Governance Statement - Director of Finance and Resources to bring results of the governance review to the September Joint Audit Committee meeting.	November meeting	DoFR	Interim Governance Manager to attend November Joint Audit Committee meeting. On Agenda.	Closed
31/07/2019	51	Final Accounts and ISA260 - Finance Team to take forward outside of the meeting comments suggested by Joint Audit Committee at Accounts Day.	Immediate	Chief Finance Officer	Comments and suggestions by JAC members will be considered for the 2019-20 initial draft accounts.	Closed.
	56a	Ethics - Police and Crime Commissioner to raise with Victim’s Commissioner the dilemma received regarding individuals who are sexually assaulted.	Immediate	Police and Crime Commissioner	Chief Finance Officer has liaised with Chief Information Officer who states that this is a national issue which is being considered currently by the ICO, CPS and courts and recommends that the PCC does not involve himself in the matter at the moment.	
	56b	Ethics – Chief Information Officer to produce simple flow diagram of the ethical dilemma process and how it is embedded within North Wales Police Governance	Immediate	Governance and Policy Officer	Missed from Action (will update at next meeting). 28/11/2019 Governance and Policy Officer to pick-up and take forward.	

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
	56c	Ethics - Chief Executive Officer to ask north Wales Police to review the public membership of the Ethics committee to ensure that all areas of North Wales' society are represented.	Immediate	Chief Executive Officer	CEO to update at meeting (missed off action log) 28/11/2019 New Independent Chair being recruited for the Ethics Committee. Entire membership and Terms of Reference will be updated when new Chair in place.	
	56d	Ethics - Chief Executive Officer to contact North Wales Police to ask if they would consider giving the Office of the Police and Crime Commissioner a participating role within the Ethics Committee.	Immediate	Chief Executive Officer	Matter has now been resolved and confirmed that the OPCC representative at the Committee will have a full and participating role. Recommend action closed.	Closed
	59a	Internal Audit - Finance and Budgets Officer to include identified risks within the spreadsheet sent to Joint Audit Committee.	Immediate	Finance and Budgets Officer	Tab added to report issued to JAC members detailing the CBNs received from TIAA and action taken. Recommend action closed.	Closed
	59b	Internal Audit - Internal Audit to check what action has been taken against the Data Assurance recommendation.	March meeting	Internal Audit Manager	One of the recommendations was closed off at 2018/19 Follow-up and the remaining two will be assessed during the 2019/20 Follow-up. 28/11/2019 Internal Audit follow-up audits will happen in Feb/March and will report on findings.	
	59c	Internal Audit - Director of Finance and Resources to check that North Wales Police and CGI have met to agree changes to contract.	Immediate	Director of Finance and Resources	E-mail conversations taking place. 30/09/2019 - The meeting took place in March and the actions completed. The CGI contract has been agreed to be extended incorporating a number of service improvements and was signed in September.	Closed
	59d	Internal Audit - Joint Audit Member to review extension to contract before Police and Crime Commissioner signs.	As soon as possible	Joint Audit Member	E-mail conversations taking place. Ongoing 17/10/2019 – Head of ICT and Director Finance and Resources met with Joint Audit Committee Member to discuss. Recommend action closed.	Closed
	59e	Internal Audit - Management to	As soon as	Management	Day to day business as part of risk management processes,	

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		ensure that all Departments learn lessons from similar previous Internal Audit Reviews.	review completed		as will be illustrated in the risk deep dive. 28/11/2019 Will be built into the Governance Process. Recommend action closed	
	59f	Internal Audit - Internal Audit to review the use of red text within the Internal Audit Reports.	Immediate	Internal Audit Manager	This has been completed. We no longer use red text in the executive summary pages of the TIAA internal audit reports for North Wales Police. Recommend action closed.	Closed
	59g	Internal Audit - Chief Finance Officer to include procurements/contracts within the Joint Audit Committee's work plan.	Immediate	Chief Finance Officer	Work plan has been updated and presentation for future meeting being prepared. Recommend action closed.	Closed
	59h	Internal Audit - Director of Finance and Resources to update Joint Audit Committee of ICO visit to North Wales Police to review their action plan in relation to GDPR.	When ICO visit completed	Director of Finance and Resources	The review took place in preparation for the introduction of GDPR and the actions are completed. 28/11/2019 Re-open. Director of Finance and Resources will look into this report back to Joint Audit Committee.	
	60	JAC Annual Report - Personal Assistant to update the Internal Audit Rolling Strategic Plan within the JAC Annual Report.	Immediate	Personal Assistant	JAC Annual Report updated with the updated and published on the website.	Closed
	61	Work Programme for 2019/20 - Chief Finance Officer to contact other Welsh Forces re alternative date for the All Wales JAC meeting.	September meeting	Chief Finance Officer	Provisionally booked for 30 th April 2020 at Llay – awaiting confirmation. 17/10/2019 – All Wales JAC meeting now confirmed for 30 th April 2020 in Llay. Recommend action closed.	Closed
	63	Risk Management Report - Paper be presented to next Joint Audit Committee on the appetite for risk and that the changes to the Risk Process within North Wales Police be presented to the November Committee.	September meeting	Director of Finance and Resources	Due to annual leave over the summer period and operational commitments the proposed changes have not yet been approved. The paper will be deferred to the November committee. 28/11/2019 Risk Appetite – paper to be presented at the next meeting re process changes.	

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
23/09/2019	67	Minutes and Action Log – Personal Assistant to update action log and send embedded documents to Joint Audit Committee and save as appendices to Action Points.	Immediate	Personal Assistant	Word version of Action Points have been sent to Joint Audit Committee and also saved on the G Drive. Recommend action closed.	Closed
	70b	Assurance Review of Fixed Assets – Director of Finance and Resources to explore incorporating a stocktake of assets into the PAT testing exercise	Immediate	Director of Finance and Resources	Incorporating stocktake into the PAT testing exercise will be considered at next tender exercise. Recommend action closed.	Closed
	70c	Assurance Review of Governance – Community Engagement – Joint Audit Member to send action re CCTV to Director of Finance and Resources	Immediate	Joint Audit Member	H&S Training – look into further.	
	71	Fleet Management - Mobile Working and recruitment of 20,000 officers to be placed on Spring Joint Audit Committee Agenda.	March meeting	Director of Finance and Resources	To be placed on March Joint Audit Committee meeting agenda.	
	72	Risk Management Report - Chief Finance Officer and Director of Finance and Resources to review timetable for Joint Audit Committee meetings to ascertain best times for meetings.	November meeting	Chief Finance Officer and Director of Finance and Resources	On agenda. Recommend action closed.	Closed
	74a	Deep Dive – Finance – Joint Audit Member and Risk and Business Continuity Coordinator to produce a template for “Deep Dive” sessions	Immediate	Joint Audit Member and Risk and Business Continuity Coordinator	Template has been produced. Recommend action closed.	Closed
	74b	Deep Dive – Finance – Personal Assistant to place Finance Deep Dive on November agenda	November meeting	Personal Assistant	Finance Deep Dive on November meeting agenda. Recommended action closed.	Closed
	75	Any other business – Internal Oversight Document and Finance	November meeting	Personal Assistant	Internal Audit Oversight placed on agenda and Police and Crime Panel paper will be saved onto the G. Drive.	Closed

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		Report to be placed on the Joint Audit Committee agenda as standing items			Recommend action closed.	
28/11/2019	78a	HMIC Updates – Terms of Reference for the Senior Executive Board, Senior Management Board and Transformation and Corporate Improvement Board.	Immediate	PA	Terms of Reference sent to members on 09/12/2019. Recommend action closed.	
	79a	Internal Audit Report and Progress Report - Joint Audit Committee to be updated at next meeting on progress made against Health and Management and the digitisation of the health and safety forms	March meeting	Director of Finance and Resources		
	79b	Internal Audit Report and Progress Report - Internal Audit to place an extra column for comments within the Client Briefing Notes table.	By March meeting	Internal Audit Manager		
	80a	Risk Management Report – Progress report to be sent to Joint Audit Members once meeting had been held to discuss the assurance mapping process.	As soon as possible	Supt Simon Williams		
	80b	Risk Management Report - Meeting to be organised between Chief Executive, Director of Finance and Resources, Superintendent Corporate Services and Joint Audit Committee to discuss Risk Register`	Urgently	PA	Meeting set-up for 16 th December but had to be postponed due to unforeseen circumstances.	
	81a	Deep Dive – Superintendent Corporate Services to contact HMIC to ascertain if Force Management Statement can be shared with Joint Audit Committee.	Immediate	Superintendent Corporate Services	NWP are able to share Force Management Statement for information with the Joint Audit Committee. Document has been placed on the G Drive.	
	81b	Deep Dive – Medium Term Financial Plan and Precept Report to be	March meeting	Chief Finance Officer		

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		presented to the next Joint Audit Committee meeting.				
	81c	Deep Dive - Next Risk to be presented to Joint Audit Committee for Deep Dive will be chosen at off line meeting	Urgently	PA	As per risk 80b	
	82	Governance Review - Superintendent Corporate Services to share Governance Review document with the Joint Audit Committee before the governance review document is finalised.	As soon as possible	Superintendent Corporate Services		
	85	JAC Meetings 2020 and Work Programme – Chief Finance Officer to inform Wales Audit Office of change of date for presenting the Annual Audit Letter and add subjects to Joint Audit Committee work plan	By March meeting	Chief Finance Officers		

Closed actions since last meeting –

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
20/09/2018	16b	Final Statement of Accounts – Interim Director of Finance and Resources to raise the importance of providing timely information with the Payroll Department	Immediate	DFR	To be discussed with the new head of POD and early sight of audit plan to be shared with Payroll to ensure that they have sight of when information will be needed. This action to stay open until we come to prepare the final statement of accounts next year. Payroll has been advised and procedures changed to permit this.	Closed
	16c	Final Statement of Accounts - Wales Audit Office to send draft Financial Statement Report and give presentation at July 2019	Immediate and July 2019	WAO	Place on July 2019 agenda. Ongoing.	Closed

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		Joint Audit Committee detailing any changes				
	19a	Risk Register – Risk and Business Continuity Officer to forward Risk Management Strategy and Draft Policy to JAC Members	Immediate	Risk and Business Continuity Officer	Draft Risk Management Policy sent to all JAC members on 9 th October 2018. Need to ensure that this is taken to final position and re-sent to members. 26.06.2019 Following assessment of the value of Assurance Mapping in Finance and Resources either 1) a Risk and Assurance Framework or 2) a Risk Framework will be taken to the Assurance Board 13/08 for final agreement	Closed.
21/11/2018	28a	Internal Audit – Summary Internal Controls Assurance (SICA) Report – TIAA to re-send briefing documents to Audit Members and ensure that all contact details are up-to-date to ensure that all future briefings are received	Immediate	Internal Auditors	DoFR to check this has been done. E-mail addresses received. When Director within TIAA receives these documents she will forward to JAC.	Closed
	33	Any Other Business – Potential Changes to Police Pensions – CFO to keep Joint Audit members informed of any significant developments/responses received.	Ongoing	CFO	DoFR circulated to JAC members’ statement received from The Chief Secretary to the Treasury outlining an associated issue regarding legal challenges to the transitional arrangements for the new scheme. Implications are not yet fully clear and members will be updated at the next meeting.	Closed
21.03.2019	37a	HMIC Update – Force Audit & Inspection Team to send a copy of their current work spreadsheet to Joint Audit Committee for their information	Immediate	HMIC Liaison	On agenda	Closed
	37b	HMIC Update – Force Audit & Inspection Team to refine spreadsheet to show which actions are within NWP control and which are national actions.	Immediate	HMIC Liaison	Spreadsheet now received.	Closed
	37C	HMIC Update – Chief Finance Officer to place HMIC on next all Wales Joint Audit meeting agenda	Immediate	CFO		Closed
	38a	Internal Audit - Director of Finance and Resources to discuss how amber actions	Immediate	DoFR	The amber actions relate to client briefings which are shared with relevant managers. Process now in place	Closed.

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		are reviewed with Internal Audit			to record any resulting actions.	
	38b	Internal Audit – Director of Finance and Resources and Internal Audit to investigate whether the Capital Strategy and Treasury Management reviews could be bought forward.	Immediate	DoFR/Internal Audit	Both reviews are now in 2019/20 work programme.	Closed
	38c	Internal Audit – Director of Finance and Resources to send e-mail to all staff reminding all of their responsibilities to attach receipts to expenses claims	Immediate	DoFR	E-mail sent to all staff by Director Finance and Resources	Closed
	38d	Internal Audit - Internal Audit to send PA shorter papers for inclusion within the Joint Audit Papers	Immediate	Internal Audit	These papers have now been received and included within JAC papers.	Closed
	39a	Draft Internal Audit Annual Plan – Director Internal Audit to send text from key areas for consideration to Joint Audit Committee	Immediate	Internal Audit	Problem experienced with formatting. Documents to be sent in .pdf in future.	Closed
	39b	Draft Internal Audit Annual Plan – Internal Audit work place to be placed on July meeting agenda.	Next meeting	PA	On agenda.	Closed
	41a	Wales Audit Office Annual Report – Wales Audit Manager to take back to Wales Audit Director that the Joint Audit Committee has questioned the fees being the same as previous year	September meeting	Wales Audit Manager	Derwyn Owen received a letter from Kate Jackson requesting information regarding the WAO fees. Derwyn responded on 30 May. On agenda  FW Derwyn Owen.msg	Closed
	41b	Wales Audit Office Annual Report – Chief Finance Officer to share Wales Audit Office consultation with Joint Audit Committee	Immediate	CFO	Distributed by e-mail 21 March 2019.	Closed
	41c	Wales Audit Office Annual Report – Chief Executive Officer to ask the Commissioner to write to Wales Audit Office questioning their fees	Immediate	CEO	PCC has written to WAO questioning their fee. Letter and response attached.   2019.04.11 Derwyn Owen.pdf FW Derwyn Owen.msg	Closed
	43	Draft Capital Strategy - Head of Finance	Immediate	HoF	Paragraph 8.1 amended as requested and published on website.	Closed

MEETING DATE	MINUTE NO.	ACTION DESCRIPTION	REQUIRED BY (DATE)	PERSON RESPONSIBLE	UPDATE	OUTCOME
		to amend paragraph 8.1 of the Capital Strategy to state that Joint Audit Committee's views were sought and it was not their decision.				
	44a	Joint Governance Board and Draft Annual Governance Statement - Chief Finance Officer to bring back any learning from CIPFA course on the governance framework and Annual Governance Statement to North Wales Police/Joint Audit Committee.	Next meeting	CFO	The Annual Governance Statements comply with the current requirements and recommendations. However, CIPFA's guidance is updated on a regular basis, and we need to ensure that our statements are updated to take regards with the most recent guidance, and the methodologies used to compile them remain fit for purpose.	Closed
	44c	Joint Governance Board and Draft Annual Governance Statement - Internal Audit to audit process when findings of review being implemented into the structure.	Continuous	Internal Audit	Included within the Internal Audit Plan	Closed
	45	Governance of Reserves - Chief Finance officer to note good work that it being done around the governance of reserves in the Annual Financial Statement.	Immediate	CFO		Closed
	46	Discussion of the Work Programme for 2019/20 - Chief Finance Officer to bring back final paper to July Joint Audit Committee.	Next meeting	CFO	On agenda.	Closed

Abbreviation Key	
CC	Chief Constable
CEO	Chief Executive Officer (OPCC)
CFO	Chief Finance Officer (OPCC)
DFR	Director of Finance and Resources (NWP)
Head of Finance	Guto Edwards
Head of Procurement	Patricia Strong
HMICFRS	Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services
JAC	Joint Audit Committee
NWP	North Wales Police

OPCC	Office of the Police and Crime Commissioner
PA	Personal Assistant to CEO and CFO
PCC	Police and Crime Commissioner
PSD	Professional Standards Department (NWP)
TIAA	Internal Audit
WAO	Wales Audit Office

Joint Audit Committee

Meeting Date: 9th March 2020

Title:	HMICFRS Update
Author:	Sarah O'Hara
Purpose of the report:	To provide an overview of recent North Wales Police HMICFRS inspections and to provide an update on progress and delivery of the associated recommendations and areas for improvement (AFIs).
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> • North Wales Polices' PEEL report was published on 6th February 2020. The overall grading for North Wales Police is Good, with the breakdown as below: <ul style="list-style-type: none"> ○ Effectiveness – Good <ul style="list-style-type: none"> ▪ Protecting Vulnerable People – Good ▪ Armed Policing – Ungraded ○ Efficiency – Good <ul style="list-style-type: none"> ▪ Planning for the Future – Good ○ Legitimacy – Good <ul style="list-style-type: none"> ▪ Treating the Public Fairly – Good ▪ Ethical and Lawful Workforce Behaviour – Requires Improvement ▪ Treating the Workforce Fairly – Good <p>The areas that were not inspected during this inspection are listed below; their previous grading's have therefore been upheld.</p> <ul style="list-style-type: none"> ○ Effectiveness <ul style="list-style-type: none"> ▪ Preventing Crime and Tackling ASB – Good (2016) ▪ Investigating Crime – Good (2016) ▪ Tackling Serious and Organised Crime – Good (2016) ○ Efficiency <ul style="list-style-type: none"> ▪ Meeting current demands – Good (2017) <p>Treating the public fairly received a 'Requires Improvement' grading due to an inconsistent approach to engagement and a lack of proper scrutiny and understanding on our use of stop/search and use of force. Work is ongoing in this area and has been since the initial feedback received immediately after the inspection fieldwork.</p> • Police Super-Complaints is a new process of investigation which allows designated organisations to raise issues on behalf of the public about what they see as harmful patterns or trends in policing. These complaints are then considered by HMICFRS, the College of Policing and the IOPC. There are currently three complaints that have been assessed as eligible for investigation. <p>North Wales Police has been selected as one of six forces for fieldwork in</p>

	<p>February to support the investigation into the Police Super Complaint made by Liberty and Southall Black Sisters. This super-complaint alleges that the police practice of passing victim and witness information to the Home Office for the purpose of immigration enforcement is harming the interests of victims and the public.</p> <p>Detail regarding all three which are currently under investigation can be viewed here: https://www.gov.uk/government/collections/police-super-complaints</p> <ul style="list-style-type: none"> As at 6th January 2020, nationally, North Wales had 34 open recommendations (17 of these are inactive) and an overall completion rate of 84%. All recommendations and AFI's have been risk assessed based upon the likelihood of severity on harm to the public, workforce or our reputation. This allows for the force to prioritise in a methodical way, concentrating on those that pose the most risk or harm. The attached document displays North Wales' position nationally (<i>position as at 06/01/20</i>): <p>Annex 1:</p> <div style="text-align: center;">  HMIC Recommendations.pp </div>
Recommendations:	None.
Risk register impact:	None.
Assurance implications:	None.
Equality Impact:	None.
Information exempt from disclosure:	None.

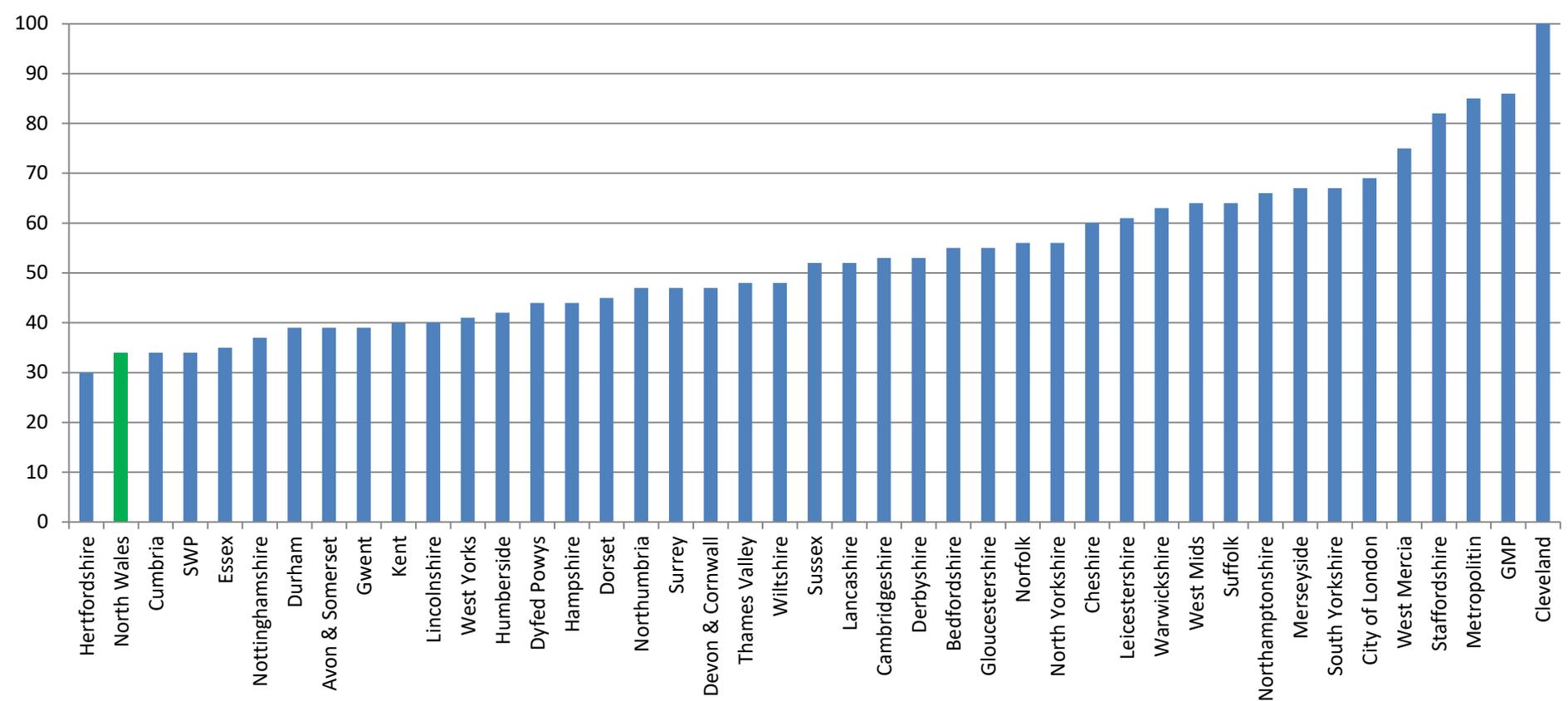


HEDDLU
GOGLEDD CYMRU
NORTH WALES
POLICE

North Wales Police HMICFRS – Recommendations

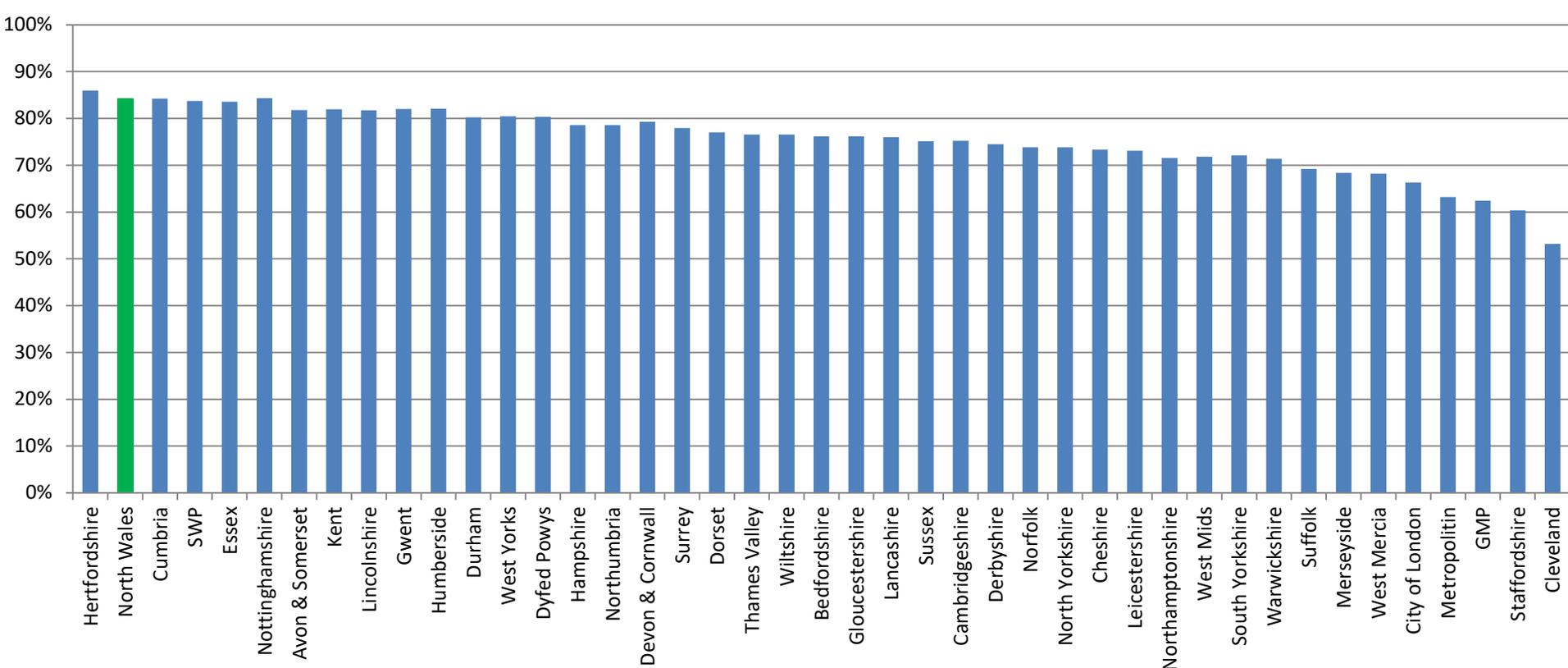


Outstanding Recommendations Per Force

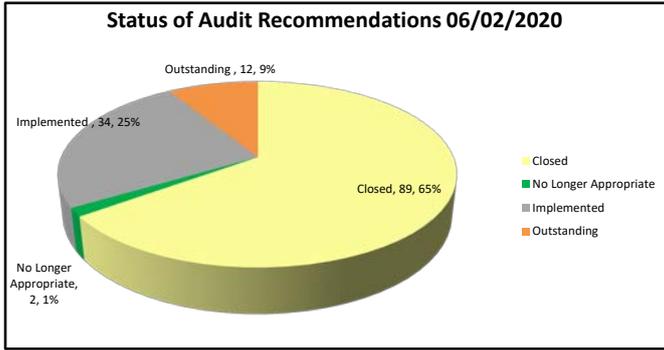




Success Rate of Completion per Force



Type of Recommendation	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Comments
Closed	81	82	83	89	As at 06/02/2020
No Longer Appropriate	2	3	2	2	As at 06/02/2020
Implemented	22	31	33	34	As at 06/02/2020
Outstanding	19	13	12	12	As at 06/02/2020
	124	129	130	137	

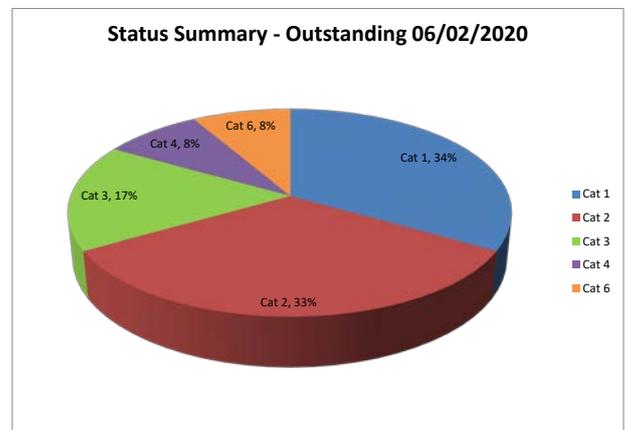
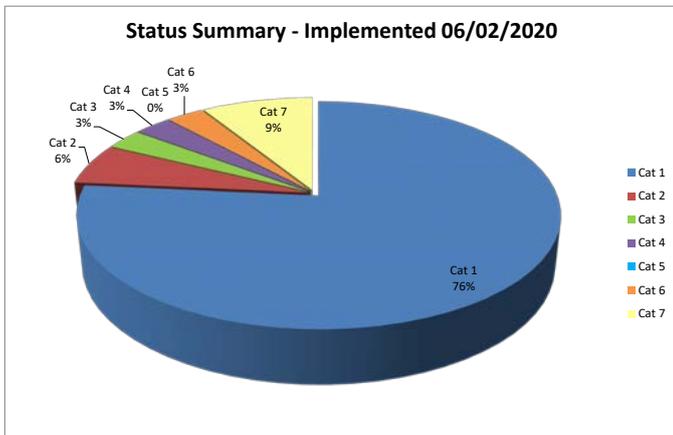


Status Summary - Implemented

Category	No
Implemented on or before original due date	26
Implemented on or before 1st revised due date	2
Implemented on or before 2nd revised due date	1
Implemented on or before 3rd revised due date	1
Implemented on or before 4th revised due date	0
Implemented on or before 5th revised due date	1
Implemented after original and/or revised due date	3
Total	34

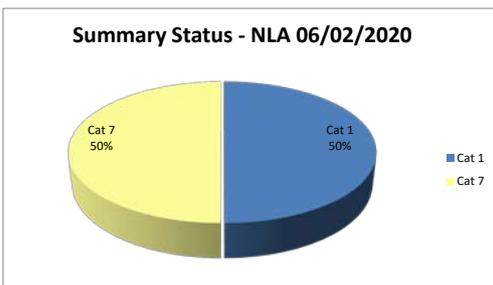
Status Summary - Outstanding Recommendations

Category	No
No of Recommendations - still on original due date	4
No of Recommendations - 1st revised due date	4
No of Recommendations - 2nd revised due date	2
No of Recommendations - 3rd revised due date	1
No of Recommendations - 4th revised due date	0
No of Recommendations - 5th revised due date	1
No of Recommendations - Overdue	0
Total	12



Status Summary - NLA Recommendations

Category	No
NLA on or before original due date	1
NLA on or before 1st revised due date	0
NLA on or before 2nd revised due date	0
NLA on or before 3rd revised due date	0
NLA on or before 4th revised due date	0
NLA on or before 5th revised due date	0
NLA after original and/or revised due date	1
Total	2



Responsible Officer	ID	Original Due Date	Revised Due Date
Business Systems Unit.	237156	31/03/2020	31/08/2021
Chief Information Officer	238131	31/03/2020	
Deputy Head of ICT Infrastructure (who will manage this new NWP ICT role)	237158	31/08/2019	31/03/2020
Head of ICT	236368	31/12/2019	31/03/2020
Head of ICT Infrastructure	236367	30/09/2019	31/03/2020
Head of IS&C	237154	31/03/2020	
Health & Safety Manager	227788	31/12/2018	31/03/2020
OPCC CEO	237920	31/08/2019	31/03/2020
Payroll & Pensions Manager	242413	31/03/2020	
SSF Manager	235616	30/09/2019	31/03/2020
Web Manager	236649	01/09/2019	10/03/2020
Head of Medical Services	241633	30/11/2020	

Resp for report	Count of Responsible Officer
Business Systems Unit.	1
Chief Information Officer	1
Deputy Head of ICT Infrastructure	1
Head of ICT	1
Head of ICT Infrastructure	1
Head of IS&C	1
Health & Safety Manager	1
OPCC CEO	1
Payroll & Pensions Manager	1
SSF Manager	1
Web Manager	1
Head of Medical Services	1
Grand Total	12

ID	Service	Job	Year	Risk Area	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Category	Status	Last Update	Latest Response	Comment
2E+05	ICT Audit	GDPR Compliance Audit PO No FN27625	2018	Operational Risk	A review process be introduced to minimise the risks around sensitive data being stored to network drives.	3	NWP is moving to Office 365 as part of the National Enabling Programme. As part of this work, we will move from the current shared drives arrangement, to a more structured approach to data sharing with teams. As part of the migration to Office 365, a full review of the existing information there will need to be conducted, and thereafter ongoing governance as to its use will be controlled.	Business Systems Unit.	31/03/2020	31/08/2021	2	Outstanding	06/02/2020	Update from Business Systems Operations Manager 06/02/2020 Having discussed this recommendation with the Head of ICT it is suspected that it will take some time to move away from the G drives, which should move to teams and sharepoint but needs planning. NEP has now been delayed from the planned date of March 2020. The technical pilot was due by January 2020, this has moved to March 2020. The Business pilot was March 2020 but is now August 2020. Therefore the network drive work to O365 won't be planned to start until after these have been completed. Completion for full roll out is suspected to take another 12 months from then, so August 2021 is the revised due date.	
2E+05	Internal Audit	Fixed Assets	2019	Directed Risk	The Force Information Standards Procedure be reviewed and updated.	3	The Information Security Procedure will be reviewed as part of a plan of work to update all FISP Procedures. A caveat has already been added to the Procedure indicating that it is under review and should now be read in conjunction with a new Sensitive Data Processing Policy which is required by additional obligations under the updated Data Protection Act 2018. The full review has been delayed, in part due to the upcoming NEP Remediation Plan which will potentially influence its content. In terms of ETA, resources permitting, we would anticipate a full review by March 2020.	Chief Information Officer	31/03/2020		1	Outstanding	04/02/2020	Update received from Head of Information Standards and Compliance 04/02/2020 The Force Information Standards review will commence on 01/02/2020.	
2E+05	Internal Audit	Contract Management PO No FN27625	2018	Compliance Risk	Relationship management of the Sinclair contract be reinstated as planned.	2	Following further discussions regarding this gap between NWP's Head of ICT Infrastructure and the Head of ICT, they feel that because in reality Sinclair's contract for the Voice Recording element is not a Managed Service contract but a Break Fix one, that will not as such include a dedicated service management role, who would meet with NWP ICT to discuss the service relationship on a quarterly basis. However, once a new individual is employed to fill this Airwave and JCC Service Management role, NWP ICT will ensure that role does endeavour to meet with Sinclair from time to time, to ensure they are meeting their contractual service requirements including SLAs against break fix faults.	Deputy Head of ICT Infrastructure (who will manage this new NWP ICT role)	31/08/2019	31/03/2020	3	Outstanding	29/01/2020	Update from Deputy ICT Infrastructure Manager 29/01/2020 The Control Room Systems Manager has been in position now for five months but there has been a steep learning curve for him to get up to speed. This has caused a delay to the Sinclair conversations unfortunately. We will look at this issue to be resolved before the end of March 2020.	Emailed Gaz 22/01/2020
2E+05	ICT Audit	ICT – Network Security PO No FN27625	2018	Compliance Risk	ICT management to ensure the implementation of a protective monitoring solution.	2	Protective Monitoring is part of the National Monitoring Centre deployment within NEP National Enablement Programme so is an active project. It is hoped that this will go live towards the end of the year but it is dependent on some national timescales.	Head of ICT	31/12/2019	31/03/2020	3	Outstanding	29/01/2020	Update received from Head of ICT 29/01/2020 This has moved to the end of March 2020 now but a number of key installations and connections have already happened so I'd be fairly confident of the March date.	Emailed KW 17/12/2019

2E+05	ICT Audit	ICT – Network Security PO No FN27625	2018	Compliance Risk	ICT management to ensure that the out of support servers and machines are decommissioned and/or replaced and services migrated as soon as practical.	2	These servers are already documented on our Risk Treatment Plan being managed by NWP ICT and CGI in relation to risks identified against the most recent internal Pentest exercise. It is anticipated one of these will be removed within the next 6 weeks with a change request already submitted (Vetting Server), the other will continue to be assessed as part of this ongoing RTP, and mitigated if at all possible, without having a detrimental impact on operational service requirements.	Head of ICT Infrastructure	30/09/2019	31/03/2020	2	Outstanding	16/09/2019	Update from Head of ICT Infrastructure 16/09/2019 One to these two servers running the unsupported Windows 2003 server vulnerability was replaced by CGI with a new virtual Windows 2016 Server in July 2019 (Vetting Server). The one remaining server is used for CISCO unity voicemail capability; this solution is part of the overall Cisco telephony infrastructure which is EOL, with NWP still awaiting a proposal from CGI on a suitable and affordable replacement. This Unity Server is however on a hardened hardware appliance which may lessen the potential security vulnerability and its associated risk. The NEP National Enablement Programme of works may also negate the need for such an onsite voicemail provision too, by provisioning through Exchange (Email) and their Cloud infrastructure, which will need to be examined in more detail as that project comes into fruition. On that basis we have set a due date of the 31st March 2020 in line with NEP expectations.
2E+05	ICT Audit	GDPR Compliance Audit PO No FN27625	2018	Directed Risk	The 'Data Protection Procedure' be reviewed and updated to reflect changes required as per the General Data Protection Regulation, the Data Protection Act 2018 and the Law Enforcement Directive.	2	This work had commenced when the TIAA audit took place, as the drafting of the legally required Appropriate Policy Document had commenced. This is now ratified and called the Sensitive Data Processing Policy; it will form part of the Data Protection Policy as an Appendix, once the review of this main Policy is completed. The review of this current main Data Protection Policy has commenced and has initially been updated with the following wording: Please note that this document is currently under review and should be read in conjunction with an interim Policy Document called Data Protection – Sensitive Data Processing Policy, which sets out NWP's additional obligations when processing sensitive personal data in accordance with the Data Protection Act 2018.	Head of IS&C	31/03/2020		1	Outstanding	04/02/2020	Update from Head of Information Standards and Compliance 04/02/2020 The Data Protection Policy is finalized and has been sent to the Policy Officer for ratification.
2E+05	Internal Audit	HR Management - Wellbeing Strategy	2019	Operational Risk	Support be provided to the Wellbeing Team in relation to establishing the priority of the Healthy Mind foundation course force-wide and by making available further resources where required	3	Following a review of the numbers required to be trained, and this being on top of the Welfare Team's daily role, this is unlikely to be completed until November 2020. A discussion is planned with the Training Department as to whether they can assist with any of the training, although I suspect not as they also have reduced numbers and a large volume of courses to deliver.	Head of Medical Services	30/11/2020		1	Outstanding		

2E+05	Internal Audit	Governance – Health and Safety Management PO No FN27625	2018	Compliance Risk	In relation to action item 35, a solution be implemented for ensuring all relevant parties are aware of incidents and the status of investigations and actions for accident and near miss reporting.	2	Action item 35 - digitisation of H&S forms - a SARA paper has been prepared and needs to be submitted for review by PRC/DFR.	Health & Safety Manager	31/12/2018	31/03/2020	6	Outstanding	17/12/2019	Update from Archive and Support Services Manager (Interim acting Health and Safety Manager) 17/12/2019 Meeting held on 12/12/2019 with the main stakeholders (MWL, ICT and Health and Safety SPOCS) to deliver the new Health and Safety reporting system and delivery dates agreed as below: 1) Meeting with MWL representatives and Health and Safety SPOCS on the 6th and 9th January 2020 to review the Health and Safety reporting system to agree that the system meets the brief. 2) Liaison between SSF Manager, Business Systems and Health and Safety SPOCS to ensure no conflict between current HR Health and Safety reporting system and the new Health and Safety reporting system week commencing 13th January 2020. 3) Testing of the Health and Safety reporting system by the Health and Safety SPOCS with the support of MWL representative to be completed by 31st January 2020. 4) Liaison between MWL representative, MI Developer and the Health and Safety SPOCS to establish link and migration of information to the NWP Data Observatory - completion by 28th February 2020. 5) Communication of new Health and Safety reporting system week commencing 2nd March 2020 and launch on 9th March 2020.	Emailed VT 17/12/2019 cc'd SR & CJ	
2E+05	Internal Audit	Governance - Community Engagement	2019	Compliance Risk	The SMART technique be adopted in measuring the success in delivering the OPCC's Communication and Engagement Strategy.	2	Recommendation agreed and will be incorporated into strategy once signed off.	OPCC CEO	31/08/2019	31/03/2020	2	Outstanding	03/09/2019	Update from OPCC CEO 03/09/2019 My Comms Officer resigned after getting a new role with us, so I need to recruit a new Comms officer who will be tasked with finalizing the strategy. It will take 3 months to get someone in post so a realistic completion date will be end of March 2020.		
2E+05	Internal Audit	Collaborative Review - Payroll	2019	Compliance Risk	To ensure consistency among all employees, a practicable solution be determined for the consistent claiming of overtime.	3	This point was considered in 2018 by the Overtime & TOIL working group. Guidance reflecting the requirement to round claims to the nearest 0.25 minutes is available on the force intranet and within the overtime claiming page in the HR Self Service Portal. A senior officer will email all police staff to remind them of the need to round down claims.	Payroll & Pensions Manager	31/03/2020		1	Outstanding				
2E+05	Internal Audit	Payroll PO No FN27625	2018	Compliance Risk	The rationale in relation to raising debtor invoices when individuals are terminating their employment be documented within procedures as applicable, to include the requirement to communicate the decision to other functions.	3	A working group consisting of Payroll, HR Employment Services, Duties & Debtors to be formed to review the current process and make recommendations as to how it can be improved.	SSF Manager	30/09/2019	31/03/2020	2	Outstanding	31/10/2019	Update from SSF Manager 31/10/2019 It has been agreed by the SSF Manager and the Superintendent overseeing RMU that when a notice of employment termination has been received that RMU will provide the leaver with a balance of outstanding leave, toil etc at that time so that the leaver may adequately plan their remaining leave entitlement. Should the leaver then have an outstanding balance a debtor invoice may then be raised. The Pensions & Payroll Manager will update the policy/procedure notes.	Emailed HT/AH 17/12/2019	
2E+05	ICT Audit	ICT Security – Internet/Email/Social Media PO No FN27625	2018	Compliance Risk	Management to ensure all legacy use of Alterian is identified and replaced and that the system is decommissioned.	2	This piece of work is underway. Some concerns around sharepoint are slowing the migration of content and services.	Web Manager	01/09/2019	10/03/2020	4	Outstanding	29/01/2020	Update from Deputy ICT Infrastructure Manager 29/01/2020 Upgrade of SharePoint is booked in for 10th March, thereafter the Alterian system will be decommissioned.	Emailed Gaz 22/01/2020	

ID	Service	Job	Year	Risk Area	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Status	Implementation Date	Category	Last Update	Latest Response
2E+05	ICT Audit	ICT Security – Cyber Security PO No FN23725	2017	Operational Risk	Regular reviews of users be undertaken with Information Asset Owners to review those users that have not logged in for some time and to remove any leaver, test of generic accounts along with an at least annual exercise to review active AD accounts to ensure that any leaver accounts are disabled and that only valid accounts remain active.	2	See embedded documentation re BSU process for termination of user accounts. NOTE last 2 pages of this document relating to ongoing public enquiries thus preventing any deletion of accounts BSU run regular reports (monthly) to review current user accounts - e.g. personnel employed by NWP It is possible that some AD accounts have not been used in three months due to long term sick, maternity leave, secondments etc. Thus it will always be the case that they do exist in some form. SSF have a leavers process which covers the removal of old accounts, however some accounts would be kept dormant for some time due to the requirements of ongoing public inquiries (e.g. Pitchford), Where material relating could be associated with the individuals email account. I would very much support CGI producing a list of accounts which are over 3 months on non-use, and supplying to SSF Business Systems, in order that they be checked against local intelligence as to why they remain active.	Business Systems Operations Manager/Chief Information Officer	31/03/2018	31/03/2019 31/12/2018 30/09/2018 31/07/2018 31/03/2018	Implemented	08/03/2019	6	08/03/2019	Update received from Chief Information Officer 08/03/2019 Following work carried out by BSU this recommendation can now be closed. I (AM) have forwarded information and procedures to the auditor.
2E+05	ICT Audit	ICT Security – Data Assurance PO No FN23725	2017	Compliance Risk	Management ensure that all exceptions are identified and documented and that mitigating controls are in place to ensure that risks are minimised and in cases where it is not technically or practically possible to apply and use encryption, management document their acceptance of this risk along with detail of mitigating controls.	2	The Home Office project for the National ANPR (Automatic Number Plate Recognition) Service (NAS) is a new 'Cloud' based solution whereby all ANPR Data collected from Police Forces is stored in one national collection. The NAS solution moves away from the existing situation whereby individual Police Forces retain their ANPR data locally before transferring the data to the National ANPR Data Centre at Hendon (NADC). The Home Office have advised that Police Forces are expected to provide 'live' data to NAS early in 2018, whilst NAS should be available for operational use from May/June 2018 in some capacity. ANPR Data is currently fed to a Cheshire server before being transferred to the NADC. The Public Services Network (PSN) provides a wide range of services, including PSN Assured (PSN-A) which is a service for non-policing use. The combination of TLS and Firewall rules for Policing traffic (that have been approved by NPIRMT) via PSN-A is called PSNP-A, which is the service required to access the NAS. Cheshire currently has PSNP-A service via which North Wales will transfer all its data upon implementation to NAS. Since this audit NWP has now confirmed with the Vodafone Network provider that all electronic email communications between NWP and CPS use secure TLS end-end encryption. DVD and CD data is routinely shared with the CPS - where the material is not encrypted. A decision was made (17/11/2017) in conjunction with CPS representation not to encrypt DVD/CD's. See attached decision log.	ANPR Coordinator Mike Gallienelan Davies C.I.Och Supt Neill Anderson - Crime Services&Julie FosterH	30/06/2018	31/03/2019 31/12/2018	Implemented	20/03/2019	3	11/01/2019	Update from DFR 20/03/2019 We have reviewed the data that passes to Cheshire and the level of security through PSN-A and are comfortable to tolerate the risk for a period of up to 15 months pending the close down of the NADC system (data will flow to NAS from March 2019 but the legacy system remains live for a further 12+ months in parallel). The process is the same across all forces and our level of risk is no higher.

2E+05	ICT Audit	ICT Security – Data Assurance PO No FN23725	2017	Operational Risk	Management in conjunction with Information Asset owners ensure a regular, at least annual, exercise to review network access permissions be undertaken to ensure that access to data is restricted to authorised personnel only.	3	ICT will write the process and run the initial annual report. This report will be categorised by business owners. This report will be run in addition to the below processes undertaken by BSU currently. Moving forward it is anticipated that BSU will run this report on an annual basis. All requests for network access are raised by line managers and are submitted via our Shared Service Facility (SSF) through to CGI, who apply the required permissions to network drives and mailboxes. There is a process in place which is carried out by the SSF whereby when an employee moves post they contact line managers to ascertain what access needs removing from the employee(s) on moving post/departments where the appropriate requests are submitted through to CGI for the removal of such permissions. As part of the leaver/deletion process all system access is fully removed from the employee SULO account by BSU when an employee leaves the Force. BSU receive these requests via CGI Remedy helpdesk/system, the additional As part of the leaver/deletion process all system access is fully removed from the employee SULO account by BSU when an employee leaves the Force. BSU receive these requests via CGI Remedy helpdesk/system, the additional system administrators are notified of leavers by system notifications. BSU also run monthly reports as a secondary measure to ensure that all employees who have an end date against their HR record have been captured in the leavers process, any that are found where we haven't received a leaver/deletion request for are acted upon with immediate effect. As part of the leavers/deletion process BSU seek authorisation from line managers re the deletion of any data stored against the employee SULO account e.g. Email and H:\ drive data, once authorisation has been received where the data is no longer required for business purposes the data is marked for permanent deletion. However we/BSU are prohibited from deleting any data from the Force system due to ongoing Public enquiries (Pitchford and Goddard) until further reviewed and agreed by the board in charge of these enquiries.	Head of ICTBSU	30/06/2018	31/03/2019 31/12/2018 30/09/2018	Implemented	24/01/2019	4	08/03/2019	Update received from Chief Information Officer 08/03/2019 Following work carried out by BSU this recommendation can now be closed. I (AM) have forwarded information and procedures to the auditor.
2E+05	Internal Audit	Governance – Health and Safety Management PO No FN27625	2018	Compliance Risk	Quarterly reports on the status of health and safety training be prepared and presented to the Health and Safety Management Board as agreed.	2	The Terms of Reference for the H&SMG has recently been reviewed and clearly identifies that provision of current health & safety training statistics is a standing agenda item.	Arwel Ellis	05/11/2018	28/02/2019	Implemented	06/03/2019	7	06/03/2019	Update received from Training Development Sergeant 06/03/2019 Report has been circulated to HSMG members, a copy of which has been issued to the auditor.
2E+05	Internal Audit	Pensions PO No FN27625	2018	Compliance Risk	A monthly check be undertaken to any changes to individuals' pension payments and any changes investigated.	2	In order to run a monthly check an EIS report will be built to extract data from ResourceLink which will be downloaded to excel. Once in excel this report will be interrogated.	Payroll & Pensions Manager	31/03/2019		Implemented	20/03/2019	1	20/03/2019	Update from SSF Manager 20/03/2019 In February a solution was trialled but found to be incomplete as sickness and parental leave payments were paid against the employee post with the corresponding pension deduction being found against the employee's post number. A revised solution was trialled in March which compared the % employee deduction rate in the current and previous month. Any variances that cannot be readily explained are explored with a note made, and if appropriate corrective action taken. The payroll service manual has been updated to ensure that the rest of the team undertake this additional check each month.
2E+05	Internal Audit	Pensions PO No FN27625	2018	Directed Risk	The Pensions Payroll HR Service Manual be updated and finalised.	3	The draft manual will be reviewed, updated and finalised.	Payroll & Pensions Manager	31/03/2019		Implemented	26/03/2019	1	27/03/2019	Update from Payroll & Pensions Manager 26/03/2019 Pensions payroll service manual has been updated - copy sent to auditor 27/03/2019.
2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Compliance Risk	A reminder be sent to staff and line managers that a receipt is required to be submitted with expense claims and that claims are not to be approved in the absence of a receipt to support the expenditure.	2	A communication shall be drafted by the Payroll department reminding staff that a receipt must be submitted with expense claims. This will then be communicated by the DFR. Those which do not have a receipt, line managers will be required to challenge and to provide mitigation as to why a receipt was not included.	Payroll & Pensions Manager	31/03/2019		Implemented	27/03/2019	1	27/03/2019	Update 27/03/2019 Email circulated to all NWP employees explaining the process for submitting claims in a timely manner and the requirement to attach receipts. Copy sent to auditor 27/03/2019

2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Compliance Risk	A reminder be sent to managers to in relation to their responsibility to ensure timely submission and authorisation of expense claims.	2	Reminder to be included in communication proposed in 1.	Payroll & Pensions Manager	31/03/2019		Implemented	27/03/2019	1	27/03/2019	Update 27/03/2019 Email circulated to all NWP employees explaining the process for submitting claims in a timely manner and the requirement to attach receipts. Copy sent to auditor 27/03/2019
2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Operational Risk	Further training or guidance be provided in writing reports and extracting data from the system.	2	Our recommendation is for Payroll to be upskilled in running reports and ensuring all reports are written by the appropriate trained person. In this case the HR Analyst or support from the MI team.Report requirements to be created and then work to be completed with the appropriate team.	SSF Manager	30/09/2019	31/12/2019	Implemented	17/12/2019	1	05/03/2019	Update from the Payroll and Pensions Manager 17/12/2019 Training of the payroll team has commenced. The team have mastered creating basic reports; their knowledge will continue to be developed. In addition the HR Analyst joined NWP in October 2019. The HR Analyst has attended some of the payroll training sessions to become more familiar with the payroll module of Resourcelink and is available to assist with the more advanced queries.
2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Reputational Risk	Monthly dip-sampling of expenses be undertaken as required by the Expenses and Allowances Policy.	2	Payroll shall undertake a dip sample of 5% per month and also those of high volume.Those which are inaccurate or generate concern, communication to be made with the claimant and the line manager for clarification.	Payroll & Pensions Manager	31/03/2019		Implemented	20/03/2019	1	20/03/2019	Update from SSF Manager 20/03/2019 Confirmation received that the Payroll Manager has communicated this recommendation to his team. A 5% dip sampling and also a review of claims with a high value are being undertaken. Where concerns have been found the line managers who have authorized claims are being challenged.
2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Compliance Risk	A best practice point be incorporated within the Expenses and Allowances Policy to encourage staff to submit expense claims within three months.	3	The policy will be updated to incorporate a best practice point to encourage officers and staff to submit expense claims within three months.	SSF Manager	28/02/2019		Implemented	05/03/2019	7	05/03/2019	Update received from the SSF Manager 05/03/2019 A line has been inserted into section 3.2 of the current Expenses & Allowances policy to encourage staff to submit claims within three months.
2E+05	Internal Audit	Expenses and Additional Payments PO No FN27625	2018	Operational Risk	A suite of often used reports be developed to reduce the need for creating reports.	3	Report types to be identified, created and to be made available.	Payroll & Pensions Manager	30/09/2019		Implemented	20/09/2019	1	20/09/2019	Update from Payroll & Pensions Manager 20/09/2019 This recommendation is complete. The reports available cover all the requirements outlined in the procedure notes signed off by the PCC's CFO.
2E+05	ICT Audit	ICT – Network Security PO No FN27625	2018	Directed Risk	The Data Centre Access policy be reviewed and updated to reflect current processes and controls.	2	Updated Latest Draft copy (Vs 2.4) sent to North Wales Police Government and Policy Group for consideration of approval at the next Policy Board.Copy sent through encrypted email to Andy Shade, TIAA 18/4/19	Head of ICT Infrastructure	13/05/2019		Implemented	13/05/2019	1	14/05/2019	Complete as per management response 13/05/2019
2E+05	ICT Audit	ICT – Network Security PO No FN27625	2018	Compliance Risk	ICT management to produce an action plan for the patching of the Command and Despatch system.	2	An action plan will be developed by the end of May detailing how the CAD system will be patched.	Head of ICT Infrastructure	31/05/2019		Implemented	26/04/2019	1	13/05/2019	Update from Head of IT 14/06/2019 The issue date of the plan was 26/04/2019. I (AM) have sent a copy of the plan to the auditor.
2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	A procedure be established for the routine identification of expired first aid training for Station Assistants.	2	The Force Health and Safety Policy states "it is the duty of the Supervisor/Manager to make sure all staff are appropriately trained for the task in hand and review regularly any refresher training requirements".That said, the Head of Facilities & Fleet is liaising with the Health & Safety Officer, the Head of People & Organisational Development and the Deputy Head of Training to resolve this. A meeting has been arranged for 13th May 2019A solution for provision of management information will be reviewed to assist reporting.	Health & Safety Officer;	31/07/2019		Implemented	24/06/2019	1	24/06/2019	Update from Business Manager 24/06/2019 The First Aid Training dashboard has been built to assist in identifying individuals whose first aid has expired. This will be used by the Health & Safety Manager, Business Managers and training and is available to wider departments/managers in the force to utilize. This dashboard is held on the observatory.

2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	A procedure be established for the routine identification of expired fire steward training for Station Assistants.	2	The Force Health and Safety Policy states "It is the duty of the Supervisor/Manager to make sure all staff are appropriately trained for the task in hand and review regularly any refresher training requirements".That said, the Head of Facilities & Fleet is liaising with the Health & Safety Officer, the Head of People & Organisational Development and the Deputy Head of Training to resolve this. A meeting has been arranged for 13th May 2019.A solution for the provision of management information will be reviewed to assist reporting.	Health & Safety Officer;	31/07/2019		Implemented	24/06/2019	1	09/08/2019	Update from Business Manager 24/06/2019 The First Aid Training dashboard has been built to assist in identifying individuals whose first aid has expired, this dashboard also incorporates the fire steward expiry dates plus other training expiry dates. This will be used by the Health & Safety Manager, Business Managers and training and is available to wider departments/managers in the force to utilize. This dashboard is held on the observatory.
2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	Arrangements be established for the routine testing for the disabled toilet alarm, the panic alarm and the emergency lighting at Llandudno Police station.	2	Disabled alarms and panic alarms to be tested on a weekly basis by LPS.Emergency lights to be flick tested monthly by front reception.Emergency lights and panic alarms are tested annually by a contractor.	Facilities Contracts & Compliance Officer; Chief Inspector SMT	14/06/2019		Implemented	13/06/2019	1	16/05/2019	Update received from Business Manager & Head of Facilities and Fleet Department 14/06/2019 Following consultation with SMT, Head of Facilities and Fleet, ownership has been given to the Logistics staff for these checks. Implementation date of 22/07/2019 has been agreed upon in order to consult and brief the Logistics team.
2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	Action be taken on the five expired captors (forms 02/14, 4/14, 5/14, 258/15 and 434/14) as appropriate.	2	Details have been escalated to Inspectors to ensure the officers return their captors. Some have responded to say they have changed them. This will be checked again and any that have still not been returned will be escalated to the Superintendent.	Business Manager	01/06/2019	31/07/2019	Implemented	10/07/2019	2	10/07/2019	Update from Business Support Officer 16/07/2019 The final outstanding captor mentioned in recommendation was returned on 10/07/2019. This recommendation is now complete.
2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	A process be established for the routine identification of expired captors.	2	Business Manager/Business Support Officer will use the Captor data spreadsheet to perform a monthly check on expired captors and those soon to expire and email the officers to remind them.Area Chief Inspectors will action their Sergeant to perform routine spot checks of officers' captors and will also highlight the importance to officers of ensuring they are not out of date.However the Onus is on the officer to ensure their captor is in date as per Captor Spray, Baton, Handcuffs, Limb Restraints and Spit Hoods Procedure document:1.4.11 Replacement Out of Date or After UseIt is the responsibility of individual officers to ensure their Captor spray remains in date. Canisters should be changed before they fall out of date in accordance with this policy (see 1.4.1)."Where any amount of Captor spray Incapacitant is discharged, staff to whom it was issued will replace the canister according to this Force policy (see 1.4.1). This will be done as soon as reasonably practicable and in any case before the end of the shift during which the discharge occurred"Also, the identification of expired captors is reliant on Custody Sergeants having submitted the forms to LPS admin in a timely manner, as the procedure outlines in 1.4.1 of the document.If the captor process moves to RMS recording, a report will be built to run monthly with the detail of the expired/due to expire captors and the Business Manager/Business Support Officer will use this data to contact officers to ask them to return their captor.	Business Manager	14/05/2019		Implemented	14/05/2019	1	16/05/2019	This recommendation was implemented immediately as per the final report. Sample emails from Area Chief inspector has been sent to the auditor "Direction from the Conflict Management Board chaired by the ACC is that Sergeants in your areas are now to be directly tasked to check their officer captors and rectify any issues identified, such action to be completed by the end of this month."
2E+05	Internal Audit	Central Command Unit	2019	Compliance Risk	Officers be reminded that the current version of the CS8 forms must be used which must be fully completed especially where canisters are being replaced by recording a brief reason for the replacement.	3	Custody Inspector to ensure that all old versions of the captor CS8 forms to be destroyed and the new form (that shows the expiry date field) to be used.Custody Chief Inspector to email all of the Sergeants to ask them to ensure they include all detail required in the form and to particularly ensure the serial number is recorded correctly and the officers' full detail and reason.	Business Manager	14/05/2019		Implemented	14/05/2019	1	16/05/2019	This recommendation was implemented immediately as stated in final report. I have emailed the auditor with the relevant information.
2E+05	ICT Audit	ICT Security – Internet/Email/Social Media PO No FN27625	2018	Compliance Risk	ICT management to create an action plan for the patching of Shortpoint, ensuring any major updates/critical security patches are applied as a minimum.	2	License is up for renewal – June 2019. We intend to renew and request the software is patched to the most recent version. A meeting between Web / ICT should be set up to agree a process for updating and patching the software as soon as possible.Web Manager to lead on this with Head of ICT signing off any approved changes.	Web Manager; Head of ICT	30/06/2019	20/07/2019	Implemented	26/07/2019	7	26/07/2019	Update from Web Manager 26/07/2019 All patching complete and I have recommended a quarterly patch review for anything other than critical/security related updates which should be carried out as early as possible.
2E+05	ICT Audit	ICT Security – Internet/Email/Social Media PO No FN27625	2018	Compliance Risk	A regular review process be introduced for all SharePoint sites performed at least annually and include verification that each staff member is authorised to view the site and that any leavers/movers have had access removed.	2	Sharepoint review is underway. Sites and named 'administrators' are being checked to ensure they are still accurate. Access and permissions will be addressed to ensure site admin and local admin are fully accurate.	Systems Developer; Web Manager	01/08/2019		Implemented	01/08/2019	1	14/08/2019	Update from Web Manager 08/08/2019. All existing named owners/administrators have been contacted. We will be continuing to monitor regularly over the coming months in preparation for NEP being adopted and migrated to Sharepoint online early next year.

2E+05	ICT Audit	ICT Security – Internet/Email/Social Media PO No FN27625	2018	Compliance Risk	Management to ensure that the replacement social media management solution enforces the use of complex passwords and consider implementing the use of dual factor authentication.	3	ORLO will be retired at the end of May 2019 and a new software package has been adopted.	Web Manager	01/06/2019		Implemented	29/05/2019	1	21/05/2019	Update received from Web Manager 13/06/2019 Orlo contract ended on 29/05/2019 and was replaced by Hootsuite which requires complex passwords. NWP are looking to enable dual factor authentication for all users in the very near future.
2E+05	Internal Audit	Contract Management PO No FN27625	2018	Compliance Risk	Clarity be obtained on responsibilities for the service review meetings between CGI and North Wales Police as part of the contract renewal discussions.	2	This should be closed in that as part of the Contract Extension discussions with CGI, it was identified that NWP were always meant to chair the two service management meetings with CGI held separately every month, the Customer Service Review and the Operational Service Review meetings. Those meetings are now chaired by NWP's Head of ICT Infrastructure, with NWP supplying an ICT Admin Support role to capture the key actions taken from those two meetings every month. CGI continue to chair and minute/create actions at several other meetings, associated with the overall ICT Managed Service contract.Auditors CommentNoted and accepted.	Head of ICT Infrastructure	17/05/2019		Implemented	17/05/2019	1	25/06/2019	As per management comments in final audit report this recommendation is closed, as documented this has been noted and accepted by the auditor.
2E+05	Internal Audit	Fixed Assets	2019	Compliance Risk	The Asset Register be updated to include the correct owner for assets NWP32250 and NWP31687.	3	The register has been updated with the correct person but it needs to be noted the asset register is a dynamic system and takes a snap shot of the user at the time on SCCM. The Remedy system will keep user details until an incident is logged against that asset that indicates a change of user.	Deputy Head of ICT Infrastructure	25/07/2019		Implemented	25/07/2019	1	14/08/2019	As per management response, this recommendation was completed 25/07/2019
2E+05	Internal Audit	Fixed Assets	2019	Compliance Risk	All changes to ownership or location of IT assets to be formally notified to CGI and the register updated accordingly.	3	CGI use SCCM to dynamically monitor the assets across NWP. This provides the building location against the asset however we can request that any CGI related moves have further details (office location/floor) moving forward. We will then advise Business Managers to inform SMT team to pass the message down to middle management that self moves are not to be allowed. An email was sent to Business Managers to this effect 24/07/2019.	Deputy Head of ICT Infrastructure	25/07/2019		Implemented	24/07/2019	1	14/08/2019	As per management response, this recommendation was completed on 24/07/2019
2E+05	ICT Audit	GDPR Compliance Audit PO No FN27625	2018	Compliance Risk	The record of processing activity be completed and maintained following the completion of the ongoing data mapping exercise.	2	The information mapping activity is an ongoing exercise as things constantly change. The ROPA is in existence now in its raw form and will be updated as more information comes to light via the ongoing mapping exercise. The maintenance of the individual information mapping is the responsibility of the various business area owners and a record manager post. The 'raw form' ROPA will be kept updated as further information is provided by the various business areas undertaking their information mapping.	Update of ROPA only – Head of IS&C	31/03/2020		Implemented	04/02/2020	1	04/02/2020	Update from Head of Information Standards and Compliance 04/02/2020 The record of processing activity is complete but will remain open to change to reflect any information mapping amendments and/or additions.
2E+05	Internal Audit	Collaborative - Estate Management Delivery	2019	Compliance Risk	The Standing Orders for Contracts with the Manual of Governance be updated to reflect the current arrangements.	2	The memorandum received from the Legal Department with the contracts stated that the Head of Facilities and Fleet could sign the contract as the cumulative value of the contract over its duration was below the sum of £250,000.Standing Orders for Contracts with the Manual of Governance will be updated to reflect the current arrangements.	Chief Finance Officer	31/01/2020		Implemented	22/01/2020	1	22/01/2020	Update from Chief Finance Officer on 22/01/2020 that OPCC website has been updated. Point 16.3 has been updated to reflect the change: - All contracts where the value exceeds £100,000 per annum or £250,000 in aggregate shall be signed by the Commissioner or in the absence of the Commissioner by the Deputy Commissioner, Chief Executive Officer or Chief Finance Officer. Where the value of the contract is £100,000 or less and the contract is not required by law to be under seal then the Director of Finance and Resources may sign the contract.
2E+05	Internal Audit	Collaborative Review - Payroll	2019	Directed Risk	All Tasks be saved on DocStore in a timely manner to ensure a robust audit trail.	3	The team will doctore tasks as they complete them. A report will be run on a weekly basis to identify any that may have been missed.	Payroll & Pensions Manager	24/01/2020		Implemented	24/01/2020	1	28/01/2020	As per management response this recommendation was implemented immediately.
2E+05	Internal Audit	Collaborative - Estate Management Delivery	2019	Compliance Risk	A process be put in place to monitor the dates of gas servicing to ensure that they are compliant with legislation and a monthly report be requested from the contractor on the dates of the services were completed.	2	The dates are checked periodically but it's acknowledged that this process is not formally recorded. A spreadsheet will be set up with hyperlinks to provide a schedule with dates for checking. Service sheets are already received from contractors with the invoices.	Operations Manager	31/12/2019		Implemented	31/01/2020	2	16/01/2020	Update from Building Services Engineer 31/01/2020 The gas safety/service schedule is now complete and is held on the g drive. The contractor and myself will be checking that we are compliant and that we do not lapse on the gas safety checks.
2E+05	Internal Audit	Fixed Assets	2019	Compliance Risk	An annual asset verification exercise be undertaken to confirm accuracy of the ICT asset register and to identify damaged or obsolete equipment.	3	We will ask CGI to carry out spot checks on sites when in the areas involved to confirm accuracy. We will then plan for a yearly check to be carried out by local staff whilst monitoring the dynamic CGI register on SCCM.	Deputy Head of ICT Infrastructure	31/10/2019		Implemented	31/10/2019	1	01/11/2019	Update from Deputy ICT Infrastructure Manager 01/11/2019 This has been done via Body Worn Project as they needed to get these details for their deployment and its being used by the Connect Officer project as well.

2E+05	Internal Audit	Collaborative Review	2019	Directed Risk	Procedures be prepared, or the current Debtor Information Pack be amended, to include the expected actions to be taken in the recovery of aged debts.	3	Our Debtor Information Pack will be updated to include debt recovery procedures.	Head of Finance	31/01/2020		Implemented	22/01/2020	1	22/01/2020	22/01/2020 Received updated version of the debtor information pack from the Treasury & Finance Officer. Section 9 details the debt recovery for North Wales Police.
2E+05	Internal Audit	Collaborative - Estate Management Delivery	2019	Compliance Risk	All contracts and contractual agreements be signed prior to the commencement of the contract.	2	We will endeavour to get all contracts signed prior to commencement of work.	Head of Facilities & Fleet Dept (Assistant Director); Head of Procurement	16/01/2020		Implemented	16/01/2020	1	16/01/2020	As per management comments, this recommendation was implemented immediately.
2E+05	Internal Audit	Collaborative - Estate Management Delivery	2019	Compliance Risk	All gas engineers working on Police premises be checked to ensure they are registered on the Gas Safe Register or confirmation be obtained from the contractor.	3	Spot checks will be undertaken on Engineers to ensure compliance, but the onus is on the contractor to ensure all their employees are fully qualified.	Building Services Engineer	31/12/2019		Implemented	28/11/2019	1	22/01/2020	Update received from Building Services Engineer 22/01/2020 This recommendation was completed on 28/11/2019. All relevant certificates/gas safe cards received for all the engineers who carry out gas work for NWP. We are also checking all the engineers names on the gas safety sheets to see if they are on our list of gas safe engineers.

ID	Job	Year	Risk Area	Recommendation	Priority	Management Comments	Responsible Officer	Due Date	Revised Due Date	Category	Status	Last Update	Latest Response
234244	Expenses and Addition	2018	Compliance Risk	An arrangement be established for the secure storage of copies of individuals' car insurance documents ensuring a robust audit trail.	2	This is generating additional work for the payroll department and the force should now revert to a generic car model on the payroll system that will allow calculation of expenses claimed. Payroll to not hold copies of individual insurance documentation. Reminder to be sent to staff and staff made aware of commencement of employment the need for business insurance. When submitting expenses claims officers and staff will be asked to confirm that they have business insurance. Force policy to be updated and the work force will be updated regarding this change.	Payroll & Pensions Manager	30/09/2019		1	No Longer Appropriate	13/06/2019	Update from Payroll Manager 13/06/2019 The Payroll Manager took the proposed change to policy board and received consent there to proceed with updating the policy. Given the nature of the change they were content for the Payroll Manager to proceed with the update and not take it back there. As this revision with the policy negates the need for payroll to store individuals' car insurance documents I have amended this to NLA. Documentation has been sent to the auditor.
237157	Contract Management PO No FN27625	2018	Compliance Risk	Quarterly meetings with Telent be resumed and performance monitored against performance indicators once the issues arising from the new system have been resolved allowing "business as usual" to resume.	2	In that interim period since Mason Consultancy were involved, there have been numerous monthly meetings between their Consultant, NWP's Head of ICT Infrastructure and each of the companies involved in this end to end service relationship model, that is CGI, telent, Hexagon and FRQ (Frequentis). These were fully minuted and actions created to potentially assist in resolving the gaps between each party in that overall service relationship for the JCC. NWP ICT are to provide such minutes to evidence such requirement being met. It's anticipated that the remaining 10 full working days allocated to Mason for this gap analysis and resolution exercise will be complete by the end of June 2019, where the NWP Head of ICT Infrastructure will then endeavour to re-establish proper service management quarterly meetings with telent as part of his role.	Head of ICT Infrastructure	31/05/2019		7	No longer appropriate	05/07/2019	Update from Head of ICT Infrastructure 25/06/2019 Monthly meetings are held with NWP, CGI, Telent and Frequentis. A consultant from Mason has been employed for two days a week and seconded to the NEP programme for 15 months. As meetings are held on a monthly basis with Telent as opposed to quarterly this recommendation is deemed no longer appropriate. Monthly performance reports are submitted by Telent to the Mason Consultant and the Head of ICT Infrastructure who monitors these reports and actions them appropriately. A copy of the May report has been passed to the auditor for information. Meetings will move from monthly to quarterly as and when the Head of ICT Infrastructure see fit.

Police and Crime Commissioner North Wales and Chief Constable North Wales Police

Summary Internal Controls Assurance (SICA) Report

2019/20

February 2020

Introduction

1. This summary report provides the Joint Audit Committee (JAC) with an update on the progress of our work for the Police and Crime Commissioner North Wales and the Chief Constable North Wales Police as at 6th February 2020.

Progress against the 19/20 Annual Plan

2. Our progress against the Annual Plan for 2019/20 is set out in Appendix A. The results of these reviews are summarised at Appendix A.

Internal Control Framework

3. The key strategic governance, risk management and control matters identified from the six reviews completed since the previous SICA are summarised below. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Key Strategic Governance, Risk Management and Control Matters

Review	High level
General Ledger	<p>The review identified that there are sound processes and controls in place for data entered onto the general ledger.</p> <ul style="list-style-type: none">• Virements and journals are appropriately authorised and justified.• The set-up of new codes within the general ledger is appropriately controlled by authorised members of the Finance Team.• Control and suspense accounts are monitored and cleared on a timely basis.
HR Management – Wellbeing Strategy	<p>Extensive and continuous work is ongoing at North Wales Police to promote wellbeing activities and support, being led by a dedicated Wellbeing Team.</p> <ul style="list-style-type: none">• A Health and Wellbeing Strategy for 2019/21 was launched in June 2019 with a formal Launch Day having been held.• Extensive consultation was undertaken in the preparation of the Strategy.• Governance forums are being kept updated on wellbeing matters, ensuring that support is provided at a strategic level; this includes the Police and Crime Commissioner's Strategic Executive Board.

Review	High level
Collaborative Review - Debtors	<p>Arrangements for accounts receivable processes are generally consistent across all four Forces, with Dyfed Powys nearing completion of the move to a fully electronic process.</p> <ul style="list-style-type: none"> • Sales ledger and bank reconciliations are not authorised on a timely basis at South Wales Police. • Sales ledger reconciliations are not being authorised and bank reconciliations are not being completed in a timely manner at Gwent Police. • There are long-standing unreconciled transactions showing on the bank reconciliations for South Wales and Gwent Police Forces. • Dyfed Powys and Gwent Police Forces need to strengthen the arrangements for chasing aged debts.
Collaborative Review – Estates Management Delivery	<p>All contracts reviewed were procured through effective and appropriate procurement arrangements.</p> <ul style="list-style-type: none"> • Contracts are not always signed prior to the commencement of the contract (North Wales and Dyfed-Powys). • The Standing Orders in relation to the authority levels for the signing of contracts needs to be updated. • No process was in place in North Wales Police to monitor the dates of gas servicing. • Signed copies of contracts need to be obtained for the contractual agreement with EDF and Corona at Dyfed-Powys and the Building & Electrical Maintenance and Refurbishment Works contract at Gwent. • The Shared Facility Delivery Board meets very infrequently (Gwent).
Collaborative Review - Payroll	<p>Arrangements for payroll are generally consistent across all four Forces, with the exception of the payment arrangements for overtime, acting up and allowances which are processed electronically and manually on forms.</p> <p>No urgent or important recommendations were raised.</p>
Capital Programme	<p>There are effective arrangements in place for accounting for the capital programme and monitoring capital expenditure which include:</p> <ul style="list-style-type: none"> • Documented regulations policy and/or procedures; • Established governance frameworks for the planning, approval and prioritisation the capital programme; • Monitoring and budgetary control of projects at corporate and local level which allow for identification of changes and variances to programmes.

Emerging Governance, Risk and Internal Control Related Issues

4. We have identified no emerging risks which could impact on the overall effectiveness of the governance, risk and internal control framework of the organisation.

Audits Completed since the last report to Committee

5. The table below sets out details of audits finalised since the previous meeting of the Joint Audit Committee in September 2019.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OE
General Ledger	Substantial	11/11/2019	11/11/2019	13/12/2019	-	-	-	-
HR Management – Wellbeing Strategy	Substantial	27/11/2019	20/12/2019	02/01/2020	-	-	1	1
Collaborative Review - Debtors	Substantial	21/11/2019	11/12/2019	18/12/2019	-	-	1	1
Collaborative Review – Estates Management Delivery	Reasonable	15/11/2019 & 02/01/2020	13/01/2020	16/01/2020	-	2	-	1
Collaborative Review – Payroll	Substantial	03/01/2020	24/01/2020	28/01/2020	-	-	2	1*
Capital Programme	Substantial	04/02/2020	06/02/2020	07/02/2020	-	-	-	2

*The OEM was a generic point raised for all four Forces.

Changes to the Annual Plan 19/20

6. There have been the following changes to the Annual Plan since the previous SICA report:-

- The 8 day Collaboration audit scheduled for October 2019 has been postponed at management’s request due to the recently agreed Wales Audit Office value for money review of Collaborative Arrangements across the four Forces. The days are to be allocated to contingency; and
- The 6 day Contract Management audit scheduled for November 2019 has been postponed following discussion with management as it was felt that sufficient work had already been undertaken in this area over the last 12 months (for example, Collaborative Estates Delivery, ICT Contracts). The days are to be allocated to contingency.

Changes to the Internal Audit Strategy

7. No further changes since the previous report other than the deferral of the two audits above. A draft strategy has been prepared for the three year period commencing 2020/21 for consideration by the Joint Audit Committee.

Frauds/Irregularities

8. We have not been advised of any frauds or irregularities in the period since the last summary report was issued. A summary of recent briefings on developments on which TIAA have issued client briefing notes in risk or governance is given at Appendix B.

Liaison

9. **Liaison with external audit:** We maintain ongoing communication with the Wales Audit Office and have attended their Police Practitioner's Group meeting in January 2020.

Progress actioning priority 1 recommendations

10. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA Report.

Other Matters

11. We have issued the following briefing notes and fraud digests since the last Joint Audit Committee:
- All Sectors - Guidance on Cyber Security for Major Events;
 - All Sectors - Department for Digital, Culture, Media and Sport - Cyber Security Breaches Survey;
 - All Sectors - ICO Changes Guidance on Timespan for Actioning Subject Access Requests;
 - All Sectors - NAO Guidance for Audit Committees on Cloud Services;
 - All Sectors - Cyber Assurance Framework 3.0;
 - All Sectors - Government Announces Independent Review of the Prevent Arrangements;
 - All Sectors – ICO Guidance – Special Category Data;
 - All Sectors – Counter Terrorism Training;
 - All Sectors – Inadequate Record Keeping Invalidates Tender Award;
 - All Sectors – The Use of Confidentiality Clauses in Discrimination Cases;
 - All Sectors – Requirement to Accept Electronic Invoices for OJEU Procured Work;
 - All Sectors – Microsoft Windows 7 – End of Support; and
 - TIAA Digest – Strategic Risk Insight (January 2020).

Responsibility/Disclaimer

12. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2019/20

System	Planned Quarter	Days	Current Status	Comments
Central Command Unit	1	8	Final report issued 16 th May 2019	Presented to July 2019 JAC
Governance – Community Engagement	1	10	Final report issued 17 th July 2019.	Presented to September 2019 JAC
Fixed Assets	1	6	Final report issued 29 th July 2019	Presented to September 2019 JAC
Treasury Management	3	6	Final report issued 20 th September 2019	Presented to November 2019 JAC
Uncertainty Management – Mitigating Controls	3	4	Final report issued 30 th September 2019	Presented to November 2019 JAC
Budgetary Control	3	6	Final report issued 8 th October 2019	Presented to November 2019 JAC
General Ledger	3	6	Final report issued 13 th December 2019	
HR Management – Wellbeing Strategy	1	7	Final report issued 2 nd January 2020	
Capital Programme	4	8	Final report issued 6 th February 2020	
Governance – Corporate Communications	3 4	10	Planned 11 th November 2019 – rearranged to 23 rd March 2020	APM issued but audit delayed at Management's request to the end of quarter 4
Contract Management (Building / ICT / Services / Operational Project)	2	6	Audit postponed – 6 days to be transferred to contingency	Discussed with Management who have requested that the days are transferred to contingency due to the number of similar audits undertaken in the past year.
Collaborations	2	8	Audit postponed – 8 days to be transferred to contingency	This has been delayed at Management's request because of the WAO collaborative audit.
ICT Change Management	3 4	8	Planned 9 th December 2019 – now taking place w/c 10 th February 2020	Deferred due to non-availability of IT staff on proposed date. APM issued and new date confirmed.
Risk Management – Board Assurance	4	8	Planned 17 th February 2020	APM issued
Follow-up	4	6	Planned 2 nd March 2019	APM issued
Cyber Security	4	8	Planned 16 th March 2020	APM issued

System	Planned Quarter	Days	Current Status	Comments
Contingency	TBC	13	5 days – Rapid Access Prescribing	A further 14 days to be added from audits postponed at client's request. Current balance is therefore 22 days.
Liaison with Wales Audit Office	1-4	2		
Annual Planning	1	4	Final Collaborative Plan issued	
Annual Report	4	4		
Management, Planning & Joint Audit Committee Reporting/Support	1-4	22		
Collaborative Audits				
Estate Management - Delivery Lead Force – North Wales	2	6	Final report issued on 16 th January 2020	Lead Force – North Wales
Debtors Lead Force – Dyfed Powys	3	5	Final report issued to Lead Force on 18 th December 2019	Lead Force – Dyfed Powys
Payroll Lead Force – South Wales	3	6	Final report issued to Lead Force on 28 th January 2020	Lead force – South Wales - commencing 28 th November 2019 APM issued 14 th August 2019
Creditors Lead Force – Gwent Police	3	6	Draft report issued to Lead Force on 12 th December 2019	Lead force – Gwent Police – commencing 14 th October 2019
Collaborative Review – Single Online Home Lead Force – North Wales	3	5	Draft report issued 9 th January 2020	Lead force – North Wales – commencing 11 th November 2019 APM issued 2 nd October 2019

KEY:

	=	To be commenced
	=	Site work commenced
	=	Draft report issued
	=	Final report issued

Briefings on Developments in Governance, Risk and Control

Summary of Recent Client Briefing Notes (CBNs)

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs issued since the last Joint Audit Committee which may be of relevance to North Wales Police is given below. Copies of any CBNs are available on request from your local TIAA team

Date Issued	CBN Ref	Subject	Status	TIAA Comments
16/01/2020	CBN - 20001	All – Microsoft Windows 7 – End of Support		<p>Action Required</p> <p>Audit Committees and Boards/Governing Bodies are advised to ensure that actions have been taken to assess the number of IT systems running unsupported or end-of-life systems. Boards should assess whether they plan to mitigate the potential risk of continuing use of an unsupported operating system or upgrading to a version supported by the software vendor.</p>
20/01/2020	CBN - 19046	All – Requirement to Accept Electronic Invoices for OJEU Procured Works		<p>For Possible Action</p> <p>Audit Committees are advised to note the new requirements, and ensure their Procurement teams will take account of them in all new contracts issued by the organisation.</p>
10/01/2020	CBN - 19045	All – The Use of Confidentiality Clauses in Discrimination Cases		<p>No Action Required</p> <p>Audit Committees and Boards/Governing Bodies are advised of recent guidance published by the Equality and Human Rights Commissioner setting out a best practice approach to drafting or entering into a confidentiality agreement with employees in discrimination cases and applies to all forms of discrimination, harassment and victimisation under the Equality Act 2010</p>

Date Issued	CBN Ref	Subject	Status	TIAA Comments
09/01/2020	CBN - 19042	All – Inadequate Record Keeping Invalidates Tender Award		<p>For Possible Action</p> <p>Organisations need to ensure that all procurement processes, including processes run under the 'Light Touch' regime, are robust and appropriately documented and recorded.</p>
20/12/2019	CBN - 19041	All – Counter Terrorism Training		<p>No Action Required</p> <p>Audit Committees and Boards/Governing Bodies are advised to assess risks and ensure that where terrorism is identified as a risk, appropriate staff undertake this above training.</p>
09/12/2019	CBN - 19040	All – ICO Guidance – Special Category Data		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards/Governing Bodies are advised to ensure their data protection / information governance teams are made aware of the guidance and implement appropriate documentation and risk management controls for handling special category data.</p>
15/11/2019	CBN - 19037	All - Government Announces Independent Review of the Prevent Arrangements		<p>No Action Required</p> <p>Audit Committees and Boards/Governing Bodies are advised to note that review of this programme is under way, with the results being due to be reported to the Secretary of State by the end of June 2020.</p>
07/11/2019	CBN - 19034	All - Cyber Assurance Framework 3.0		<p>Action Required Not Urgent</p> <p>ICT functions should consider whether the introduction of the CAF at their organisation will strengthen their control and resilience in relation to cyber security</p>

Date Issued	CBN Ref	Subject	Status	TIAA Comments
05/11/2019	CBN - 19033	All - NAO Guidance for Audit Committees on Cloud Services		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards are advised to ensure ICT Strategic plans consider, evaluate and appropriately apply due diligence when considering moving services to a cloud-based platform.</p>
30/10/2019	CBN - 19030	All - ICO Changes Guidance on Timespan for Actioning Subject Access Requests		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards/Governing Bodies are advised to ensure that current policy and procedure complies with renewed ICO legislation.</p>
04/11/2019	CBN - 19028	All - Department for Digital, Culture, Media and Sport - Cyber Security Breaches Survey		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards are advised to consider their current cyber security culture, governance and incident response planning, and assess whether this is commensurate with the rising risk of cyber-attack and security breaches.</p>
04/11/2019	CBN - 19027	All - Guidance on Cyber Security for major Events		<p>Action Required Not Urgent</p> <p>Audit Committees and Boards/Governing Bodies are advised to obtain assurance that the potential cyber security risks present at major events organised by the organisation are properly identified and addressed.</p>

Police and Crime Commissioner for North Wales and Chief Constable North Wales Police

Assurance Review of HR Management - Wellbeing Strategy

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT



OVERALL CONCLUSION

Extensive and continuous work is ongoing at North Wales Police to promote wellbeing activities and support, being led by a dedicated Wellbeing Team.

- A Health and Wellbeing Strategy for 2019/21 was launched in June 2019 with a formal Launch Day having been held.
- Extensive consultation was undertaken in the preparation of the Strategy.
- Governance forums are being kept updated on wellbeing matters, ensuring that support is provided at a strategic level; this includes the Police and Crime Commissioner’s Strategic Executive Board.

SCOPE

The review appraised the arrangements for ensuring staff wellbeing.

ACTION POINTS

Urgent	Important	Routine	Operational
-	-	1	-

Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Operational	A Wellbeing Training Proposal was prepared in January 2019 which included a Healthy Mind foundation course. The Proposal specifies that the half-day foundation training is to be delivered to all North Wales Police employees. The Wellbeing Officer advised that provision of this training course has commenced but that the complete roll-out target date of December 2019 will not be achieved due to the Wellbeing Team's wider responsibilities which include supporting staff by organising, promoting and attending events, ensuring visibility at various Force sites and providing both preventative and responsive guidance and support to employees. The Team are now aiming for June 2020 as a target however there is a risk that this may slip again.	Support be provided to the Wellbeing Team in relation to establishing the priority of the Healthy Mind foundation course force-wide and by making available further resources where required	3	<p><i>Following a review of the numbers required to be trained, and this being on top of the Welfare Team's daily role, this is unlikely to be completed until November 2020.</i></p> <p><i>A discussion is planned with the Training Department as to whether they can assist with any of the training, although I suspect not as they also have reduced numbers and a large volume of courses to deliver.</i></p>	30/11/20	Head of Medical Services

Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
<i>No Operational Effectiveness Matters were made.</i>			

**Police & Crime Commissioners and
Chief Constables of North Wales,
South Wales, Dyfed-Powys and Gwent Police**

Collaborative Assurance Review of Debtors

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT

Force	Assessment
Dyfed Powys Police	Substantial
North Wales Police	Substantial
South Wales Police	Reasonable
Gwent Police	Reasonable

OVERALL CONCLUSION

Arrangements for accounts receivable processes are generally consistent across all four Forces, with Dyfed Powys nearing completion of the move to a fully electronic process.

- Sales ledger and bank reconciliations are not authorised on a timely basis at South Wales Police.
- Sales ledger reconciliations are not being authorised and bank reconciliations are not being completed in a timely manner at Gwent Police.
- There are long-standing unreconciled transactions showing on the bank reconciliations for South Wales and Gwent Police Forces.
- Dyfed Powys and Gwent Police Forces need to strengthen the arrangements for chasing aged debts.

SCOPE

The review considered the raising of debtor accounts, collection of income, receipting, storage and banking of income received by each organisation. The scope of the review did not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified. The number of transactions tested in the sampling was the same for each organisation.

ACTION POINTS

Force	Urgent	Important	Routine	Operational
Dyfed-Powys Police	0	0	2	2
South Wales Police	0	2	0	3
Gwent Police	0	2	1	2
North Wales Police	0	0	1	1

Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
Dyfed Powys Police							
2	Compliance	The description included on three of the 10 invoices sampled did not include the period the services were provided for.	The date or period for which the services were provided be included within the description field of all sales invoices.	3	<i>Agreed - Communication to go out to all users.</i>	30/11/19	<i>Dawn Walters Business Lead People & Finance</i>
3	Compliance	Monthly meetings are to be held between the Business Support Unit (BSU) and Legal Services in relation to aged debtors which have not been maintained in recent weeks.	Monthly meetings between the Business Support Unit (BSU) and Legal Services in relation to aged debts be resumed.	3	<i>Agreed - These have been diarised.</i>	<i>Implemented with immediate effect</i>	<i>Dawn Walters Business Lead People & Finance</i>
South Wales Police							
4	Compliance	The independent review and authorisation of sales ledger and bank reconciliation are not being carried out on a timely basis. The approval of the August 2019 reconciliations were confirmed after those for September 2019.	The review and authorisation of sales ledger and bank reconciliations be undertaken on a timely basis.	2	<i>Arrangements have been put in place to ensure reconciliations are performed on a timely basis.</i>	<i>Immediate</i>	<i>Principal Financial Accountant</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
5	Compliance	The list of unreconciled transactions on the September 2019 bank reconciliation totalled nearly £109,000, with some dating back to the financial years 2017/18 and 2018/19.	Unreconciled transactions identified within bank reconciliations be dealt with on a routine basis.	2	<i>Arrangements have been put in place for historic reconciling items to be removed and moving forwards items will not be allowed to be repeatedly carried forward as a reconciling item.</i>	31/12/19	<i>Principal Financial Accountant</i>
Gwent Police							
6	Compliance	Sales ledger reconciliations for August and September 2019 had not been authorised at the time of review. Furthermore, bank reconciliations were not completed on a timely basis.	Monthly sales ledger and bank reconciliations be completed and approved on a timely basis.	2	<i>Senior finance staff will regularly review compliance as part of the month end closedown procedures.</i>	31/01/20	<i>HoF</i>
7	Compliance	At the time of review, the list of unreconciled transactions on the most recent bank reconciliation available (August 2019) showed a balance of nearly £66,500,000. However three transactions totalling nearly £65,000,000 remain unreconciled at the advice of the ABW system administrator, and are related to an accounts payable payments run which was posted twice. Work on investigating the remaining unreconciled items was undertaken during this review for which confirmation was received in relation to the status of each.	Unreconciled transactions identified within bank reconciliations be dealt with on a routine basis.	2	<i>The three transactions relate to the accounting for the pension top up grant from the Home Office that is posted as a year-end journal. The items have not been removed from the cashbook on the advice of the ABW administrator. We will resolve these items and prevent a recurrence for the 2019/20 accounts.</i>	31/07/20	<i>HoF</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
8	Compliance	A sample of five aged debtors was selected for review. Although the review identified that outstanding debts were being investigated, it was highlighted that some, specifically three from the sample of five selected, needed to be chased more routinely.	Action in relation to the recovering of debts be undertaken on a routine basis.	3	Senior finance staff will regularly review compliance as part of the month end closedown procedures. Staff have been reminded of the need to review and chase debt on a regular and failure to do so will be addressed through the Performance Policy.	31/01/20	HoF
North Wales Police							
1	Directed	It was identified that North Wales Police's Debtor Information Pack does not include a section on the expected actions to be taken in debt recovery, which is inconsistent with the other three Forces	Procedures be prepared, or the current Debtor Information Pack be amended, to include the expected actions to be taken in the recovery of aged debts.	3	Our Debtor Information Pack will be updated to include debt recovery procedures.	31/01/20	Head of Finance

Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
Generic			
1	Directed	Consideration be given to harmonising the debt collection procedures at all four Forces, to demonstrate a consistent approach to debt recovery.	<p><i>DPP: As lead for this audit DPP will collate debt collection procedures and prepare a comparison document for circulation, discussion and escalation to All Wales Police Finance if required.</i></p> <p><i>NWP: Are happy with their debt collection process and will continue using their existing process.</i></p>
South Wales Police			
2	Compliance	South Wales Police to investigate reasons for comparatively high value of credit notes and provide further training or guidance as necessary.	<i>SWP: This high value of credit notes was mostly related to the charging of VAT on the 'rental' of office space by Fire Authorities in the Public Service Centre and was an unusual transaction which has now been resolved.</i>
Generic (except North Wales Police)			
3	Operational	Consideration be given by South Wales, Gwent and Dyfed-Powys Police to the possibility of replacing a monthly full debtor control account / sales ledger reconciliation with a short check that the account is balancing before closedown.	<i>GWP: Noted, will be considered.</i>

**Police & Crime Commissioners and
Chief Constables of North Wales,
South Wales, Dyfed-Powys and Gwent Police**

Assurance Review of Collaborative - Estate Management Delivery

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT

Force	Assessment
North Wales Police	Reasonable
South Wales Police	Substantial
Dyfed-Powys Police	Reasonable
Gwent Police	Reasonable

OVERALL CONCLUSION

All contracts reviewed were procured through effective and appropriate procurement arrangements.

- Contracts are not always signed prior to the commencement of the contract (North Wales and Dyfed-Powys).
- The Standing Orders in relation to the authority levels for the signing of contracts needs to be updated.
- No process was in place in North Wales Police to monitor the dates of gas servicing.
- Signed copies of contracts need to be obtained for the contractual agreement with EDF and Corona at Dyfed-Powys and the Building & Electrical Maintenance and Refurbishment Works contract at Gwent.
- The Shared Facility Delivery Board meets very infrequently (Gwent).

SCOPE

The review considered how two contracts at each Force are delivered in accordance with the Estates Strategy.

ACTION POINTS

Force	Urgent	Important	Routine	Operational
North Wales Police	0	3	1	1
South Wales Police	0	0	1	0
Dyfed-Powys Police	0	2	0	1
Gwent Police	0	2	1	1

Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
North Wales Police							
1	Compliance	A review of the Contract Agreement revealed that the Police and Crime Commissioner "accepted a tender by the Contractor dated 21 st February 2019". The Agreement was actually made on the 29 th May 2019 with the contract from 1 st June 2019 to 31 st May 2022 with the option to extend in multiples of 12 months for a further two years.	All contracts and contractual agreements be signed prior to the commencement of the contract.	2	<i>We will endeavour to get all contracts signed prior to commencement of work.</i>	<i>Immediate</i>	<i>Head of Facilities & Fleet Dept (Assistant Director); Head of Procurement</i>
2	Compliance - Amend	It was noted that the Mechanical Engineering Services – Planned Preventative Maintenance contract was signed by the Head of Facilities and Fleet, which was not in accordance with the delegated authorities as set out in Standing Orders for Contracts.	The Standing Orders for Contracts with the Manual of Governance be updated to reflect the current arrangements.	2	<i>The memorandum received from the Legal Department with the contracts stated that the Head of Facilities and Fleet could sign the contract as the cumulative value of the contract over its duration was below the sum of £250,000. Standing Orders for Contracts with the Manual of Governance will be updated to reflect the current arrangements.</i>	<i>31/01/20</i>	<i>Chief Finance Officer</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Compliance	There is no check or monitor to ensure that the next gas service has been undertaken within 12 months of the previous one. Reliance is placed on the contractor. North Wales Police, as the employer and owner of premises, are responsible for ensuring the services are undertaken in accordance with the Health and Safety Executive (HSE) ACOP regulations.	A process be put in place to monitor the dates of gas servicing to ensure that they are compliant with legislation and a monthly report be requested from the contractor on the dates of the services were completed.	2	<i>The dates are checked periodically but it's acknowledged that this process is not formally recorded. A spreadsheet will be set up with hyperlinks to provide a schedule with dates for checking. Service sheets are already received from contractors with the invoices.</i>	31/12/19	<i>Operations Manager</i>
3	Compliance	The Contractor for the Mechanical Engineering Services contract, J Fletcher Ltd are registered on the Gas Safe Register. It is best practice to check all engineers working on gas contracts are actually registered on the Gas Safe Register or obtain confirmation from the contractor that all engineers who are likely to work on the contract are registered.	All gas engineers working on Police premises be checked to ensure they are registered on the Gas Safe Register or confirmation be obtained from the contractor.	3	<i>Spot checks will be undertaken on Engineers to ensure compliance, but the onus is on the contractor to ensure all their employees are fully qualified.</i>	31/12/19	<i>Building Services Engineer</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
South Wales Police							
5	Compliance	There appears to be no community or social benefit clauses set out and arising from the contract. The Welsh Governments guidance on Community Benefits Delivering Maximum Value for the Welsh Pound – 2014 sets out how to incorporate Community Benefits in public procurements.	A commitment to including social benefit clauses in all relevant procurement contracts be undertaken in accordance with the Welsh Governments Community Benefits - Delivering Maximum Value for the Welsh Pound.	3	<i>The recommendation has been noted. The force will meet with the supplier and discuss their commitment to the Welsh Governments Community Benefits – Delivering Maximum Value for the Welsh Pound. This will be undertaken at the next Contract Monitoring Meeting scheduled for January 2020.</i>	01/04/20	<i>Environmental and Facilities Manager/ Environmental Officer</i>
Dyfed-Powys Police							
6	Compliance	The Form of Agreement Incorporating the NEC3 Term Service Contract April 2013 is not dated yet as the contract has not been signed yet. The contract actually commenced on 28 th May 2019 and a Letter of Intention to Award was issued in January 2019. The delay in the signing of the contract has been due to minor variations in the contract data and specifications.	All contracts and contractual agreements be signed prior to the commencement of the contract.	2	<i>The Contract was signed on 03/12/2019.</i>	03/12/19	<i>Senior Facilities Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
7	Compliance	The contract for both Electricity and Gas actually commenced in April 2019 for two years until 31 st March 2021. During the review no contract or formal agreement could be made available to support the contractual arrangements with EDF and Corona.	A formal contractual agreement with EDF and Corona procured through the Framework with National Procurement Services be obtained.	2	<i>This will be sought from the suppliers/NPS/CCS.</i>	03/03/20	Senior Facilities Manager
Gwent Police							
8	Compliance	The General Building & Electrical Maintenance and Refurbishment Works contract is for a period of three years from the expected contract completion date with an option to extend for a further period of 12 months. The Force did not have a copy of any signed contract.	A fully signed copy of the General Building & Electrical Maintenance and Refurbishment Works be obtained from Torfaen or Monmouthshire County Council.	2	<i>The procurement was managed by TCBC with representation from all three partners. A copy of the signed contract will be obtained.</i>	31/01/20	Head of Estates and Facilities
9	Compliance	Schedule 2 of the Memorandum of Understanding (MoU) relating to governance sets out the frequency that the Shared Facilities Management (SFM) Board must meet. Paragraph 1.7 of the Schedule states that "Unless otherwise agreed, the SFM Board shall meet no less than Quarterly during the Term, with additional meetings as required". It was noted that the Board last met in September 2018. It is unclear how the Board discharges its governance responsibilities in relation to areas set out in the Schedule.	The Shared Facilities Management Board be required to meet on at least a half yearly basis.	2	<i>The quarterly meeting was not required, however, a recent meeting was held on 5th November 2019 and future meetings have now been confirmed for 2020.</i>	Completed	Head of Estates and Facilities

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
10	Compliance	Paragraph 7.5 under section 7 - Services of the MoU it states that "Within ninety (90) days of the Commencement Date, the SFM Board shall agree a procedure for monitoring performance of the Services against the Service Levels and for dealing with any failure to comply with the Service Levels in accordance with the principles set out in Part 3 of Schedule 3. Each Board Representative shall report back to its respective Member in respect of service provision provided under this Agreement in accordance with the internal arrangements of such Member". There appears to be no formal monitoring of performance.	Key Performance Indicator outcomes be provided to Gwent Police in accordance with the Memorandum of Understanding and Schedule 2 of the General Building & Electrical Maintenance and Refurbishment Works Framework contract.	3	Accepted. Key Performance Indicators have been developed as part of the Force Performance Framework and will be used to monitor.	Completed	Head of Estates and Facilities

Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
Generic (except South Wales Police)			

Ref	Risk Area	Item	Management Comments
1	Operational	Consideration be given by North Wales, Gwent and Dyfed-Powys Police to the utilisation of the Contract Management Manual developed by South Wales Police.	<p><i>Gwent Police - Gwent Police and South Wales Police are currently considering a collaborative procurement approach and this contract management manual will be adopted.</i></p> <p><i>Dyfed Powys and North Wales Police – A copy of the manual will be requested from South Wales Police and passed to relevant parties for their perusal.</i></p>

**Police & Crime Commissioners and
Chief Constables of South Wales,
Dyfed-Powys, Gwent and North Wales Police**

Collaborative Assurance Review of Payroll Arrangements

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT

Force	Assessment
South Wales Police	Substantial
Dyfed Powys Police	Substantial
Gwent Police	Substantial
North Wales Police	Substantial

OVERALL CONCLUSION

Arrangements for payroll are generally consistent across all four Forces, with the exception of the payment arrangements for overtime, acting up and allowances which are processed electronically and manually on forms.

No urgent or important recommendations were raised.

SCOPE

Rationale

Financial Risk, Collaborative Review.

Scope

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

The scope of the review did not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements. The number of transactions tested in the sampling is the same for each Force.

Lead Force

South Wales Police

ACTION POINTS

Force	Urgent	Important	Routine	Operational
All forces	0	0	0	1
South Wales Police	0	0	0	0
Dyfed-Powys Police	0	0	0	1
Gwent Police	0	0	1	0
North Wales Police	0	0	2	0

Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
South Wales Police							
<i>There were no recommendations made for South Wales Police.</i>							
Dyfed Powys Police							
<i>There were no recommendations made for Dyfed Powys Police.</i>							
Gwent Police							
2	Directed	Police Officers that wish to receive the Acting Up allowance must get line manager approval and provide the evidence of approval to the Payroll Team, usually in the form of emails.	An Acting Up form be introduced by Gwent Police to record all Acting Up claims and for the form to be attached to the relevant records on ABW.	3	<i>Gwent Police currently do not utilise Acting Duties as much as the other Forces, instead making temporary promotions. If the use of an acting – up form is preferred, HR will need to record this in ABW system and authorise the change before passing the details to Payroll for processing.</i>	30/06/20	HR

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
North Wales Police							
1	Directed	New employee documentation such as the new employee forms, starter checklists and Tasks are to be saved to the employee's record on DocStore within Zellis. Of the sample of 25 new starters tested at North Wales Police, five Tasks were not stored on DocStore but were available for viewing by searching the Payroll Team's task list within Outlook.	All Tasks be saved on DocStore in a timely manner to ensure a robust audit trail.	3	<i>The team will docstore tasks as they complete them. A report will be run on a weekly basis to identify any that may have been missed.</i>	<i>Immediate</i>	<i>Payroll & Pensions Manager</i>
4	Compliance	Overtime is to be claimed in multiples of 0.25 hours. Two staff members from the sample of 25 were found to have claimed to the minute and this had been approved. The Payroll and Pensions Manager advised that due to some staff members working on a part-time basis, it is not possible to build the 'rounding down' into the system and the only other feasible option would be to amend the terms and conditions attached to overtime claims. Police Officer overtime is being automatically rounded down to the nearest 0.25 hours by the system.	To ensure consistency among all employees, a practicable solution be determined for the consistent claiming of overtime.	3	<i>This point was considered in 2018 by the Overtime & TOIL working group. Guidance reflecting the requirement to round claims to the nearest 0.25 minutes is available on the force intranet and within the overtime claiming page in the HR Self Service Portal.</i> <i>A senior officer will email all police staff to remind them of the need to round down claims.</i>	<i>31/03/20</i>	<i>Payroll & Pensions Manager</i>

Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
Dyfed Powys Police			
1	Operational	Consideration be given by Dyfed Powys Police to move to paperless system whereby all forms are scanned onto the system.	<i>The Payroll function is largely paperless there are a few areas where paper is still used. The allowances mentioned are far and few between. Within the team though we are always looking ahead to find ways of streamlining without suffering any detriment to the service provided. As a force we are committed to reduce the use of paper.</i>
Generic			
2	Operational	Consideration be given by all four forces to discuss and agree on a common set of payroll key performance indicators for benchmarking purposes.	<i>Happy to discuss in meeting co-ordinated by 'Lead' force for this audit. Steve Lewis – Head of Exchequer Services – South Wales Police Consideration will be given to the discussion of payroll key performance indicators – North Wales Police.</i>

Police and Crime Commissioner for North Wales and Chief Constable North Wales Police

Assurance Review of Capital Programme

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT



OVERALL CONCLUSION

There are effective arrangements in place for accounting for the capital programme and monitoring capital expenditure which include:

- Documented regulations policy and/or procedures;
- Established governance frameworks for the planning, approval and prioritisation the capital programme;
- Monitoring and budgetary control of projects at corporate and local level which allow for identification of changes and variances to programmes.

SCOPE

The review considered the arrangements for accounting for the capital programme. The scope of the review did not include consideration of the funding arrangements or the specification of the projects.

ACTION POINTS

Urgent	Important	Routine	Operational
-	-	-	2

Management Action Plan - Priority 1, 2 and 3 Recommendations

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
No <i>Urgent, Important</i> or <i>Routine</i> recommendations were made.							

Operational Effectiveness Matters

Ref	Risk Area	Item	Management Comments
1	Compliance	Consideration be given to undertaking an additional check of revenue items above a defined value to help ensure all capital items have been identified and recorded correctly in the capital strategy and also fixed asset registers.	<i>Due consideration will be given to undertaking this additional check of individual revenue items above £10k.</i>
2	Compliance	Consideration be given to also providing copies of the Capital Projects Team meeting notes to Finance and Resources for information.	<i>A request has been sent to the Head of Facilities that these meeting notes are also sent to Finance and Resources for information.</i>

**Police & Crime Commissioners and
Chief Constables of South Wales,
Dyfed-Powys, Gwent and North Wales Police**

Collaborative Review - Single Online Home

2019/20

Executive Summary

OVERALL ASSURANCE ASSESSMENT



OVERALL CONCLUSION

The collaborative arrangement in place to implement Single Online Home (SOH) is well governed at both a collaborative and individual force level and the collaborative approach has been effective delivering benefits for all four participating forces.

- The data protection and data management of the e-mails generated by SOH need to be determined by each force to ensure full compliance with data protection legislation.
- Resource management will become more critical the closer each force gets to the go live date.
- Each force will need to complete a detailed benefits analysis once SOH is live to determine if the identified benefits have been realised.

SCOPE

The review appraised the effectiveness of the collaboration arrangements for the pan Wales Single Online Home Project. The scope of the review also included the effectiveness of the project management arrangements. The review considered the effectiveness and robustness of the Project governance arrangements including how this meets both individual force requirements balanced against the benefit of working to single solutions, the management of Project risks, how prepared the Project / Forces are to deliver benefits encompassing all project deliverables not just the technical aspects and also considered if the Single Online Home Project had been an effective model for collaboration including how the benefits to each Force could be identified e.g. the benefit arising from a single collaborative project plan rather than each Force having to prepare their own project plan.

ACTION POINTS

Urgent	Important	Routine	Operational
0	3	0	0

Management Action Plan - Priority 1, 2 and 3 Recommendations

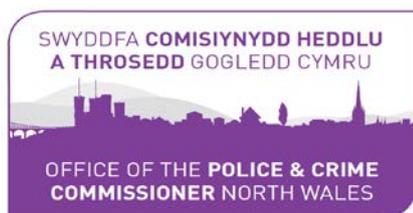
Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
North Wales Police							
1	Operational	Each force will need to determine how the e-mails generated within Single Online Home will be managed, retained and deleted when no longer required whilst ensuring significant visibility to enable relevant e-mails to be included in responses to subject access requests when required.	The data protection and data management requirements for e-mails generated within Single Online Home be determined by each force including ensuring the visibility of relevant e-mails for inclusion in responses to subject access requests.	2	<i>Whilst this is noted on the Project Risk register, no additional action is required. Business Change Managers for each area are being consulted on how they want to manage the retention of emails. This is no longer a project risk, more of an organisational risk which has been flagged with the programme, ICT Joins and NEP Project</i>	N/A	<i>Project Manager</i>
2	Operational	It is recommended that all four local Single Online Home Project Boards receive regular updates on the sprint progress to enable them to identify when additional project resources may be required to ensure that all sprint actions are completed to achieve the go live dates.	Regular updates on the sprint process that includes details of outstanding sprint actions carried over be provided to the four in-force Single Online Home Project Boards so that timely decisions can be made when additional project resources may be required to ensure that all actions are completed to achieve the go live dates.	2	<i>SOH Project Boards are held monthly with weekly meetings with local SRO. All Wales boards are held every 6 weeks. General update on progress delivered through these mediums with expectations raised adhoc.</i>	30/07/20	<i>Project Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Operational	Each force will need to complete a detailed benefits analysis once Single Online Home has been fully implemented to fully quantify the benefits arising from the use of Single Online Home.	A detailed benefits analysis be completed by each force once Single Online Home has been fully implemented to determine the benefits arising from the use of Single Online Home.	2	<i>National Team Benefit template docs have been completed. Nothing further possible until SOH implemented and figures received. This will allow post-project benefits to be monitored.</i>	30/10/20	<i>Project Manager</i>
Dyfed Powys Police							
1	Operational	Each force will need to determine how the e-mails generated within Single Online Home will be managed, retained and deleted when no longer required whilst ensuring significant visibility to enable relevant e-mails to be included in responses to subject access requests when required.	The data protection and data management requirements for e-mails generated within Single Online Home be determined by each force including ensuring the visibility of relevant e-mails for inclusion in responses to subject access requests.	2	<i>Recorded on DPP SOH Risk Register and listed as Agenda Item for SOH Project Group Meeting on 16.01.2020. Discussions in relation to storage and retention of emails have already commenced with regards to implementation of Office 365/NEP and SOH emails will form part of these discussions.</i>	30/07/20	<i>Product and Programme Manager</i>
2	Operational	It is recommended that all four local Single Online Home Project Boards receive regular updates on the sprint progress to enable them to identify when additional project resources may be required to ensure that all sprint actions are completed to achieve the go live dates.	Regular updates on the sprint process that includes details of outstanding sprint actions carried over be provided to the four in-force Single Online Home Project Boards so that timely decisions can be made when additional project resources may be required to ensure that all actions are completed to achieve the go live dates.	2	<i>SOH Project Boards are held 6 weekly. Sprint Progress has been added to the Highlight Report Template for the forthcoming and future meetings.</i>	30/07/20	<i>Product and Programme Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Operational	Each force will need to complete a detailed benefits analysis once Single Online Home has been fully implemented to fully quantify the benefits arising from the use of Single Online Home.	A detailed benefits analysis be completed by each force once Single Online Home has been fully implemented to determine the benefits arising from the use of Single Online Home.	2	<i>Benefits Workshop with National SOH Team diarised for 14 January 2020. Collation of baseline data has commenced. Benefits Tracker provided by National team will be populated with the required information.</i>	31/10/20	<i>Product and Programme Manager</i>
Gwent Police							
1	Operational	Each force will need to determine how the e-mails generated within Single Online Home will be managed, retained and deleted when no longer required whilst ensuring significant visibility to enable relevant e-mails to be included in responses to subject access requests when required.	The data protection and data management requirements for e-mails generated within Single Online Home be determined by each force including ensuring the visibility of relevant e-mails for inclusion in responses to subject access requests.	2	<i>This is being managed through the SOH project risk register and has been escalated to ICT Joins and the NEP Project. In the absence of a single policy, SOH emails and SAR's will be subject to GWP existing policies.</i>	30/07/20	<i>Project Manager</i>
2	Operational	It is recommended that all four local Single Online Home Project Boards receive regular updates on the sprint progress to enable them to identify when additional project resources may be required to ensure that all sprint actions are completed to achieve the go live dates.	Regular updates on the sprint process that includes details of outstanding sprint actions carried over be provided to the four in-force Single Online Home Project Boards so that timely decisions can be made when additional project resources may be required to ensure that all actions are completed to achieve the go live dates.	2	<i>GWP has representation at the All Wales Board which is held every 6 weeks and sprint progress is fed into the GWP project board monthly.</i>	30/07/20	<i>Project Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Operational	Each force will need to complete a detailed benefits analysis once Single Online Home has been fully implemented to fully quantify the benefits arising from the use of Single Online Home.	A detailed benefits analysis be completed by each force once Single Online Home has been fully implemented to determine the benefits arising from the use of Single Online Home.	2	<i>A review will follow on completion of the project using the benefits tracker from the National team.</i>	31/10/20	<i>Project Manager</i>
South Wales Police							
1	Operational	Each force will need to determine how the e-mails generated within Single Online Home will be managed, retained and deleted when no longer required whilst ensuring significant visibility to enable relevant e-mails to be included in responses to subject access requests when required.	The data protection and data management requirements for e-mails generated within Single Online Home be determined by each force including ensuring the visibility of relevant e-mails for inclusion in responses to subject access requests.	2	<i>DPIA being reviewed by the Information Sharing Agreements and Records Management Officer</i>	08/04/20	<i>Project Manager and DP Manager</i>
2	Operational	It is recommended that all four local Single Online Home Project Boards receive regular updates on the sprint progress to enable them to identify when additional project resources may be required to ensure that all sprint actions are completed to achieve the go live dates.	Regular updates on the sprint process that includes details of outstanding sprint actions carried over be provided to the four in-force Single Online Home Project Boards so that timely decisions can be made when additional project resources may be required to ensure that all actions are completed to achieve the go live dates.	2	<i>Managed locally by each Project Manager</i>	<i>Ongoing weekly updates</i>	<i>Project Manager</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Operational	Each force will need to complete a detailed benefits analysis once Single Online Home has been fully implemented to fully quantify the benefits arising from the use of Single Online Home.	A detailed benefits analysis be completed by each force once Single Online Home has been fully implemented to determine the benefits arising from the use of Single Online Home.	2	<i>The Benefits Realisation needs to start much earlier than this suggests. Baseline data needs to be gathered from the as is process mapping before implementation</i>	<i>March 2020 and October 2020</i>	<i>Project Manager and National team</i>



**HEDDLU
GOGLEDD CYMRU
NORTH WALES
POLICE**

JOINT AUDIT COMMITTEE

RISK MANAGEMENT REPORT 9th MARCH 2020

REPORT OF THE NORTH WALES POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

1. INTRODUCTION

The purpose of this report is to provide an update on the organisational risk management process and allow oversight of the status of North Wales Police and Crime Commissioner and North Wales Police risks and is based on information received by 7th February 2020 (risk register version 5.38).

Project risks are managed separately within the Portfolio Management Office; however those that require Force attention are escalated to the Force Risk Register.

1.1 Table 1: - NWP Risks 5th November – 7th February 2020

	Previous total	Closed in this period	New in this period	Changed Risk Level	Current NWP Risks Total
Critical	2	0	0	0	2
High	9	0	1	0	10
Medium	1	1	0	0	0
Low	0	0	0	0	0
Negligible	0	0	0	0	0
Total	12	1	1	0	13

1.2 Table 2: - OPCC Risks 5th November – 7th February 2020

	Previous total	Closed in this period	New in this period	Changed Risk Level	Current NWP Risks Total
Critical	1	0	0	0	1
High	0	0	0	0	0
Medium	0	0	0	0	0
Low	0	0	0	0	0
Negligible	0	0	0	0	0
Total	1	0	0	0	1

2. NEW RISKS SINCE LAST REPORT

Risk 46 – REDACTED CLOSED SESSION

Risk 47 - Ability to integrate 'uplift' officers

A risk has been identified in relation to the Forces' ability to integrate 'uplift' officers effectively into the organisation without any adverse effect on service delivery or organisational culture. This risk has not been included on the risk register below at this stage therefore further details will follow.

3. RISKS CLOSED SINCE LAST REPORT

RISK 37 - Impact of changes in Police Staff Conditions of Service on Force Communications Centre (FCC) desired staffing levels (DSL) – Opened 08/10/2019 Closed 07/11/2019

Due to the timing of meetings Chief Superintendent Neil Anderson approved the closure of this risk on behalf of the Operational Support Services SMT. The risk was closed on the basis that the risk level had reduced to an acceptable level with the planned work around Single Online Home. It was also envisaged the implementation of the new shift patterns would further reduce the risk too.

4. OTHER RISK CHANGES

RISK 38 – Potential Impacts (uncertainty) of EU Exit

The UK will leave the EU on the 31st January 2020 and will enter a transition period of at least 12 months. At this stage the UK and Welsh Government have suspended all EU Exit preparations to allow for the detail of any details / agreements to emerge. As such the risk is now believed to be low risk of impacts until such time further negotiation have taken place at a UK Government level. Gold Command will continue to review this risk.

5. RISK MATTERS OF NOTE

RISK 19 – REDACTED CLOSED SESSION

RISK 43 – REDACTED CLOSED SESSION

6. ASSURANCE BOARD / ASSURANCE MAPPING

The Finance and Resources Assurance Map has been finalised and a report proposing that the Assurance Mapping approach is adopted by the force was agreed at the Senior Leadership Team Meeting on the 28th January 2020.

A Risk Management and Assurance Mapping Framework which outlines the Forces' and OPCC approach to risk management and assurance mapping has been produced and is currently out for consultation and will hopefully be ratified at the Assurance Board scheduled on the 24th February. Once ratified and published, this framework will replace the current (outdated) risk strategy.

7. RISK APPETITE

The Risk Appetite document was agreed at the Senior Leadership Team meeting on the 5th November 2019 and has been incorporated into the Risk Management and Assurance Mapping Framework referred to above.

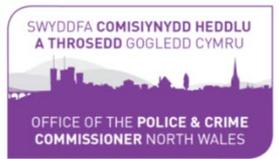
8. FORCE RISK SUMMARY

URN	Risk Title	Risk Levels			Risk Lead	Risk Type	Last Review
		Before Controls	Current	Target			
3	RMS Legacy Database	High	Med (Force)	Low	Colin Parry	Static	16/01/2020
5	IT Infrastructure investment	High	Low	Low	Keith Williams	Static	09/01/2020
9	Adequacy of financial resources	Critical	High	Med (Force)	Kate Jackson	Static	30/10/2019
10	REDACTED	High	Med (Force)	Low	Ian Davies	Static	16/01/2020
11	REDACTED	High	Med (Force)	Negligible	Ian Davies	Static	16/01/2020
13	Inadequate financial resources to deliver service plans	Critical	High	Med (Force)	Guto Edwards	Static	10/01/2020
14	Risk of loss of money invested on the money market	Critical	Low	Low	Guto Edwards	Static	09/01/2020
19	Investigative Standards & Case File Quality	High	Med (Force)	Low	ACC Hatchett	Dynamic	04/09/2019
38	Potential impacts (uncertainty) of EU Exit	High	Low	Med(SMT)	Nigel Harrison	Dynamic	15/01/2020
43	REDACTED	High	Med (SMT)	Negligible	Sian Beck	Dynamic	29/01/2020
44	Emergency Services Network (ESN) not fit for purpose	High	High	Negligible	DFR	Static	30/01/2020
45	Emergency Services Network (ESN) delayed beyond viability of Airwave.	High	Med (Force)	Low	DFR	Static	30/01/2020
46	REDACTED	High	High	Med (Force)	Digital SRO	Static	N/A

Joint Audit Committee

Meeting Date:

Title:	Annual Governance Statement
Author:	Kate Jackson, Chief Finance Officer
Purpose of the report:	
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> The Police and Crime Commissioner and Chief Constable must each prepare an Annual Governance Statement; a draft should be reviewed by the Joint Audit Committee before the final statements are published. The governance arrangements for the Office of the Police and Crime Commissioner and Force are similar and often shared.
Recommendations:	<p>To note the arrangements for collating information for the annual governance statements;</p> <p>To note that Joint Audit Committee members have a standing invitation to attend Joint Governance Board;</p> <p>For Joint Audit Committee members to review the draft governance statement</p>
Risk register impact:	The way risk is managed is integral to good governance and is considered within the Governance Framework.
Assurance implications:	The Annual Governance Statement is a summary assessment of the governance arrangements in place during the financial year, and an action plan for future development.
Equality Impact:	The Police and Crime Commissioner and Chief Constable operate with regard to the principles established within the Joint Equality Plan. Equality is considered within the Governance Framework.
Information exempt from disclosure:	None



JOINT AUDIT COMMITTEE

9 March 2020

Annual Governance Statement

Report by the Police and Crime Commissioner's Chief Finance Officer



1. Background

- 1.1 A Joint Governance Board was formed in 2014 to document the governance arrangements in both the Office of the Police and Crime Commissioner and North Wales Police Force.
- 1.2 Previously, the Annual Governance Statement was created by the Chief Finance Officer and the Director of Finance and Resources after the end of each financial year for publication with the Statement of Accounts.
- 1.3 However, in order to be effective, governance must be in place throughout the year, and governance responsibility must extend beyond the Chief Finance Officer and the Director of Finance and Resources.
- 1.4 Meeting regularly throughout the year means that:
 - any changes to governance arrangements can be noted during the course of the year;
 - any gaps can be identified and action taken to address them;
 - all with governance responsibility are able to contribute towards the production of the Annual Governance Statement.
- 1.5 In September 2019, the Interim Director of Finance and Resources recommended that the Joint Governance Board be disbanded, and its work transferred to the Assurance Board. While the Assurance Board is concerned with governance within the Office of Police and Crime Commissioner and Force, it is the view of the Chief Finance Officer and Director of Finance that the Joint Governance Board is better suited to collate the information to prepare the annual governance statements, and the Joint Governance Board will meet next on 30 March 2020. The chair of the Assurance Board will be a member of the Joint Governance Board.
- 1.6 A governance review was undertaken during 2019/20. The implementation of its recommendations will need to be monitored and recorded, and this will therefore inform the work of the Joint Governance Board in the forthcoming year.

2. Recommendations

- 2.1 For members of the Joint Audit Committee to note the work of the Joint Governance Board.
- 2.2 For members of the Joint Audit Committee to be aware that they have a standing invitation to attend Joint Governance Board, and that meeting papers and minutes will be provided to them on request.
- 2.3 For members to review the draft Annual Governance Statement

3. IMPLICATIONS

3.1	Equality	The Police and Crime Commissioner and Chief Constable operate with regard to the principles established within the Joint Equality Plan. Equality is considered within the Governance Framework.
3.2	Financial	The way finances are managed is integral to good governance. The financial policies and the monitoring of financial systems and performance are considered within the Governance Framework.
3.3	Legal	It is a legal requirement to publish Annual Governance Statements for the Police and Crime Commissioner and Chief Constable alongside the Statements of Accounts each year. One purpose of the Joint Governance Board is to record the governance activities for both corporations sole (and ensure any concerns are addressed) in order that the Annual Governance Statements can be prepared accurately and in a timely manner.
3.4	Community and Social Value	Environmental policies, outcomes and engagement (and the monitoring of these) are considered within the Governance Framework. This includes the Wellbeing of Future Generations (Wales) Act 2017.
3.5	Risk	The way risk is managed is integral to good governance and is considered within the Governance Framework.
3.6	Police and Crime Plan	The objectives within the Police and Crime Plan are fundamental to both corporations sole. The way this is monitored is considered within the Governance Framework.

Report Author

Kate Jackson, Chief Finance Officer, OPCC

Draft Annual Governance Statement 2019-2020

1. Introduction and Background

1.1. The Police and Crime Commissioner and the Chief Constable have joint governance arrangements. Therefore, many of the controls are common to both corporations sole. The Police and Crime Commissioner and Chief Constable have a Joint Governance Board to ensure that they fulfil their corporate governance responsibilities. The Board is chaired by the Police and Crime Commissioner's Chief Finance Officer and attended by senior officers of both Police and Crime Commissioner and Chief Constable. The Board collates and documents the evidence to produce this Annual Governance Statement. **The Board met twice during 2019-2020; during this financial year a separate review of governance was undertaken, and the results of this review were taken into consideration in preparing this annual governance statement and the action plan.**

1.2. The Police and Crime Commissioner and the Chief Constable have a Scheme of Consent, which has been in place since 1 April 2014 and was reviewed and revised in **September 2019**. The aim of this Scheme is to provide for proper arrangements for the management of activities on behalf of the Commissioner and the Chief Constable. The Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the North Wales Police Force to account on behalf of the public. The Commissioner is responsible for the totality of policing. The Chief Constable is charged with the impartial direction and control of all police officers and staff within the police force that they lead and is responsible for maintaining the Queen's Peace. The Chief Constable holds office under the Crown, but is appointed by the Commissioner. This Scheme was in effect throughout the financial year and has been agreed by all the named Senior Officers within the Scheme and the Chief Constable and Police and Crime Commissioner for North Wales.

1.3. Both the Police and Crime Commissioner and the Chief Constable are required to have a Chief Financial Officer to undertake the statutory section 151 responsibilities. There is an established Joint Audit Committee; the purpose of the Committee is to provide independent advice and recommendation to the Police and Crime Commissioner and the Chief Constable regarding the adequacy of the risk management framework, the internal control environment and financial reporting.

1.4. Each force area has a Police and Crime Panel to maintain a regular check and balance on the performance of the Commissioner. The Commissioner will also be required to consult with the Panel on his plans and budget for policing, as well as the level of council tax and the appointment of a Chief Constable. The panel is made up of ten local councillors and two co-opted independent members, however in September 2016 the Panel appointed a third co-opted independent member following a recruitment campaign. The increase was sanctioned by the Home Secretary. Conwy County Borough Council is the 'Host Authority' for the North Wales Police and Crime Panel and provides the required support services for the effective operation and discharge of duties of the Police and Crime Panel

1.5. Governance is about how the Police and Crime Commissioner and the Chief Constable ensure they are doing the right things, in the right way for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture, behaviour and values, by which the organisation is directed and controlled and also the activities by which it is held to account and engages with the community it serves. This Annual Governance Statement

(AGS) for the Police and Crime Commissioner and the Chief Constable describes how the organisation can show it has discharged its two overarching statutory duties during 2018-2019:

- To secure an effective and efficient police service and
- To be accountable for the exercise of their functions and those of people under their direction and control.

2. Purpose and scope of responsibility for the Governance Framework

2.1. The Police and Crime Commissioner and the Chief Constable are responsible for ensuring their business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used effectively, efficiently and economically. They also have a duty to make arrangements to secure continuous improvement in the way in which their functions are exercised.

2.2. In discharging their overall responsibility, the Police and Crime Commissioner and the Chief Constable are also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their functions, which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk. The financial management arrangements conform principally with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and Chief Finance Officer of the Chief Constable and the Home Office Financial Management Code of Practice for the Police Forces of England and Wales and Fire and Rescue Authorities created under section 4A of the Fire and Rescue Services Act 2001 (2018).

2.3. This statement explains how the Police and Crime Commissioner and the Chief Constable have complied with the Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government updated in 2016 and also meets the requirements of the Accounts and Audit (Wales) Regulations 2014 as amended, in relation to the statement of internal control and the publication of the annual governance statement.

2.4. The governance framework comprises the systems and processes, culture and values by which the Police and Crime Commissioner and the Chief Constable are directed and controlled and its activities through which it accounts to, engages with and leads its communities. The framework enables the Police and Crime Commissioner and the Chief Constable to monitor the achievement of their strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost effective services and the achievement of value for money.

2.5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot prevent all risk of failure to achieve policies, aims and objectives; it can provide only reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the organisation's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, to manage them efficiently, effectively and economically.

2.6. The governance framework has been in place throughout the year ended the 31 March 2020 and up to the approval of the Statement of Accounts.

3. Principles of good governance

The CIPFA/SOLACE Framework: Delivering Good Governance in Local Government sets out seven principles of good governance which underpin effective governance arrangements to ensure that the intended outcomes for stakeholders are defined and achieved.

The arrangements specific to the Police and Crime Commissioner and Chief Constable are detailed within the seven principles below.

3.1. Ethics and Integrity

There are corporate processes in place to support the core principle of ethics and integrity such as the Policing protocol 2011 which requires everyone in the organisation to abide by the seven principles of public life (the Nolan principles). Additionally, the Home office Financial Management Code of Practice requires the Police and Crime Commissioner and Chief Constable to ensure that good governance is embedded within the organisations and the College of Policing Code of Ethics sets out the standards of behaviour expected for all people working in policing.

The Police and Crime Commissioner's code of conduct and Chief Constable's Code of Ethics underpin the standards of expected conduct and behaviour. The Police and Crime Commissioner and Chief Constable have policies and procedures and regulations in place that comply with law and conform to appropriate ethical standards and standards of professional behaviour. Ethical considerations are part of any business decisions taken and are set out within policies in operation within both organisations.

The Police and Crime Commissioner and Chief Constable have an Anti-Fraud and Corruption policy and whistleblowing arrangements in place which manage effectively the risk of fraud and corruption. Processes for declaring interest and registers for gifts and hospitalities are maintained and updated as required.

Both the Joint Audit Committee and the Police and Crime Panel discharged fully all the functions as identified in the relevant CIPFA publication for Audit Committees. The Joint Audit Committee's Terms of Reference may be found on the Police and Crime Commissioner's website.

The Police and Crime Commissioner has in place procedures for receiving feedback about policing in North Wales, and decisions made by or on behalf of the Police and Crime Commissioner and his officers. He also has procedures in place for the handling of complaints about the Chief Constable. Additionally, the Police and Crime Panel fulfil their responsibilities in relation to complaints made about the Police and Crime Commissioner as set out within the Police Reform and Social Responsibility Act.

3.2. Openness and Stakeholder Engagement

The Police and Crime Commissioner and the Chief Constable promote an open and transparent culture throughout the organisations to ensure that services meet people's needs. All public meeting papers and minutes are published on the website along with any decisions taken by the Police and Crime Commissioner.

The Police and Crime Commissioner is accountable to the people of North Wales to deliver an efficient and effective police service to the people of North Wales and the Chief Constable is accountable to the Police and Crime Commissioner to ensure that an effective police service is provided to the people of North Wales.

The Police and Crime Commissioner and the Chief Constable regularly publish information on the Commissioner's and Chief Constable's work and achievements and satisfaction of users, including the publication of a Police and Crime Plan and an Annual Report.

There is a consultation and engagement strategy in place to ensure that our services are responsive to issues raised. We regularly conduct surveys to inform our service delivery and assist in developing our priorities and objectives. Both the Police and Crime Commissioner and Chief Constable have internal and external consultation mechanisms in place which are used to inform and improve services.

The Police and crime Commissioner and Chief Constable work in partnership and collaboration with other organisations to achieve shared objectives and to ensure effective delivery of services which meet the needs of the organisations. Partnership and collaboration arrangements that are in place are monitored and kept under review to ensure that performance is achieved and objectives are met.

We have an effective scrutiny function, supported by evidence & data analysis, to challenge decision makers constructively, including those who work in partnership with the Commissioner and Chief Constable. All key decisions taken include a financial impact, legal impact, equality impact and risk assessment.

The post of Chief Executive to the Police and Crime Commissioner is the designated post of Monitoring Officer and there are arrangements to record any professional advice that is required for specialist areas.

Furthermore, the Chief Financial Officers for the Police and Crime Commissioner and the Chief Constable complied with the CIPFA statement 'the Role of the Chief Financial Officer of the Police and Crime Commissioner and of the Chief Constable'.

3.3. Defining Outcomes

The Police and Crime Commissioner and Chief Constable will, as part of the strategic planning process, develop informed strategies and plans which are outcome focused, sustainable and take into account the level of resources required to adequately deliver them.

The Police and Crime Commissioner sets the police and crime objectives and these are contained in the Police and Crime Plan. The Police and Crime Plan has been communicated to the public through the website and by various engagement activities and a brief summary of performance is included on the council tax leaflet sent to every household, either electronically or by post.

The police and crime objectives, priorities and financial options were developed from the Police and Crime Commissioner's vision and a joint analysis of:

- Assessment of crime and the required level of service
- Consultation with local people
- Consultation with partners
- Consultation between the Police and Crime Commissioner and the Chief Constable
- The findings of external audit and reviews by Wales Audit Office and HMIC
- Risk assessment

The Police and Crime Commissioner's police and crime objectives are directed and delivered by the Chief Constable and, in turn, by the Strategic Management Board (SMB) during the year. Our performance is monitored and reported within the Annual Report, Statement of Accounts and the Medium Term Financial plan.

The Strategic Executive Board (SEB) is the forum for scrutiny of the Chief Constable by the Police and Crime Commissioner. The additional functions of the Board include:

- to take such decisions as are required by the Scheme of Governance to be taken jointly by the Commissioner and the Chief Constable; and
- to develop proposals for the delivery of the Commissioner's police and crime objectives as set out in the Plan

The Strategic Executive Board (SEB) and Strategic Management Board (SMB) scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board (SMB).

3.4. Determining interventions

In order to optimise the achievement of our intended outcomes the Police and Crime Commissioner and Chief Constable will ensure that there are adequate arrangements in place to deliver services which demonstrate efficiency and value for money.

Detailed resource planning is carried out annually and published within the Medium Term Financial Plan. This risk assesses resource requirements based on appropriate assumptions to enable the Police and Crime Commissioner to prioritise competing demands for services.

The annual strategic and operational planning cycle takes into account the expected level of resources required and identifies where savings and reductions are required. This is also informed by the Priority Resource Planning Process, which was introduced in 2019-2020 (for the 2020-2021 budget) as an enabler for informed decision-making. The resources, savings and growth are risk assessed and achievement of all plans and work streams is monitored through the Strategic Management Board which is chaired by the Chief Constable.

Project boards are in place which monitors the implementation and achievement of agreed initiatives and plans. These are established to support robust decision making in order to achieve the required outcomes. Decision making is devolved to enable flexible and responsive action and better outcomes. Accountability is measured through the governance structure and processes in place.

3.5. Developing Leadership

The Police and Crime Commissioner and Chief Constable have defined structures and roles within the organisations to enable effective leadership. This is supported by the Manual of Governance which sets out the roles and responsibilities and is critical to enable delivery of the strategies and plans in place.

The governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, statutory Policing Protocol Order 2012, Home Office Financial Management Code of Practice (FMCP) and existing guidance on financial and governance matters which continue to apply.

There is an approved scheme of consent in place which formalises the functions and delegation between the Commissioner and Chief Constable. The governance structure supports the implementation of planned activities and outcomes and there is a defined meeting structure in place to ensure that planned outputs are achieved in a timely manner.

Our people are our key investment and we ensure that there are member and officer training and development programmes in place so that knowledge is kept up to date, including any professional development requirements. Our recruitment and succession planning processes are designed in order that we appoint the right people with the right skills into roles within the organisation.

Nationally set terms and conditions exist for officers and staff with agreed pay scales and job evaluation system and we have a performance management framework which the Commissioner and Chief Constable use to assess performance and address any improvements required. Additionally, there are annual assessments of effectiveness for the Police and Crime Panel and the Joint Audit Committee.

3.6. Managing risks and monitoring performance

Risk management and internal control is an integral part of the performance management system within both organisations. The risk management process underpins the financial management arrangements and governance processes and is fundamental to achieving our intended outcomes and supports our vision for a safer North Wales.

There is an embedded risk management culture across the organisation and at all levels. There are corporate and individual area risk registers which conform to approved national methodology and are regularly reviewed and updated and reported to committees and boards across the organisation. Risk management is a standing agenda item on all boards across the force.

Our plans, processes and policies are drawn up having due regard to the risks identified, and this is overseen by the Assurance Board. A partnership framework is in place to ensure that any partnerships are managed appropriately including risk management.

Strategic risks and the risk management process are overseen and monitored at the Joint Audit Committee. Members of the Joint Audit Committee are able to review all risks for transparency.

Internal Audit assess the adequacy of our internal controls and report fully to the independent Joint Audit Committee. Internal and external audit have examined and reported on compliance with applicable regulations and internal controls.

The Strategic Executive Board (SEB) and Strategic Management Board (SMB) scrutinise operational and financial performance, service delivery and the achievement of the police and crime objectives. A programmed approach to delivery of plans is in place via the Strategic Management Board (SMB).

All Joint Audit Committee and Police and Crime Panel papers and minutes are available through the website of the Police and Crime Commissioner.

Effective arrangements are in place to ensure that data is safeguarded and appropriately collected, used, stored and shared. All data is subject to agreed retention policies and the

security classification scheme in operation throughout the force. There is an established Information Security board in place to monitor arrangements and effectiveness.

The Commissioner and Chief Constable have data protection and information security policies in place which are regularly tested. Internal Audit has also reviewed our data protection and management of Information arrangements following the recent HMIC review.

There are information sharing protocols between the Commissioner and Chief Constable and also with our partners.

3.7. Demonstrating effective accountability

The Police and Crime Commissioner and Chief Constable ensure that decision makers involved in service delivery are accountable to them through the processes in place in both organisations.

Standardised reporting templates are used to ensure that information in a sufficient manner and to enable effective decision making and an annual report is prepared and published which assesses the performance against the Police and Crime Plan.

The Police and Crime Commissioner and Chief Constable's websites publish information which is pertinent to the public and stakeholders. The Commissioner has been awarded the transparency quality mark by the Comparing Police and Crime Commissioner's organisation (CoPaCC) for the third consecutive year in recognition of the level and breadth of information contained on the website.

The internal audit service reports to the Joint Audit Committee and has direct access to the Police and Crime Commissioner, Chief Constable and members. Recommendation for service improvements are acted upon and reported to the committee.

Independent and external reviews and inspections are routinely carried out by regulatory bodies and the reports are published and any recommendations made are acted upon.

4. Review of Effectiveness

4.1. The Police and Crime Commissioner and the Chief Constable have responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report and also by comments made by the external auditors, the Police and Crime Panel, Joint Audit Committee and other review agencies and inspectorates.

4.2. In accordance with regulations, the Police and Crime Commissioner and Chief Constable have reviewed the effectiveness of its internal audit service. In conclusion, the service has complied fully with all public sector internal auditing standards (PSIAS).

4.3. As part of our governance framework and to ensure that we review our arrangements for effectiveness, we established a Governance Board, charged with monitoring the arrangements for compliance and to make recommendations for the development of the governance arrangements as may be required. During 2019-2020 governance was stable, and the Joint Governance Board was disestablished. However, it was reconstituted in March 2020 to ensure this annual governance statement could be compiled accurately and in a timely manner. A review of the effectiveness of the governance framework is also informed by the activity and learning from the preceding year.

4.4 Internal Audit carried out their annual service review of our key financial systems in 2018-2019 and provided positive reports during the year. The annual report concluded:

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of The Police and Crime Commissioner's and the Chief Constable's risk management, control and governance processes. In my opinion, The Police and Crime Commissioner and the Chief Constable have adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on the ongoing financial viability or your ability to meet financial obligations which must be obtained by The Office of the Police and Crime Commissioner North Wales and the Chief Constable North Wales Police from its various sources of assurance.

4.5 The Wales Audit Office annual audit letter for 2018-2019 gave an unqualified opinion on the accounts for the Police and Crime Commissioner and the Chief Constable and recorded that they had not identified any significant weaknesses in the overall framework. It also concluded that the Police and Crime Commissioner and Chief Constable had appropriate arrangements in place to secure economy, efficiency and effectiveness in the use of their resources.

5. Governance Action Plan and progress

5.1. In assessing the governance arrangements that are in place, the Governance Board will also develop and monitor any action plans to address any governance issues identified or where improvement to current arrangements is required. The areas to be covered in the 2020-2021 plan can be seen in the Appendix below .

5.2. The action plan for 2019-2020 contained areas for improvement. These are detailed below with their progress and current status.

Recommendation	Action	Current Status - complete Y/N?
Force Delivery Plan	<p>A Force Delivery Plan will be produced articulating the vision. The plan will be widely communicated and supported by detailed plans.</p> <p>The processes for management of change will be enhanced using accepted best practice methodologies and supported by a clear governance structure. The plan will be appropriately resourced to ensure the plans are realistic</p>	Yes

Governance Review	An independent review of governance will be undertaken. A governance action plan will be produced and implemented. The review will link in with a review of partnership arrangements that commenced in 2018/19.	Yes The action plan has been completed, but needs to be implemented. Yes
Assurance Framework	A pilot of an enhanced assurance framework will commence within the Finance & Resources Directorate. Subject to the outcome of the pilot a revised assurance framework will be rolled out across North Wales Police. Our Risk Appetite will be agreed and documented.	Yes
Leadership	A staff survey will be completed, the results analysed and an action plan developed. Implementation of action plan will be delivered through workforce transformation programme.	Yes Implementation of the action plan to be overseen by POD steering group

6. Conclusion

6.1. No statement of internal control can provide absolute assurance against material loss; this statement is intended to provide reasonable assurance.

6.2. However, on the basis of the review of the sources of assurance set out in this statement, we are satisfied that the North Wales Police and Crime Commissioner had in place satisfactory governance arrangements, including appropriate systems of internal control and risk management which facilitate the effective exercise of his functions.

Signed:

Arfon Jones

Police and Crime Commissioner
Commissioner

Stephen Hughes

Chief Executive Officer to the Police and Crime

Kate Jackson

Chief Finance Officer to the Police and Crime Commissioner

ANNUAL GOVERNANCE STATEMENT - PLAN

The review of governance has recognised that our governance arrangements are satisfactory and meet our needs. The delivery of our new vision will challenge our governance arrangements and attention to a number of issues will assist in strengthening those arrangements. The following areas are to be addressed in 2020-2021:

Issue	Actions
Compliance with the CIPFA Financial Management (FM) Code	The Financial Management Code is designed to support good practice in financial management and to assist local authorities in demonstrating financial sustainability. The first full year of compliance is 2021/22, therefore by 31 March 2021 the aim is to review current processes against the Code and implement any required changes.
Governance Review	An independent review of governance will be undertaken. A governance action plan will be produced and implemented. The review will link in with a review of partnership arrangements that commenced in 2018/19.
	A staff survey will be completed, the results analysed and an action plan developed. Implementation of action plan will be delivered through workforce transformation programme.

Joint Audit Committee
Meeting Date: 9 March 2020

Title:	NORTH WALES POLICE GOVERNANCE PROJECT
Author:	Darren Griffiths, Interim Governance Manager
Purpose of the Report:	<ul style="list-style-type: none"> To provide an overview of the main findings, conclusions and recommendations of the governance review. To outline progress to date in delivering the Action Plan which has been prepared to implement the recommendations arising from the review.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input type="checkbox"/> Assurance <input checked="" type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> A Governance Review was undertaken as part of the Governance Project, which involved interviewing a wide group of internal and external stakeholders, reviewing relevant Force documents, and identifying and assessing best practice in other Forces. The review highlighted positive practice and identified areas for improvement. A total of 28 recommendations were put forward aimed at enabling the Force to strengthen its governance arrangements. The findings, conclusions and recommendations of the review have been accepted by the Force's Chief Officer Team and shared with Senior Leaders and Managers across the Force, the Police and Crime Commissioner and Members of the Joint Audit Committee. A summary of the findings, conclusions and recommendations are presented in this report. An Action Plan has been prepared to implement the recommendations, and progress is being made particularly in relation to producing a Code of Corporate Governance, a Scheme of Delegation and refreshing the Force's governance structure.
Recommendations:	<ul style="list-style-type: none"> To note the main findings, conclusions and recommendations of the governance review. To note the progress achieved to date in delivering the Action Plan which has been prepared to implement the recommendations arising from the review.
Risk Register Impact:	None
Assurance Implications:	The project aims to strengthen the governance of North Wales Police by ensuring the Force has efficient, effective and robust governance arrangements and structures in place. The project, therefore, directly contributes to the development and enhancement of assurance across the Force.
Equality Impact:	None
Information exempt from disclosure:	None

North Wales Police Governance Project

1. Introduction

1.1 At its last meeting in November, the Joint Audit Committee received a report on the aim and objectives of the Governance Project. The report also provided an overview of the project approach and the progress achieved up to that point.

1.2 The purpose of this report is:

- To provide an overview of the main findings, conclusions and recommendations of the governance review;
- To outline progress to date in delivering the Action Plan which has been prepared to implement the recommendations arising from the review.

2. Governance Review - Summary of Findings, Conclusions and Recommendations

2.1 A Governance Review was undertaken as part of the project, which involved:

- Interviewing over 50 internal and external stakeholders, including members of the Joint Audit Committee.
- Reviewing Force documentation, such as the Terms of Reference of the different Force-wide meetings.
- Identifying and assessing best practice in other Forces and in the field of public sector governance more generally.

The decision making arrangements of the Force relating to operational policing matters were not included within the scope of the review.

2.2 Presented below is a summary of the main findings and conclusions of the review:

- The corporate decision-making arrangements of the Force can be inconsistent and inefficient at times, which sometimes causes confusion, uncertainty, frustration and delay. The situation could be improved by establishing a clear framework to enable decisions to be made efficiently, effectively in a consistent and timely manner by the appropriate people at the appropriate level.
- The current level and configuration of governance resources within Corporate Services could be optimised to allow the Force to ensure and maintain effective ownership, oversight and co-ordination of its governance structures and arrangements.
- The Force operates a traditional governance structure which is organised largely around the portfolios of the Chief Officers. Whilst the structure enables Chief Officers to manage the delivery and governance of their respective portfolios, the current configuration does not always enable the Force to deal flexibly and effectively with cross-cutting matters. This can sometimes cause inefficiency and duplication by enabling multiple discussions on the same topics in various meetings at different levels which, in turn, leads to matters being escalated for a decision.
- Meetings appear to be driven by the availability of their Chairpersons, rather than the business needs of the Force.

- The relationship between the Force governance meetings and the Senior Management Teams in each of the five business areas requires clarification. There is scope, therefore, to refresh the meetings structure to improve efficiency and effectiveness.
- Compliance with the Force's suite of corporate governance templates is generally good. However, some of these templates require updating to ensure they are standardised in accordance with the Force's brand guidelines and positive practice in the field of governance.
- The Force could also make greater use of technology to facilitate information sharing and support decision-making.
- The frequency of some governance meetings does not always enable them to make swift and timely decisions. Therefore, they tend to operate as 'oversight', 'assurance' and 'consultative' bodies rather than 'decision-making' bodies. As a result, the Senior Leadership Team is now widely viewed as the main corporate decision-making body within the Force. However, its relationship with other executive-level boards / committees requires clarification.
- The Force has a risk-averse attitude towards decision-making at a corporate level at times, due in part to the culture established under previous Chief Constables of wanting to be inclusive and consultative. There is strong support for greater delegation within the Force as a means of providing greater clarity around decision-making roles and responsibilities and increasing levels of empowerment and trust.

2.3 A total of 28 recommendations were made aimed at enabling the Force to strengthen its governance arrangements and optimise its decision-making processes by building on existing positive practice and addressing areas identified as requiring improvement. A summary of the key recommendations is presented below:

- The Force should produce a Scheme of Delegation to clearly set out who has authority to exercise certain powers and functions on behalf of the Chief Constable.
- The Force should produce a document - a Code of Corporate Governance - detailing the Force's corporate governance framework and the means by which it aims to achieve the core principles of good governance.
- The Force should ensure an appropriate level of resource is in place to manage, oversee and co-ordinate the Force's governance arrangements efficiently and effectively.
- The Force should refresh its governance structure to ensure the configuration, membership and chairing arrangements of meetings is fit-for-purpose in terms of driving forward the priorities and performance of the Force, supporting good governance and enabling effective decision-making.
- The Force should plan and publish an annual schedule of meetings which is aligned to the Force's strategic planning and budgetary cycles.
- The Force should establish a clear and consistent process for commissioning and decommissioning meetings.
- The Force should undertake an annual review of the Terms of Reference and effectiveness of its meetings.
- The Force should invest in dedicated governance training for certain groups of staff and issue a revised version of the Governance Guidance for those members of staff involved with governance meetings.

2.4 The findings, conclusions and recommendations have been accepted by the Force's Chief Officer Team and widely shared with Senior Leaders and Managers across the Force via the Strategic Management Board. The findings, conclusions and recommendations of the review have also been shared with the Police & Crime Commissioner who is supportive of the planned improvements to the governance structures and arrangements of the Force.

3. Action Plan

3.1 An Action Plan has been prepared to implement the recommendations, and a copy has already been made available to members of the Joint Audit Committee.

3.2 A Project Board has been established to ensure the project remains on-track by reviewing progress, identifying and addressing any barriers / obstacles to delivery, and taking corrective action as necessary. The members of the Project Board are:

- T/Chief Superintendent Corporate Services (Chair)
- Director of Finance & Resources
- Head of Business Intelligence
- Interim Governance Manager (Project Manager)

The Project Board is committed to ensuring the Office of the Police & Crime Commissioner and the Joint Audit Committee, via its Governance Lead, are appropriately involved in the delivery of the main recommendations, such as producing the Code of Corporate Governance.

3.3 An overview of progress achieved to date is provided below:

- A draft Code of Corporate Governance has been prepared as a joint document and issued for consultation with relevant stakeholders. The draft code describes how the Commissioner and Chief Constable will discharge their responsibilities and govern their organisations, separately and jointly, in accordance with the seven principles of good governance as set out in the *Delivering Good Governance in Local Government Framework* published by CIPFA / SOLACE in 2016. The code will be updated following consultation and presented to the Commissioner and Chief Constable at the end of March / beginning of April for formal adoption. The code will be added to the Manual of Governance and sit alongside the Scheme of Consent, Financial Regulations and Standing Orders for Contracts.
- A draft Scheme of Delegation has been prepared and will be issued for consultation with relevant stakeholders. The scheme seeks to set out clearly who has delegated authority to make decisions within the Force on a range of matters, including finance. The scheme, therefore, will provide a framework for ensuring the business of the Force is carried out lawfully, efficiently and effectively by ensuring decisions are not unnecessarily delayed and are taken at the appropriate level. The scheme will be updated following consultation and presented to the Chief Officer Team at the end of March / beginning of April for formal adoption.

- A new corporate template and guidance for Terms of Reference have been prepared. The guidance sets out the standard information that should be included under each section of the corporate template to ensure the Terms of Reference are clear, robust, well-specified and fit-for-purpose. The guidance also sets out the roles and responsibilities of the Chairperson, Vice-Chairperson, Secretariat, Members and Attendees. The Terms of Reference of all meetings in the refreshed governance structure will be prepared in the new format.
- Recommendations on refreshing the Force's governance structure are currently being prepared with the aim of improving efficiency and effectiveness. The recommendations will be presented to the Chief Officer Team for discussion in March and the structure will be updated following agreement on the way forward.

4. Project Outcomes

4.1 The anticipated outcomes and benefits of the project are:

- Managers feel more empowered, confident and trusted to make decisions, and are clear about where they do not have the authority to make decisions.
- Corporate decision-making arrangements enable decisions to be made by the appropriate people at the appropriate level in a timely and consistent manner.
- Fewer decisions are delayed, duplicated and / or escalated.
- The right people at the right level with the right skills and knowledge are involved in the right governance meetings.
- Managers are not called to attend different meetings to discuss the same issues, or spend time preparing multiple reports for various meetings on the same topics.
- A more professional approach to governance across the Force with high quality support and advice provided by the Governance Team.

5. Recommendations

5.1 The Joint Audit Committee is invited to note:

- The main findings, conclusions and recommendations of the governance review;
- The progress achieved to date in delivering the Action Plan which has been prepared to implement the recommendations arising from the review.

Joint Audit Committee

Meeting Date: 9 March 2020

Title:	Draft Annual Capital Strategy and Treasury Management Report 2020-21
Author:	Chief Finance Officer
Purpose of the report:	To give a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of police services along with an overview of how associated risk is managed and the implications for future financial sustainability.
The report is provided to JAC for: (tick one)	<input type="checkbox"/> Decision <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Information
Summary / Key Points:	<ul style="list-style-type: none"> • This report stems from CIPFA’s Treasury Management (TM) in the Public Services’ Code of practice and there is a legal requirement to abide by the Code. • It gives details of the Capital Programme, Revenue Provision for Borrowing and the Treasury Management and Investment Strategy 2020/21 to 2024/25, which are attached in the appendices. • It deals with the investment of surplus cash and any borrowing requirements. • It highlights the authorised limits and indicators within which the TM function operates on a daily basis.
Recommendations:	The report is submitted to the Joint Audit Committee for information and comment, and to give its assurance prior to submission to the Police and Crime Commissioner
Risk register impact:	No impact – the arrangements are designed to manage the risk from investing and borrowing.
Assurance implications:	The report sets out the rules and limits for investing and borrowing money per the TM Strategy for 2020-21. There are no significant changes from last year’s TM Strategy.
Equality Impact:	No impact.
Information exempt from disclosure:	No exempt information.

Draft Capital Strategy Report 2020/21

1. Introduction

- 1.1. This capital strategy report gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability. It has been written in an accessible style to enhance understanding of these sometimes technical areas.
- 1.2. Decisions made this year on capital and treasury management will have financial consequences for the Police and Crime Commissioner for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

2. Capital Expenditure and Financing

- 2.1. Capital expenditure is where the Police and Crime Commissioner spends money on assets, such as property or vehicles, that will be used for more than one year. In local government this also includes spending on assets owned by other bodies.
- 2.2. The draft Capital Programme was presented to the Strategic Executive Board (SEB) on 21st January 2020 and agreed subject to the final ratification of this Capital Strategy. In addition to this, expenditure relating to the purchase of vehicles for the officer uplift project has been included, following receipt of additional revenue funding. Also the Home Office Capital grant has been reduced by 74% which equates to a reduction of £0.339m in external funding, which has necessitated a corresponding increase from revenue funding. The Police and Crime Commissioner is planning capital expenditure as summarised below, with details as shown in **Appendix A:**

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£m	£m	£m	£m	£m	£m	£m
Total Capital Expenditure	11.3	9.2	9.9	7.9	6.5	7.5	3.9

- 2.3. **Governance:** The Capital Programme has been fully revised as part of the 2020/21 planning cycle. The previous Capital Programme, implemented since 2013-14, has come to its conclusion. By the end of 2019-20 the following will have been achieved:
- **Estates** - 4 major new facilities in Llangefni, Llandudno, Llay and Wrexham Town Centre, plus 20+ refurbishments and relocations

- **Fleet** - Continuation of the Vehicle Replacement Programme
- **IT** - Upgraded Network, Servers, Desk Tops, Mobile devices and the replacement of the Control Room Technology systems.

2.4. The Forces assets and infrastructure need continued investment in order to ensure efficient and modern working practices. Strategies for the Estates, IT and Fleet were developed last year and a new Capital Programme set out. However, since the Programme was set the announcement of the uplift in officer numbers has been made. The initial allocation is for an additional 62, but this could increase to 200, plus support staff. This will mean that the Estates provision will need to be revised once the full requirements are known.

2.5. The refurbishment of Pwllheli is due to start this financial year and finish next year. The re location of the Forces Vehicle Workshop, currently rented, is due to start next year subject to final Business Case. Other work in the HQ complex and the Firearms base are planned for 2020-21.

2.6. Substantial investment is required for IT infrastructure. This is being directed by the Digital Transformation Programme Board. The personal issue of tablets and similar devices to operational officers and staff will enable mobility and the use of the National Enablement Programme in terms of the latest software available. Project Mandates have been provided in each area; the detailed cases and business benefits are being developed. The Programme also includes the replacement of Body Worn Video equipment. Additional investment of £4.056m has been estimated for the period 2019-20 to 2024-25.

2.7. The programme is affordable and funded from a combination of grants, reserves, direct revenue contribution and borrowing. The overall strategy is to minimise borrowing and maximise the amounts budgeted in revenue by use of direct revenue contribution and capital receipts, which in turn minimises interest payments. The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£m	£m	£m	£m	£m	£m	£m
External sources	0.5	0.5	0.1	0.1	0.1	0.1	0.1
Own resources	5.0	6.3	4.2	2.7	2.1	3.4	2.5
Debt	5.8	2.4	5.6	5.0	4.3	4.0	1.3
TOTAL	11.3	9.2	9.9	7.9	6.5	7.5	3.9

- 2.8. Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP is as follows:

Table 3: Replacement of debt finance in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£m	£m	£m	£m	£m	£m	£m
Budgeted MRP (Own resources)	2.1	2.3	2.7	3.1	3.1	3.1	3.1

- The Police and Crime Commissioner's full minimum revenue provision statement is shown in **Appendix B** to this report.

- 2.9. The Police and Crime Commissioner's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is expected to increase by £2.9m during 2020/21, and then increase a further £2.2m net over the following 5 years. Based on the above figures for expenditure and financing, the Police and Crime Commissioner's estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.19 actual	31.3.20 forecast	31.3.21 forecast	31.3.22 forecast	31.3.23 forecast	31.3.24 forecast	31.3.25 forecast
	£m	£m	£m	£m	£m	£m	£m
Total CFR	30.9	31.0	33.9	35.9	37.1	37.9	36.1

- 2.10. Accounting for leased assets will change from 2021/22 onwards, which could result in an estimated increase of up to £1million on the CFR. This is a technical change which will not affect the actual cost of borrowing. A full assessment will be undertaken during the next financial year.
- 2.11. **Asset management:** To ensure that capital assets continue to be of long-term use, the Police and Crime Commissioner has an asset management strategy in place. This is detailed in the Estates Strategy and the Information Technology Strategy.
- 2.12. **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt.

The Police and Crime Commissioner is not anticipating to receive any significant capital receipts in the coming financial years.

Table 5: Capital receipts receivable in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£m	£m	£m	£m	£m	£m	£m
Opening balance	1.5	0.0	2.0	2.5	2.1	2.2	1.3
Receipts	0.2	2.5	0.7	0.0	0.2	0.5	0.4
Budgeted use	1.7	0.5	0.2	0.4	0.1	1.4	0.5
Balance	0.0	2.0	2.5	2.1	2.2	1.3	1.2

3. Treasury Management

- 3.1. Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Police and Crime Commissioner's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Police and Crime Commissioner is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 3.2. The Treasury Management Strategy (Appendix C) sets out the parameters under which the Treasury Management activities are governed and monitored. These are based on prioritising security first, liquidity second and yield last. This does reduce potential investment income but minimises the risk of losing money through riskier investments. The below summarises the main points of the Treasury Management Strategy.
- 3.3. **Borrowing strategy:** The Police and Crime Commissioner's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Police and Crime Commissioner therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).
- 3.4. The Borrowing Strategy is also balanced by revenue cash available being used rather than borrowing, known as internal borrowing. Internal borrowing has been used extensively over recent years generating savings in interest charges per year and reducing risk by not investing cash. However, use of reserves to fund Capital has

reduced the available amounts to internally borrow. Another factor to consider is that the Police and Crime Commissioner's income is not constant during the year; this is due to a Pension Grant of around £20m being paid in one lump sum each July. This has resulted in short term borrowing being required for 6 to 8 months of the year. However following consultation with our Treasury Management Consultants, and close monitoring of the PWLB interest rates, it was agreed to take out two long term loans (20 years) of £5m each, at an all-time low interest rate (1.25%) in August and October 2019 (prior to the Government's decision to increase all PWLB borrowing rates by 1%).

- 3.5. Projected levels of the Police and Crime Commissioner's total outstanding debt (which comprises borrowing, PFI liabilities, leases are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
	£m	£m	£m	£m	£m	£m	£m
PFI	10.7	9.9	9.1	8.2	7.3	6.2	5.1
Long Term Loans	0.7	9.9	9.4	8.9	8.4	7.9	7.4
Short Term loans	16.0	4.0	5.5	10.1	13.0	16.6	17.1
Debt (incl. PFI & leases)	27.4	23.8	24.0	27.2	28.6	30.7	29.6
Capital Financing Requirement	30.9	31.0	33.9	35.9	37.1	37.9	36.1

- 3.6. Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Police and Crime Commissioner expects to comply with this in the medium term.

- 3.7. **Liability benchmark:** To compare the Police and Crime Commissioner's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level of £10m at each year-end. This benchmark is currently £9m and is forecast to rise to £24m over the next three years.

Table 7: Borrowing and the Liability Benchmark in £ millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget	31.3.2025 budget
	£m	£m	£m	£m	£m	£m	£m
Outstanding borrowing	16.7	13.9	14.9	19.0	21.3	24.5	24.5
Liability benchmark	9.3	9.1	14.9	19.0	21.3	24.5	24.5

The table shows that the Police and Crime Commissioner plans to remain borrowed in line with its liability benchmark in order to minimise risk.

- 3.8. Affordable borrowing limit:** The Police and Crime Commissioner is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 8: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2019/20 limit	2020/21 limit	2021/22 limit	2022/23 limit	2023/24 limit	2024/25 limit
	£m	£m	£m	£m	£m	£m
Authorised limit – borrowing	22.4	25.8	28.7	30.8	32.7	32.0
Authorised limit – PFI and leases *	9.9	9.1	8.2	7.3	6.2	5.1
Authorised limit – total external debt	32.3	34.9	36.9	38.1	38.9	37.1
Operational boundary – borrowing	20.4	23.8	26.7	28.8	30.7	30.0
Operational boundary – PFI and leases *	9.9	9.1	8.2	7.3	6.2	5.1
Operational boundary – total external debt	30.3	32.9	34.9	36.1	36.9	35.1

- 3.9. Treasury investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

- 3.10.** The Police and Crime Commissioner’s policy on treasury investments is to prioritise security and liquidity over yield - that is to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested

securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Police and Crime Commissioner may request its money back at short notice.

Table 9: Treasury management investments in £millions

	31.3.2019 actual	31.3.2020 forecast	31.3.2021 budget	31.3.2022 budget	31.3.2023 budget	31.3.2024 budget
	£m	£m	£m	£m	£m	£m
Near-term investments	17.5	10.9	10.0	10.0	10.0	10.0
Longer-term investments	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.5	10.9	10.0	10.0	10.0	10.0

3.11. Risk management: The effective management and control of risk are prime objectives of the Police and Crime Commissioner’s treasury management activities. The treasury management strategy therefore sets out various indicators and limits to constrain the risk of unexpected losses and details the extent to which financial derivatives may be used to manage treasury risks.

3.12. Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Head of Finance and staff, who must act in line with the treasury management strategy approved by the Police and Crime Commissioner and Joint Audit Committee (JAC). End of year and half year reports on treasury management activity are presented to SEB and JAC. The JAC is responsible for scrutinising treasury management decisions.

3.13. Liabilities: In addition to debt detailed above, the Police and Crime Commissioner is committed to making future payments to cover its pension fund costs. Police Officers’ pension scheme is an unfunded scheme which is underwritten by the Government, and the liabilities stand at £1,793m as at 31.3.19. The cost to the Police and Crime Commissioner is the employer contribution rate, which was increased from 24.2% to 31% on 1 April 2019, and which had to be funded from the revenue budget. The deficit on the Staff Pension fund stood at £85m as at 31.3.19, this is also managed through the contribution rate which will be set at 19% from 1 April 2020. The Police and Crime Commissioner has also set aside £1.2m as a provision to cover risks of insurance claims and employment cases. The Police and

Crime Commissioner is also at risk of having to pay for claims lodged with the Central London Employment Tribunal. These risks have been recognised as Contingent Liabilities in the Statement of Accounts, but The Police and Crime Commissioner has not put aside any money because the claims are subject to appeal, and there is uncertainty regarding remedy and quantum.

3.14. Governance (liabilities): Decisions on incurring new discretionary liabilities are taken by the Chief Officer Team in consultation with the Police and Crime Commissioner and his Chief Finance Officer. The risk of liabilities crystallising and requiring payment is monitored by Corporate Finance and reported to Strategic Management Board (SMB) and SEB as necessary. Details of contingent liabilities as at the 31 March will be included in the Statement of Accounts.

4. Revenue Budget Implications

4.1. Although capital expenditure is not charged directly to the revenue budget, interest payable on loans, MRP for reducing the CFR and direct revenue contribution to capital are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Police and Crime Commissioner’s Council Tax and general government grants.

Table 10: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 actual	2019/20 forecast	2020/21 budget	2021/22 budget	2022/23 budget	2023/24 budget	2024/25 budget
Financing costs (£m)	5.5	5.5	5.4	5.4	5.4	5.4	5.5
Proportion of net revenue stream	3.73%	3.59%	3.29%	3.23%	3.13%	3.11%	3.06%

4.2. Sustainability: Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 40 years into the future. The Police and Crime Commissioner’s Chief Finance Officer and the Director of Finance and Resources are satisfied that the proposed capital programme is prudent, affordable and sustainable as there are revenue streams or reserves in place to fund the Programme as set out. It is likely that additional resources will need to be budgeted for future investments beyond the current Programme.

5. Knowledge and Skills

- 5.1. The Police and Crime Commissioner employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. Training is provided to all staff involved in making capital expenditure, borrowing and investment decisions.
- 5.2. Where the Police and Crime Commissioner's staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Police and Crime Commissioner currently employs Arlingclose Limited as treasury management advisers, Wilks Head and Eve as property consultants and BDO as tax consultants. This approach is more cost effective than employing such staff directly, and ensures that the Police and Crime Commissioner has access to knowledge and skills commensurate with its risk appetite.

DRAFT

APPENDIX A

DRAFT CAPITAL PROGRAMME	2020-21	2021-22	2022-23	2023-24	2024-25
	£'000	£'000	£'000	£'000	£'000
<u>Estate Programme</u>					
Sustainability Improvements	100	100	100	100	100
<i>Pwllheli PS</i>	780				
<i>FHQ Complex + Canteen</i>	257				
<i>VCC / Vehicle Workshop</i>	1,545	1,325			
<i>Western Estate Area</i>	475				
Estate Review 2	1,084	2,570	3,379	3,791	1,333
Firearms Base works	288				
Total Building Works	4,529	3,995	3,479	3,891	1,433
<u>Vehicles and Other Equipment</u>					
Vehicle Purchase Replacement Programme	1,731	1,731	1,731	1,731	1,731
PSU Vehicles (Revenue Stream replacemnt programme)			555		
Intoxilators x 3	30				
ANPR replacement	470				
Total Vehicles and Other Equipment	2,231	1,731	2,286	1,731	1,731
<u>Information Technology and Communication Equipment</u>					
Desk Top Replacement (Replacement Programme)	1,202	300	750	750	750
Mobile app / Life X Deployment	471				
Server Replacement		700			
Business Systems Servers (Replacement Programme)		145			
Mobile data devices	570			460	
Airwave replacement ESN		1,000			
DFU Server replacement	20			270	
Wifi	250				
Single on line Home (Digital Public Contact)	40				
Digital Intelligence & Investigation	193				
ICAD Upgrade (Command and Control Upgrade)	400				
Body Worn Video				400	
Total Information Technology and Communication	3,146	2,145	750	1,880	750
Total Capital Expenditure	9,906	7,871	6,515	7,502	3,914
Funding					
Home Office Grant	123	123	123	123	123
Revenue Contribution	2,413	2,286	2,008	2,008	2,008
Earmarked Reserves	1,608	0	0	0	0
Capital Receipts	155	377	100	1,420	475
Borrowing for Estates	4,141	3,895	3,379	3,141	958
Borrowing for replacement programme	1,466	1,190	905	810	350
Total Funding	9,906	7,871	6,515	7,502	3,914

(Draft) Minimum Revenue Provision (for debt repayment) Annual Statement 2020/21

Where the Police and Crime Commissioner finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Police and Crime Commissioner to have regard to Welsh Government's *Guidance on Minimum Revenue Provision* (the WG Guidance) most recently issued in 2018.

The broad aim of the WG Guidance is to ensure that capital expenditure is financed over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The WG Guidance requires the Police and Crime Commissioner to approve an Annual MRP Statement each year and recommends a number of options for calculating a prudent amount of MRP. The following statement only incorporates options recommended in the Guidance:

- For capital expenditure incurred before 1st April 2008, MRP will be determined as 4% of the capital financing requirement in respect of that expenditure. *(Option 2)*
- For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years. *(Option 3)*
- For assets acquired by leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

Based on the Police and Crime Commissioner's latest estimate of its capital financing requirement (CFR) on 31st March 2020, the budget for MRP has been set as follows:

	31.03.2020 Estimated CFR £m	2020/21 Estimated MRP £
Capital expenditure before 01.04.2008	7.9	0.3
Capital expenditure after 31.03.2008	13.2	1.6
Leases and Private Finance Initiative	9.9	0.8
Total General Fund CFR	31.0	2.7

Draft Treasury Management Strategy Statement and Investment Strategy 2020/21

1. Introduction

- 1.1. Treasury management is the management of the Police and Crime Commissioner's cash flows, borrowing and investments, and the associated risks. The Police and Crime Commissioner has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Police and Crime Commissioner's prudent financial management.
- 1.2. Treasury risk management at the Police and Crime Commissioner is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Police and Crime Commissioner to approve a treasury management strategy before the start of each financial year. In addition, the Welsh Government (WG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Police and Crime Commissioner to approve an investment strategy before the start of each financial year. This report fulfils the Police and Crime Commissioner's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the WG Guidance.
- 1.3. **Revised strategy:** In accordance with the WG Guidance, the Police and Crime Commissioner will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, in the Police and Crime Commissioner's capital programme or in the level of its investment balance.

2. External Context

- 2.1. **Economic background:** The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Police and Crime Commissioner's treasury management strategy for 2020/21.
- 2.2. UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate ticked back up to 3.9% while the employment rate was 75.9%, just below recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.
- 2.3. GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

- 2.4. The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.
- 2.5. Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall - 0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.
- 2.6. In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back on of the ongoing trade war with China. At its last meeting the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.
- 2.7. **Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.
- 2.8. Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.
- 2.9. Looking forward, the potential for a "no-deal" Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.
- 2.10. **Interest rate forecast:** The Police and Crime Commissioner's treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.
- 2.11. Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose's interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.
- 2.12. A more detailed economic and interest rate forecast provided by Arlingclose is attached at **Appendix C.1.**

3. Local Context

- 3.1. On 31st March 2020, the Police and Crime Commissioner is expected to hold £13.9m of borrowing and £10.9m of treasury investments. This is set out in further detail at **Appendix C.2**. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance sheet summary and forecast

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
General Fund CFR	30.9	31.0	33.9	35.9	37.1	37.9	36.1
Less: Other debt liabilities *	-10.6	-9.9	-9.1	-8.2	-7.3	-6.2	-5.1
Loans CFR	20.3	21.1	24.9	27.8	29.8	31.7	31.0
Less: External borrowing (long term)**	-0.7	-9.9	-9.4	-8.9	-8.4	-7.9	-7.4
Less: External borrowing (short term)**	-16.0	-4.0	0.0	0.0	0.0	0.0	0.0
Internal borrowing	3.6	7.2	15.5	18.9	21.5	23.8	23.6
Less: Usable reserves	-23.6	-22.2	-20.2	-19.0	-18.7	-17.4	-16.7
Plus: Working capital	2.6	0.2	0.2	0.2	0.2	0.2	0.2
New borrowing / (Investments)	-17.4	-14.8	-4.5	0.1	3.0	6.6	7.1

* leases and PFI liabilities that form part of the Police and Crime Commissioner's total debt

** shows only loans to which the Police and Crime Commissioner is committed and excludes optional refinancing

- 3.2. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Police and Crime Commissioner's current strategy is to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.3. The Police and Crime Commissioner has an increasing CFR due to the capital programme, but minimal investments and will therefore be required to borrow up to £7m over the forecast period in order to maintain a positive level of liquidity (see also 3.5 below).
- 3.4. CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Police and Crime Commissioner's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Police and Crime Commissioner expects to comply with this recommendation during 2020/21.
- 3.5. **Liability benchmark:** To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the minimum amount of borrowing required to keep investments at a minimum liquidity level. This assumes the same forecasts as table 1 above, but that cash and investment balances are kept to a minimum level of **£10m** to maintain sufficient liquidity but minimise credit risk.

Table 2: Liability benchmark

	31.3.19 Actual £m	31.3.20 Estimate £m	31.3.21 Forecast £m	31.3.22 Forecast £m	31.3.23 Forecast £m	31.3.24 Forecast £m	31.3.25 Forecast £m
Loans CFR	20.3	21.1	24.9	27.8	29.8	31.7	31.0
Less: Usable reserves	-23.6	-22.2	-20.2	-19.0	-18.7	-17.4	-16.7
Plus: Working capital	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Net Borrowing Requirement / (Investments)	-3.1	-0.9	4.9	9.0	11.3	14.5	14.5
Minimum investments	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Liability Benchmark	6.9	9.1	14.9	19.0	21.3	24.5	24.5

3.6. Following on from the medium-term forecasts in table 2 above, the Police and Crime Commissioner plans to remain borrowed in line with its liability benchmark in order to minimise risk.

4. **Borrowing Strategy**

4.1. The Police and Crime Commissioner currently holds £10 million of loans, a decrease of £6.7 million on the previous year, as part of its strategy for funding previous years' capital programmes. The balance sheet forecast in table 1 indicates that the Police and Crime Commissioner has a projected cash and investment balance of £4.5million as at 31 March 2020. In order to achieve a minimum cash and investment balance of £10million, there may be a need to borrow up to £5.5million (£14.9million liability benchmark less £9.4million already borrowed). The Police and Crime Commissioner may also borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £36.9 million.

4.2. **Objectives:** The Police and Crime Commissioner's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Police and Crime Commissioner's long-term plans change is a secondary objective.

4.3. **Strategy:** Given the significant cuts to public expenditure and in particular to local government funding, the Police and Crime Commissioner's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

4.4. By doing so, the Police and Crime Commissioner is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and

short-term borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Police and Crime Commissioner with this 'cost of carry' and breakeven analysis. Its output may determine whether the Police and Crime Commissioner borrows additional sums at long-term fixed rates in 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

- 4.5. The Police and Crime Commissioner has previously raised all of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive option. The Police and Crime Commissioner will now look to borrow any long-term loans from other sources such as banks and local authorities, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.
- 4.6. Alternatively, the Police and Crime Commissioner may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.
- 4.7. In addition, the Police and Crime Commissioner may borrow short-term loans to cover projected cash flow shortages.
- 4.8. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:
 - UK Debt Management Office (previously Public Works Loan Board (PWLB)) and any successor body
 - any institution approved for investments (see below)
 - any other bank or building society authorised to operate in the UK
 - any other UK public sector body
 - UK public and private sector pension funds (except Gwynedd Pension Fund)
 - capital market bond investors
- 4.9. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:
 - leasing
 - hire purchase
 - Private Finance Initiative
 - sale and leaseback
- 4.10. **Short-term and variable rate loans:** These loans leave the Police and Crime Commissioner exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

4.11. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Police and Crime Commissioner may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5. **Investment Strategy**

5.1. The Police and Crime Commissioner holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Police and Crime Commissioner's investment balance has ranged between £31.2million and £10 million, and similar levels are expected to be maintained in the forthcoming year.

5.2. **Objectives:** Both the CIPFA Code and the WG Guidance require the Police and Crime Commissioner to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Police and Crime Commissioner's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Police and Crime Commissioner will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

5.3. **Negative interest rates:** If the UK enters into a recession in 2020/21, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

5.4. **Strategy:** Although there is increasing risk and very low returns from short-term unsecured bank investments, the Police and Crime Commissioner aims to continue to invest in short term bank investments during 2020/21. This is in concurrence with the internal borrowing strategy, minimising the amounts invested (and associated risk) and maximising yield (by reducing interest payments).

5.5. **Business models:** Under the new IFRS 9 standard, the accounting for certain investments depends on the Police and Crime Commissioner's "business model" for managing them. The Police and Crime Commissioner aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

5.6. **Approved counterparties:** The Police and Crime Commissioner may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits as recommended by our Treasury Management advisors.

Table 3: Approved investment counterparties and limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates
UK Govt	n/a	n/a	£ Unlimited	n/a
AAA	£4m	£7m	£7m	£7m
AA+	£4m	£7m	£7m	£7m
AA	£4m	£7m	£7m	£7m
AA-	£4m	£7m	£7m	£7m
A+	£4m	£7m	£7m	£7m
A	£4m	£7m	£7m	£7m
A-	£4m	£7m	£7m	£7m
HSBC ¹	£10m	£10m	n/a	n/a
Unrated Local Authorities	n/a	n/a	£7m	n/a
Pooled Funds	£4m per fund			

1 These are the Commissioner's bankers and are currently rated AA- by the credit rating agencies.

This table must be read in conjunction with the notes below

- 5.7. **Credit rating:** Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.
- 5.8. **Banks unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.
- 5.9. **Banks secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.
- 5.10. **Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to

bail-in, and there is generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

5.11. Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

5.12. Operational bank accounts: The Police and Crime Commissioner may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10 million per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Police and Crime Commissioner maintaining operational continuity.

5.13. Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Police and Crime Commissioner's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.14. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "rating watch negative" or "credit watch negative") so that it may fall below the approved rating criteria, then only investments that can be withdrawn (on the next working day) will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

5.15. Other information on the security of investments: The Police and Crime Commissioner understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Police and Crime Commissioner's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

5.16. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Police and Crime Commissioner will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Police and Crime Commissioner's cash balances, then the surplus will be deposited with the UK

Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

5.17. Investment limits: The Police and Crime Commissioner’s revenue reserves available to cover investment losses are forecast to be £22 million on 31st March 2020. In order to manage investment losses, risk limits have been set (see table 3 above). A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

5.18. Liquidity management: The Police and Crime Commissioner uses purpose-built cash flow forecasting methods to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Police and Crime Commissioner being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Police and Crime Commissioner’s medium-term financial plan and cash flow forecast.

6. Treasury Management Indicators

6.1. The Police and Crime Commissioner measures and manages its exposures to treasury management risks using the following indicators.

6.2. **Security:** The Police and Crime Commissioner has set a minimum credit rating of A- for investments

Credit risk indicator	Target
Minimum credit rating for investment	A-

6.3. **Liquidity:** The Police and Crime Commissioner has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling twelve month period.

Liquidity risk indicator	Target
Total cash available within 12 months	£10m

6.4. **Interest rate exposures:** This indicator is set to control the Police and Crime Commissioner’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£50,000
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£50,000

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

6.5. **Maturity structure of borrowing:** This indicator is set to control the Police and Crime Commissioner’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

6.6. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Police and Crime Commissioner’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Price risk indicator	2020/21	2021/22	2022/23
Limit on principal invested beyond year end	£5m	£3m	£1m

7. Related Matters

7.1. The CIPFA Code requires the Police and Crime Commissioner to include the following in its treasury management strategy.

7.2. **Financial Derivatives:** In the absence of any explicit legal power to do so, the Police and Crime Commissioner will not use standalone financial derivatives (such as swaps, forwards, futures and options). Derivatives embedded into loans and investments, including pooled funds and forward starting transactions, may be used, and the risks that they present will be managed in line with the overall treasury risk management strategy.

7.3. **Markets in Financial Instruments Directive:** The Police and Crime Commissioner has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Police and Crime Commissioner’s treasury management activities, the Chief Financial Officer believes this to be the most appropriate status.

7.4. **Government Guidance:** Further matters required by the WG Guidance are included in **Appendix C.3.**

8. Financial Implications

8.1. The budget for investment income in 2020/21 is £0.1 million, based on an average investment portfolio of £10 million at an interest rate of 1%. The budget for debt interest paid in 2020/21 is £0.172 million, based on an average debt portfolio of £14 million at an average interest rate

of 1.23%. If actual levels of investments and borrowing, or actual interest rates, differ from those forecast, performance against budget will be correspondingly different.

9. Other Options Considered

- 9.1. The WG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Financial Officer, having consulted the Joint Audit Committee, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Arlingclose Economic & Interest Rate Forecast November 2019**Underlying assumptions:**

- The global economy is entering a period of slower growth in response to political issues, primarily the trade policy stance of the US. The UK economy has displayed a marked slowdown in growth due to both Brexit uncertainty and the downturn in global activity. In response, global and UK interest rate expectations have eased.
- Some positivity on the trade negotiations between China and the US has prompted worst case economic scenarios to be pared back. However, information is limited, and upbeat expectations have been wrong before.
- Brexit has been delayed until 31 January 2020. While the General Election has maintained economic and political uncertainty, the opinion polls suggest the Conservative position in parliament may be strengthened, which reduces the chance of Brexit being further frustrated. A key concern is the limited transitional period following a January 2020 exit date, which will maintain and create additional uncertainty over the next few years.
- UK economic growth has stalled despite Q3 2019 GDP of 0.3%. Monthly figures indicate growth waned as the quarter progressed and survey data suggest falling household and business confidence. Both main political parties have promised substantial fiscal easing, which should help support growth.
- While the potential for divergent paths for UK monetary policy remain in the event of the General Election result, the weaker external environment severely limits potential upside movement in Bank Rate, while the slowing UK economy will place pressure on the MPC to loosen monetary policy. Indeed, two MPC members voted for an immediate cut in November 2019.
- Inflation is running below target at 1.7%. While the tight labour market risks medium-term domestically-driven inflationary pressure, slower global growth should reduce the prospect of externally driven pressure, although political turmoil could push up oil prices.
- Central bank actions and geopolitical risks will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- Although we have maintained our Bank Rate forecast at 0.75% for the foreseeable future, there are substantial risks to this forecast, dependant on General Election outcomes and the evolution of the global economy.
- Arlingclose judges that the risks are weighted to the downside.

- Gilt yields have risen but remain low due to the soft UK and global economic outlooks. US monetary policy and UK government spending will be key influences alongside UK monetary policy.
- We expect gilt yields to remain at relatively low levels for the foreseeable future and judge the risks to be broadly balanced.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
3-month money market rate														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
Arlingclose Central Case	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
1yr money market rate														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
Arlingclose Central Case	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
5yr gilt yield														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
Arlingclose Central Case	0.50	0.50	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.57
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
10yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	0.75	0.75	0.80	0.80	0.85	0.85	0.90	0.90	0.95	0.95	1.00	1.00	1.00	0.88
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
20yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
50yr gilt yield														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
Arlingclose Central Case	1.20	1.20	1.25	1.25	1.25	1.30	1.30	1.30	1.35	1.35	1.35	1.40	1.40	1.30
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 1.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Existing Investment & Debt Portfolio Position

	31/03/20
	Actual Portfolio (with estimated movements up to the end of year and subject to end of year checks)
	£m
External Borrowing:	
Fixed Rate – Debt Office	9.9
Fixed Rate – Local Government	4.0
Total External Borrowing	13.9
Other Long Term Liabilities:	
- PFI	9.9
- Finance Leases	0.0
Total Gross External Debt	23.8
Investments:	
<i>Managed in-house</i>	
- Short-term monies (Deposits/ monies on call /MMFs)	-10.9
- Long-term investments	0.0
<i>Managed externally</i>	
- By Fund Managers	0.0
Total Investments	-10.9
Net Debt	12.9

Additional requirements of Welsh Government Guidance

Specified investments: The WG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
 - the UK Government,
 - a UK local Police and Crime Commissioner, parish council or community council, or
 - a body or investment scheme of “high credit quality”.

The Police and Crime Commissioner defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Police and Crime Commissioner does not intend to make any investments denominated in foreign currencies nor any defined as capital expenditure. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement and limited to no more than £5m.

Investment training: The needs of the Police and Crime Commissioner’s treasury management staff for training in investment management are assessed on a regular basis, and additionally when the responsibilities of individual members of staff change.

Staff regularly attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant staff are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment advisers: The Police and Crime Commissioner has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by regular strategy meetings, review of data provided and professional judgement.

Investment of money borrowed in advance of need: The Police and Crime Commissioner may, from time to time, borrow in advance of need, where this is expected to provide the best long-term value for money. Since amounts borrowed will be invested until spent, the Police and Crime Commissioner is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Police and Crime Commissioner’s overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit of £36.9 million. The maximum period between borrowing and expenditure is expected to be two years, although the Police and Crime Commissioner is not required to link particular loans with particular items of expenditure.



Internal Audit

DRAFT

Police and Crime Commissioner North Wales and Chief Constable North Wales Police

Audit Strategy and Annual Internal Audit Plan

2020/21

February 2020

Overview

Introduction

The Audit Plan for 2020/21 has been informed by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks, the agreed collaboration reviews and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

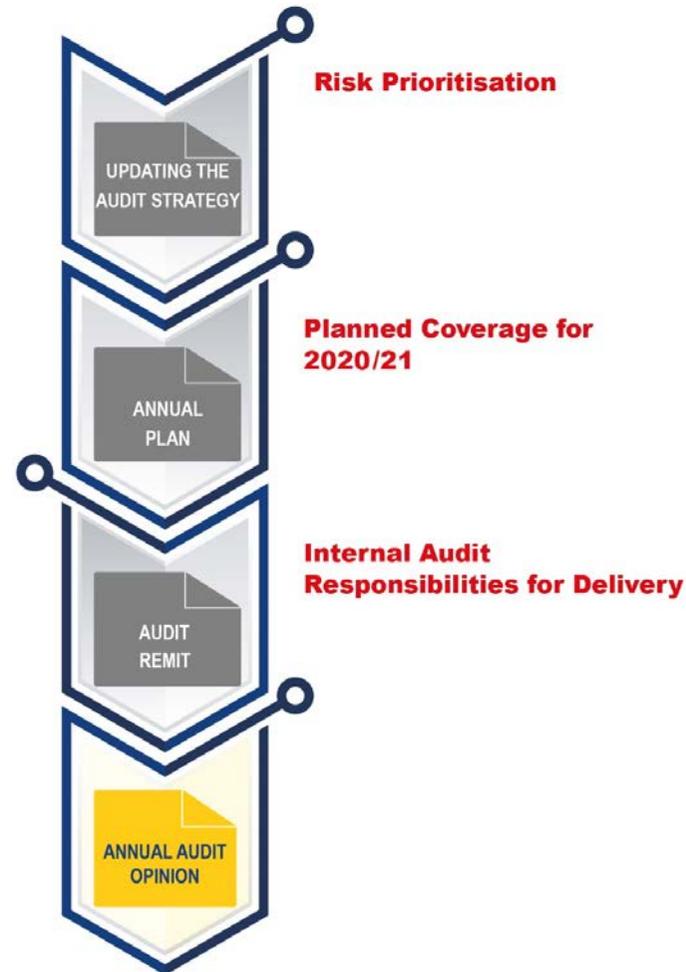
This year will be another challenging year for police forces in terms of income, regulation and pressures on service delivery. We have identified a number of key areas, which require consideration when planning internal audit coverage.

- EU Exit - There is continuing uncertainty in relation to legislation which need to be created following the UK's departure from the European Union.
- Value for Money - The requirement to achieve efficiency and effectiveness through collaborations and potential reforms.
- Health and Wellbeing - Studies have showed that work pressures and the dramatic rise in assaults on police officers are affecting the health and wellbeing of the workforce.
- Professional Standards - HMICFRS inspections have identified issues in relation to the resourcing of counter-corruption units and vetting backlogs, with Forces continuing to have problems in ensuring their workforce is properly vetted.
- Service Pressures - Potential pressures on recruitment and training services due to the government's recruitment drive for Police Officers.
- IT Security – Cybercrime continues to increase in scale and complexity.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2020/21 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control as required by TIAA's charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

2020/21 Audit planning process



Internal Audit Plan

Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. For 2020/21 we have conducted an analysis of the key risks facing the sector and client base more broadly to inform our annual planning. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Police and Crime Commissioner North Wales and Chief Constable North Wales Police and those within the sector and has been developed with senior management and Committee. We adopt a proprietary risk based approach (GUARD) to determining your audit needs each year, which includes reviewing your risk register and risk management framework, the Regulatory Framework and assessment of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Police and Crime Commissioner North Wales and Chief Constable North Wales Police and those within the sector and has been developed with senior management and Committee. Our approach is based on the guidance stipulated in the Public Sector Internal Audit Standards (PSIAS).

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks facing the Police and Crime Commissioner North Wales and Chief Constable North Wales Police. Annex A contains the GUARD assessment of key risks which has been completed, to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed.

Internal Audit Strategy Plan

Following the risk prioritisation review, the Audit Strategy has been updated (Annex B) and the Collaborative Annual Plan (Annex C) sets out the collaborative reviews and the planned reviews that will be carried out (Annex D), the planned times and the scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation and will be formally reviewed with senior management and the Joint Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research, preparation and issue of terms of reference, site work, production and review of working papers and reports. The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and the Police and Crime Commissioner North Wales and Chief Constable North Wales Police. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where the Police and Crime Commissioner North Wales and Chief Constable North Wales Police agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Officer's Finance and will be clearly set out in the terms of reference for the additional review(s).

Audit Remit/Charter

The Audit Remit/Charter (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Police and Crime Commissioner North Wales and Chief Constable North Wales Police and defines the scope of internal audit activities.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and the Public Sector Internal Audit Standards (PSIAS).

Progress Reports: Progress reports will be prepared for each Joint Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and the Public Sector Internal Audit Standards (PSIAS). The Annual Report will include an opinion of the effectiveness of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's governance, risk management and operational control processes.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Providing Assurance

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance assessment process is set out in Annex F.

Liaison with the External Auditor

We will liaise with the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Performance

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with TIAA's audit charter and the Public Sector Internal Audit Standards (PSIAS).	100%

Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and the Public Sector Internal Audit Standards (PSIAS), the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's requirements and TIAA's internal policies.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval of the Police and Crime

Commissioner North Wales and Chief Constable North Wales Police and additional time will be required to carry out such testing. The Police and Crime Commissioner North Wales and Chief Constable North Wales Police is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

Joint Audit Committee Responsibility

It is the responsibility of the Joint Audit Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

Release of Report

The table below sets out the history of this plan.

Date plan issued:	15 th January 2020
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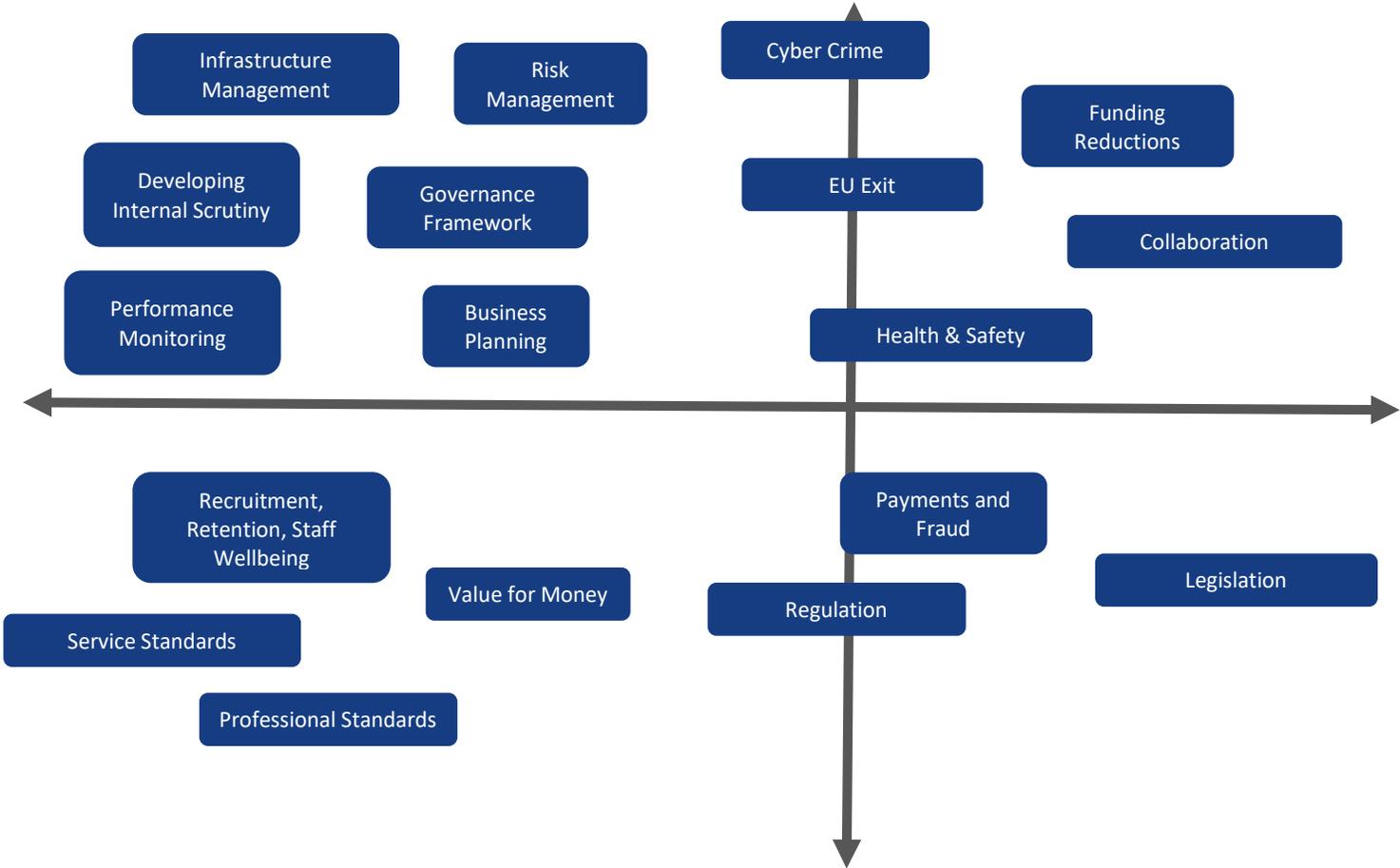
Date revised plan issued:	17 th January 2020
Date 2 nd revised plan issued:	7 th February 2020

HIGH RISK

LOW RISK

Internal factors

External factors



Annex B: Rolling Strategic Plan

Review Area	Type	2020/21	2021/22	2022/23
Governance				
Key governance areas will be reviewed on a rotational basis each year such as strategic planning, strategic control, regulatory compliance, performance management, board assurance framework, partnership working, management of conflicts, health and safety, subsidiary governance and third party assurances.	Assurance	✓	✓	✓
Strategic Planning	Assurance		10	
Collaborations	Appraisal	10		
Strategic Resource Planning	Assurance	*		
Performance Management	Assurance		10	
Health and Safety Management	Assurance		10	
Corporate Communications	Assurance			10
Community Engagement	Assurance			10
Risk				
A robust risk management framework is critical to all organisations to ensure risks are effectively management and emerging risks identified our cyclical annual reviews will cover embedding risk, risk identification, risk mitigation and risk workshops.	Compliance / Appraisal	✓	✓	✓
Uncertainty Management – Mitigating Controls	Compliance	*	6	6
Financial systems - Cost Control and Income Maximisation				
Cost control, income maximisation and robust financial systems are essential to financial well-being of any organisation. Our reviews of key financial systems are designed to ensure compliance with PSIAS and help protect against potential frauds. We will carry out a high level review of key financial systems each year supported by a rolling programme of financial system reviews such as payments health check, income, payroll, budgetary control/management reporting, cost improvement planning and nominal ledger.	Assurance	✓	✓	✓
Budgetary Control	Assurance	*	6	6
Treasury Management	Assurance	4	4	4
General Ledger	Assurance	6	6	6
Payroll	Assurance	10	10	10
Creditors	Assurance	6	6	

Review Area	Type	2020/21	2021/22	2022/23
Debtors	Assurance		6	
Pensions	Assurance	8		8
Expenses and Additional Payments	Compliance	8		8
Capital Programme	Assurance		8	8
Counter Fraud	Compliance	6	6	6
Fixed Assets	Assurance		6	
Workforce Management				
The largest area of expenditure of the Force responsible for the delivery of the Police and Crime Plan and the Chief Constable's delivery plan. Audit work will consider the HR Strategy; Organisational Development and the Wellbeing Strategy.				
• Organisational Development	Assurance	7		
• HR Strategy	Assurance		10	
• Wellbeing and Strategy	Assurance			10
Estates and Fleet				
Estates and the Fleet will receive audit coverage as key areas of expenditure for the Force.				
• Fleet Management - Strategy	Appraisal			6
• Fleet Management - Repairs	Compliance		5	
• Fleet Management - Fuel	Compliance		6	6
• Estates Management – Delivery	Compliance			6
ICT				
We will use our GUARD risk assessment to continue to review ICT risks and controls in place within the organisation. The rolling programme of reviews will include data protection, ICT governance, ICT management and business support, application reviews, network security, data quality and cyber security.				
• Infrastructure Review	Appraisal	8		
• Data Assurance	Assurance	8		

Review Area	Type	2020/21	2021/22	2022/23
• Network Security	Assurance		8	
• Data Protection	Compliance		6	
• Cyber Security	Assurance			8
• Change Management	Assurance	8		
Follow Up		✓	✓	✓
We will carry out a continuous follow up of internal audit recommendations utilising TIAA's client portal and recommendation tracker. Updates will be provided to each Committee.	Follow Up	6	6	6
Collaborative projects	Assurance	*	*	*
Eastern Area – Command Unit	Compliance	8		
Central Area – Command Unit	Compliance		8	
Western Area – Command Unit	Compliance			8
Property Subject to Charge	Compliance	6		6
Commissioner's Grants	Appraisal		-	6
Vetting	Appraisal	*	6	
Collaborative Reviews				
See Collaborative plan for details	Various	50	*	*
Contract Management	Assurance	6	6	6
Management and Planning				
Briefings	-			
Liaison with Wales Audit Office		*	*	*
Planning	-	4	4	4
Annual Report	-	4	4	4
Management	-	18	18	18
Total Days		191	181	176

Annex C: Welsh Police Collaborative Annual Plan – 2020/21

Quarter	Audits	Type	Days	Rationale and Scope
1	Risk Management – Mitigating Controls	Compliance	28	<p><u>Risk</u> Selected risks.</p> <p><u>Rationale</u> Included in all Strategic Plan for 2020/21. The number of days will be split equally for this review.</p> <p><u>Scope</u> Two risks/uncertainties which are included in each the organisation’s risk registers will be selected and the effectiveness of the identified controls will be reviewed. A comparison of the listed controls and assurance in each organisation will be undertaken. The scope of the review does not include consideration of all potential mitigating arrangements or their effectiveness in minimising the opportunities for the identified risks to occur.</p> <p><u>Leads</u> Lead Force – South Wales</p>
1	Vetting of Contractors	Compliance	12	<p><u>Risk</u> Fraud and Reputational risk.</p> <p><u>Rationale</u> Inherent risk area identified. Potential for further collaboration. The number of days will be split equally for this review.</p> <p><u>Scope</u> The review will consider the contractor vetting arrangements across all four welsh forces and police and crime commissioners. The scope of the review will assess the arrangements in place, check compliance with the arrangements and compare across the organisations and identify areas for collaboration. The scope of the review does not include any other aspect of the vetting arrangements.</p> <p><u>Leads</u> Lead Force – North Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
2	Collaborative Project Review – Office 365 (part of National Enabling programme)	Appraisal	30	<p><u>Risk</u> Financial and Reputational risk.</p> <p><u>Rationale</u> Pan Wales Project – Collaborative project review. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the collaboration arrangements for the Office 365 Project. The scope of the review will also include the effectiveness of the Project Management arrangements.</p> <p><u>Leads</u> Lead Force – Gwent Police</p>
2	Collaborative Project Review – Early Action Together (Adverse Childhood Experiences ACES Project)	Appraisal	30	<p><u>Risk</u> Reputational risk.</p> <p><u>Rationale</u> Pan Wales Project – Collaborative project review. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the collaboration arrangements for the Early Action Together Project. The scope of the review will also include the effectiveness of the Project Management arrangements.</p> <p><u>Leads</u> Lead Force – North Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Collaborative Budgetary Control	Assurance	30	<p><u>Risk</u> Financial risk.</p> <p><u>Rationale</u> Financial Risk, Collaborative Review included in each plan for 2020/21. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will consider the arrangements for financial control over the collaborative budget and project financial arrangements. The scope of the review will include consideration of the apportionment of collaborative costs, income generation and recharges apportionment.</p> <p><u>Leads</u> Lead Force – Dyfed Powys</p>
3	Procurement – Strategic Lead	Appraisal	20	<p><u>Risk</u> Financial and reputational risk.</p> <p><u>Rationale</u> New collaborative area, financial risk. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the effectiveness of the new arrangements for delivery of a strategic lead for procurement across the Welsh Police organisations. The detailed scope for the review will be agreed at the next Joint Finance and Resources Group meeting and will include the consistency of approach across the organisations, working links with other public sector bodies, social values and learning from each other. The scope of the review will not include any aspect of the local procurement arrangements in place and will not include compliance testing.</p> <p><u>Leads</u> Lead Force – South Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Strategic Resource Planning	Appraisal	40	<p><u>Risk</u> Reputational risk.</p> <p><u>Rationale</u> Identified as collaborative area for all organisations at the Joint Finance and Resources Group. The time allocation will be split according to the agreed apportionment.</p> <p><u>Scope</u> The review will appraise the arrangements in place at each force for strategic resource planning, considering the national initiative for recruitment of additional Police Officers. The detailed scope of the review will be agreed at the next Joint Finance and Resources Group meeting. The scope of the review will not include the overall strategic planning and the links to the Police and Crime Plan.</p> <p><u>Leads</u> Lead Force – North Wales</p>
1 - 4	Liaison with Wales Audit Office (WAO)		8	This time is for liaison with the WAO as External Auditor. This will be undertaken jointly for all organisations.
	Dyfed Powys/South Wales and Gwent Only:			
1	Fleet Management – Fuel Usage	Compliance	18	<p><u>Risk</u> Financial risk</p> <p><u>Rationale</u> Joint fleet management arrangements. In Dyfed Powys, Gwent and South Wales plans for 2020/21. The time allocation will be split equally.</p> <p><u>Scope</u> The review will check compliance with the fuel usage arrangements in place at each organisation. Good practice and benchmarking across the three organisations will be will be shared as appropriate.</p> <p><u>Leads</u> Lead Force – Gwent</p>

Quarter	Audits	Type	Days	Rationale and Scope
	South Wales and Gwent Only			
3	General Ledger	Assurance	11	<p><u>Risk</u> Business risk</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 5 Gwent, 6 South Wales</p> <p><u>Scope</u> The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.</p> <p><u>Leads</u> Lead Force – Gwent</p>
3	Payroll	Assurance	14	<p><u>Risk</u> Business risk</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 8 South Wales</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.</p> <p><u>Leads</u> Lead Force – South Wales</p>

Quarter	Audits	Type	Days	Rationale and Scope
3	Creditors	Assurance	12	<p><u>Risk</u> Business risk.</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 6 South Wales.</p> <p><u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p> <p><u>Leads</u> Lead Force – South Wales</p>
3	Debtors	Assurance	11	<p><u>Risk</u> Business risk.</p> <p><u>Rationale</u> Key financial risk area completed annually. Time allocation: 6 Gwent, 5 South Wales.</p> <p><u>Scope</u> The review considers the raising of debtor accounts, collection of income, receipting, storage and banking of income received by the organisation. The scope of the review does not include identification of the activities giving rise to income for the organisation, the basis of calculating the rates to be charged or that all income receivable has been identified.</p> <p><u>Leads</u> Lead Force - Gwent</p>
Total Collaborative Days			264	198 pan Wales.
South Wales Police Allocation			93	Includes Fleet Usage and Two Force Finance review collaboration
North Wales Police Allocation			50	
Dyfed Powys Police Allocation			50	Includes Fleet Usage
Gwent Police Allocation			71	Includes Fleet Usage and Two Force Finance review collaboration

Quarter	Review	Type	Days	Risk, Rationale and Scope
1	Governance – Collaborations	Assurance	10	<p><u>Rationale</u> Increasing collaboration.</p> <p><u>Scope</u> The scope of the review will consider the effectiveness of the governance of the collaborative arrangements in place across sectors from the perspective of North Wales Police.</p>
1	Counter Fraud – Anti-Fraud Procurement	Compliance	6	<p><u>Rationale</u> A review to test areas of exposure to fraud has been included in each year of the plan.</p> <p><u>Scope</u> The review tests for potential significant fraud exposures due to non-compliance with the organisation's procurement arrangements and/or inadequate or ineffective segregation of duties. The scope of the review does not include identification of all potential fraudulent transactions.</p>
1	Organisational Development	Assurance	7	<p><u>Rationale</u> Review of HR Management arrangements included in each year of the plan.</p> <p><u>Scope</u> The review considers the arrangements for determining the learning and development requirements and the monitoring arrangements in place. The scope of the review does not include verification that all staff have been correctly appraised, that all learning and development needs have been correctly assessed or the arrangements for provision of in-house training.</p>
2	Pensions	Assurance	8	<p><u>Rationale</u> Financial risk, rolling programme of financial reviews</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of pension records and payment of pensions. The review also considers compliance with the Fire Fighters Pension Scheme guidance to ensure correct treatment of ill health/injury award retirements The scope of the review does not include determination of pension rates, retirement and reappointment of staff and severance payments.</p>
2	Expenses and additional payments	Compliance	8	<p><u>Rationale</u> Key financial risk area completed bi-annually</p> <p><u>Scope</u> The review will check compliance with the expenses and additional payments policy and procedure. The scope of the review will not include any other aspect of the Payroll arrangements.</p>

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Quarter	Review	Type	Days	Risk, Rationale and Scope
2	Infrastructure Review	Appraisal	8	<p><u>Rationale</u> ICT risk underpins all business systems.</p> <p><u>Scope</u> The review appraises the effectiveness of the ICT infrastructure in supporting delivery of the Force's objectives.</p>
2	Data Assurance	Assurance	8	<p><u>Rationale</u> Key operational risk area.</p> <p><u>Scope</u> The review considers the arrangements for data assurance that is interfaced and transferred into the Force systems.</p>
2	Contract Management	Assurance	6	<p><u>Rationale</u> Key risk area, a contract management review is included in each year of the plan.</p> <p><u>Scope</u> The review will consider the effectiveness of the Project and Programme management arrangements in relation to a selected contract. This should include consideration of financial viability, quality and monitoring of delivery.</p>
2	Eastern Area – Command Unit	Compliance	8	<p><u>Rationale</u> Key risk area, included in the plan on a bi-annual basis.</p> <p><u>Scope</u> The review assesses compliance with the key corporate procedures for Financial, HR, Duty of Care and Service Delivery.</p>
2	Property Subject to Charge	Compliance	6	<p><u>Rationale</u> Ongoing issues with compliance with Policy and Procedures in place and Limited Assurance assessments in recent reviews.</p> <p><u>Scope</u> The review will appraise the effectiveness of the controls over the arrangements for Property Subject to Charge.</p>
3	Treasury Management	Assurance	4	<p><u>Rationale</u> Key Audit risk area, completed bi-annually.</p> <p><u>Scope</u> The review considers the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall policy; banking arrangements; reconciliations and the reporting to committee. The scope of the review does not include consideration of the appropriateness of any individual financial institution or broker or of individual investment decisions made by the organisation.</p>

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Quarter	Review	Type	Days	Risk, Rationale and Scope
3	General Ledger	Assurance	6	<p><u>Rationale</u> Key financial risk area completed annually.</p> <p><u>Scope</u> The review considers the arrangements for providing an effective audit trail for data entered onto the general ledger and the appropriateness of the reports generated. The scope of the review does not extend to the budgetary control arrangements and bank reconciliations.</p>
3	Payroll	Assurance	10	<p><u>Rationale</u> Key financial risk area completed annually.</p> <p><u>Scope</u> The review considers the arrangements for: the creation, amendment and deletion of payroll records; payment of allowances and pay awards; and payment of salaries. The scope of the review does not include determination of salary scales, appointment and removal of staff, severance payments or reimbursement of travel and subsistence expenses, or pension arrangements.</p>
3	Creditors	Assurance	6	<p><u>Rationale</u> Key financial risk area completed annually.</p> <p><u>Scope</u> The review considers the arrangements for authorising and paying costs incurred by the organisation and the arrangement for control of the organisation's cheques and automated payments. The scope does not include providing an assurance that the expenditure was necessary or that value for money was achieved from the expenditure committed.</p>
4	ICT Change Management	Appraisal	8	<p><u>Rationale</u> L Area of risk, review brought forward at the request of the Chief Finance Officer</p> <p><u>Scope</u> . The review considers the documented arrangements to ensure that changes to IT systems and services were defined, risk assessed, authorised, tested, implemented and fully documented to ensure service delivery and security were not compromised. The review does not consider the nature of any changes.</p>
1-4	Collaborative approach	Various	50	Joint contract for 19/20 onwards. Collaborative approach and projects listed in Collaborative Plan in Annex C.
4	Follow-up	Follow up	6	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Organisation is implementing recommendations, and providing reports to the Joint Audit Committee.
1-4	Contingency		-	Contingency allowance to be used as required.
	Liaison with Wales Audit Office		-	This time is for liaison with the WAO as External Auditor, included in Collaborative Review.
1	Annual Planning	Management	4	Assessing the Organisation's annual audit needs – requirement of Internal Audit Standards.

Quarter	Review	Type	Days	Risk, Rationale and Scope
4	Annual Report	Management	4	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1-4	Client Portal			The client portal provides a one stop shop of internal audit reports, progress and recommendation tracker as well as briefings, fraud alerts, fraud updates and committee briefings.
1-4	Management, Planning & Joint Audit Committee Reporting/Support	Management	18	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Joint Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
Total days			191	

Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's framework of governance, risk management and control. TIAA is responsible for giving assurance to the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's "Governing Body" (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's risk management, control and governance processes.

Scope

All of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Joint Audit Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of the Police and Crime Commissioner North Wales and Chief Constable North Wales Police and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within the Police and Crime Commissioner North Wales and Chief Constable North Wales Police and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Joint Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with the Police and Crime Commissioner North Wales and Chief Constable North Wales Police's management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the type of audit accordingly. For all types of audit we also taken into account value for money considerations and any linkages to the organisational Assurance Framework. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

Assurance Assessment Gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

LEVELS OF ASSURANCE PROVIDED

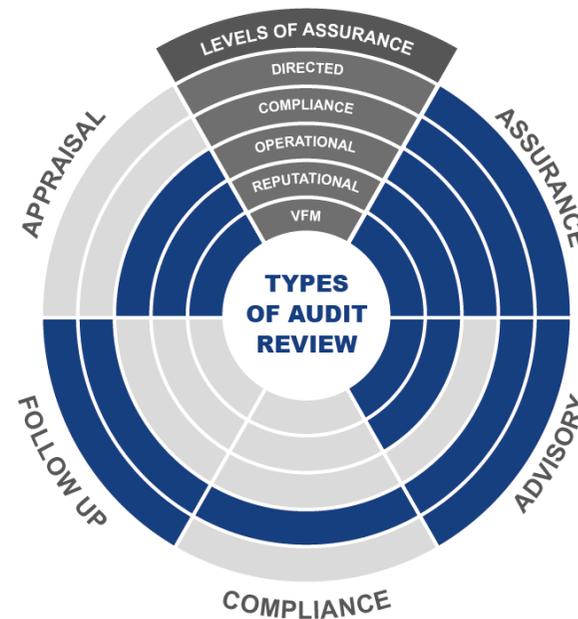


Benchmarking

Where a similar review is carried out at a number of our clients we will subsequent to the completion of the review at each of the clients we will where relevant provide a benchmarking and lessons learned digest. This digest will include Operational Effectiveness Matters for the Police and Crime Commissioner North Wales and Chief Constable North Wales Police to consider.

Types of Audit Review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



This document has been prepared for the internal use of Police and Crime Commissioner for North Wales and the Chief Constable of North Wales Police as part of work performed/to be performed in accordance with statutory functions.

No responsibility is taken by the Auditor General, the staff of the Wales Audit Office or, where applicable, the appointed auditor in relation to any member, director, officer or other employee in their individual capacity, or to any third party.

In the event of receiving a request for information to which this document may be relevant, attention is drawn to the Code of Practice issued under section 45 of the Freedom of Information Act 2000. The section 45 Code sets out the practice in the handling of requests that is expected of public authorities, including consultation with relevant third parties. In relation to this document, the Auditor General for Wales, the Wales Audit Office and, where applicable, the appointed auditor are relevant third parties.

Any enquiries regarding disclosure or re-use of this document should be sent to the Wales Audit Office at info.officer@audit.wales.

We welcome correspondence and telephone calls in Welsh and English. Corresponding in Welsh will not lead to delay. Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg a Saesneg. Ni fydd gohebu yn Gymraeg yn arwain at oedi.

This document is also available in Welsh.

2020 Audit Plan

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Appendices

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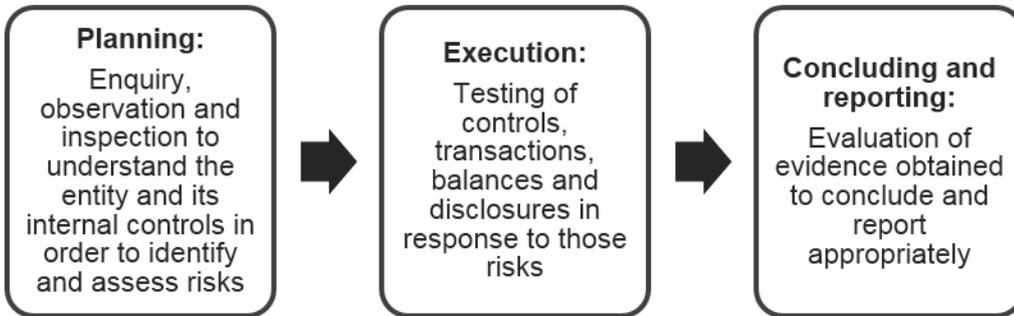
Summary

- 1 As your external auditor, my objective is to carry out an audit which discharges my statutory duties as Auditor General and fulfils my obligations under the Public Audit (Wales) Act 2004 and the Code of Audit Practice, namely to:
 - examine and certify whether your financial statements are 'true and fair'; and
 - assess whether you have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources.
- 2 The purpose of this plan is to set out my proposed work, when it will be undertaken, how much it will cost and who will undertake it. Audit planning will continue to be ongoing, and I will notify you if any new risks emerge.
- 3 There have been no limitations imposed on me in planning the scope of this audit.
- 4 My responsibilities, along with those of management and those charged with governance, are set out in [Appendix 1](#).

Audit of accounts

- 5 It is my responsibility to issue a certificate and report on the financial statements of both the North Wales Police & Crime Commissioner (the Commissioner) and Chief Constable, North Wales Police (the Chief Constable) which includes an opinion on their 'truth and fairness'. This provides assurance that the accounts:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- 6 I also consider whether or not the Commissioner and the Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in their use of resources and report by exception if the Annual Governance Statements do not comply with requirements.
- 7 [Appendix 1](#) sets out my responsibilities in full.
- 8 The audit work I undertake to fulfil my responsibilities responds to my assessment of risks. This understanding allows me to develop an audit approach which focuses on addressing specific risks whilst providing assurance for the financial statements as a whole. My audit approach consists of three phases as set out in [Exhibit 1](#).

Exhibit 1: my audit approach



9 The risks identified from my initial audit planning work that will impact on my financial statements audit, are set out in [Exhibit 2](#), along with the work I intend to undertake to address them. [Exhibit 2](#) identifies risks common to both the Commissioner and the Chief Constable and, where appropriate, risks that are specific to either the Commissioner or to the Chief Constable.

Exhibit 2: financial statements audit risks

Financial statements audit risk	Proposed audit response
Significant risks	
Management override The risk of management override of controls is present in all entities. Due to the unpredictable way in which such override could occur, it is viewed as a significant risk [ISA 240.31-33].	My audit team will: <ul style="list-style-type: none"> • test the appropriateness of journal entries and other adjustments made in preparing the financial statements; • review accounting estimates for biases; and • evaluate the rationale for any significant transactions outside the normal course of business.
Other areas of audit attention	
McCloud judgement In 2015 the Government introduced reforms to public sector pensions, meaning most public sector workers were moved into new pension schemes in 2015. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes, as part of the reforms, amounted to unlawful discrimination. On 15 July 2019 the Government announced that they	My audit team will review the provision made in relation to the McCloud judgement and monitor progress on the development of proposals for a remedy to be applied in the Police pensions scheme.

Financial statements audit risk	Proposed audit response
<p>accept that the judgment applies to all of the main public service pension schemes.</p> <p>The impact of the judgement is likely to have a significant impact on the IFRS19 disclosed liabilities.</p>	
<p>Introduction of IFRS 16 Leases in 2020-21 may pose implementation risks.</p>	<p>My team will undertake some early work to review preparedness for the introduction of IFRS 16 Leases. See Appendix 3 Exhibit 8 for more detail.</p>

- 10 I do not seek to obtain absolute assurance on the truth and fairness of the financial statements and related notes but adopt a concept of materiality. My aim is to identify material misstatements, that is, those that might result in a reader of the accounts being misled. The levels at which I judge such misstatements to be material will be reported to the Commissioner and the Chief Constable prior to completion of the audit.
- 11 For reporting purposes, I will treat any misstatements below a 'trivial' level (five per cent of materiality) as not requiring consideration by those charged with governance and therefore I will not report them.
- 12 My fees and planned timescales for completion of the audit are based on the following assumptions:
- the financial statements are provided in accordance with the agreed timescales, to the quality expected and have been subject to a robust quality assurance review;
 - information provided to support the financial statements is in accordance with the agreed audit deliverables document¹;
 - appropriate accommodation and facilities are provided to enable my audit team to deliver the audit in an efficient manner;
 - all appropriate officials will be available during the audit;
 - you have all the necessary controls and checks in place to enable the Responsible Financial Officers to provide all the assurances that I require in the Letter of Representation addressed to me; and
 - Internal Audit's planned programme of work is complete and management has responded to issues that may have affected the financial statements.
- 13 In addition to my responsibilities in respect of the audit of the Commissioner and the Chief Constable's statutory financial statements set out above, I am also required to certify a return to the Welsh Government which provides information

¹ The agreed audit deliverables document sets out the expected working paper requirements to support the financial statements and include timescales and responsibilities.

about the Commissioner and the Chief Constable to support preparation of Whole of Government Accounts.

Statutory audit functions

- 14 In addition to the audit of the accounts, I have statutory responsibilities to receive questions and objections to the accounts from local electors. These responsibilities are set out in the Public Audit (Wales) Act 2004:
- Section 30 Inspection of documents and questions at audit; and
 - Section 31 Right to make objections at audit.
- 15 Audit fees will be chargeable for work undertaken in dealing with electors' questions and objections. Because audit work will depend upon the number and nature of any questions and objections, it is not possible to estimate an audit fee for this work.
- 16 If I do receive questions or objections, I will discuss potential audit fees at the time.

Use of Resources

- 17 It is my responsibility to satisfy myself that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. [Appendix 2](#) shows the criteria we need to assess in coming to our conclusion on your arrangements.
- 18 In considering these criteria I shall place reliance upon:
- the results of the audit work undertaken on the financial statements;
 - the results of the work of other external review bodies eg, HMIC and the National Audit Office, where relevant to my responsibilities;
 - the Commissioner and the Chief Constable's systems of internal control, as reported in the Annual Governance Statements and my report thereon; and
 - the results of other work carried out by the Auditor General and data-matching exercises.
- 19 We will identify audit areas where we need to supplement the audit assurance from the reliance obtained from the audit work outlined in paragraph 14. This work will relate to specific elements of the corporate governance and financial management processes in place for the Commissioner and Chief Constable and will include a focus on the financial pressures faced, the monitoring arrangements in place and the financial resilience of the Offices of the Commissioner and Chief Constable.

Fee, audit team and timetable

Fee

- 20 Your estimated fee for 2020 is set out in [Exhibit 3](#). This represents a 3.5% decrease compared to your actual 2019 fee. My fee rates for 2020 have increased overall by 3% however, my audit teams will continue to drive efficiency in their audits to ensure fee increases are not passed onto you.

Exhibit 3: audit fee

This table sets out the proposed audit fee for 2020, by area of audit work, alongside the actual audit fee for last year.

Audit area	Proposed fee (£) ²	Actual fee last year (£)
Audit of accounts	79,166	82,166
Use of Resources	4,700	4,700
Total fee	83,866	86,866

- 21 The fee for the financial audit is driven by the skill mix required to deliver the work, together with the daily charge rate for each grade of staff member. We estimate that a total of 162 days will be required to complete the audit. The proposed skill mix and fee breakdown is set out in [Exhibit 4](#).

Exhibit 4: audit of accounts fee analysis

Role	Daily Rate	Number of days	% Input
Engagement Lead	1,127	4	2.5
Audit Manager	805	31	19
Audit Lead	658	42	26
Trainee	322	85	52.5

- 22 Planning will be ongoing, and changes to my programme of audit work and therefore my fee, may be required if any key new risks emerge. I shall make no changes without first discussing them with the Commissioner and Chief Constable.
- 23 Further information on my [fee scales and fee setting](#) can be found on our website.

² The fees shown in this document are exclusive of VAT, which is not charged to you.

Audit team

- 24 The main members of my team, together with their contact details, are summarised in [Exhibit 5](#).

Exhibit 5: my team

Name	Role	Contact number	E-mail address
Derwyn Owen	Engagement Lead	02920 320651	derwyn.owen@audit.wales
Michelle Phoenix	Audit Manager	02920 320660	michelle.phoenix@audit.wales
Mike Whiteley	Audit Lead	02920 829389	mike.whiteley@audit.wales

- 25 I can confirm that with the exception of two members of staff, my team members are all independent of the Commissioner and Chief Constable and their officers and I am not aware of any potential conflicts of interest that I need to bring to your attention.
- 26 With regards to the two exceptions mentioned above where one of my staff is married and one related to serving police officers, we have reviewed this and concluded that there are no restrictions on the members of staff working on the audit. Nevertheless, the audit team have taken additional steps to safeguard our independence and objectivity by ensuring that any work undertaken by the staff members on the payroll audit will be subject to an additional level of review. In addition, they will not be involved in any review of operational activities.

Timetable

- 27 I will provide reports, or other outputs as agreed, to the Commissioner and Chief Constable covering the areas of work identified in this document. My key milestones are set out in [Exhibit 6](#).

Exhibit 6: timetable

Planned output	Work undertaken	Report finalised
2020 Audit Plan	January – February 2020	February 2020
<ul style="list-style-type: none">• Audit of Financial Statements Report• Opinion on Financial Statements	February – July 2020	July 2020 July 2020
Annual Audit Report for 2020	January – October 2020	November 2020
2021 Audit Plan	January – February 2021	February 2021

Future developments to my audit work

- 28 Details of other future developments including forthcoming changes to key International Financial Reporting Standards, the Wales Audit Office's Good Practice Exchange (GPX) seminars and my planned work on the readiness of the Welsh public sector for Brexit, are set out in [Appendix 3](#).

Respective responsibilities

As amended by the Public Audit (Wales) Act 2013, the Public Audit (Wales) Act 2004 sets out my powers and duties to undertake your financial audit. It is my responsibility to issue a certificate and report on the financial statements which includes an opinion on:

- Their ‘truth and fairness’, providing assurance that they:
 - are free from material misstatement, whether caused by fraud or error;
 - comply with the statutory and other applicable requirements; and
 - comply with all relevant requirements for accounting presentation and disclosure.
- The consistency of information in the Annual Report with the financial statements.

I must also state by exception if the Annual Governance Statement does not comply with requirements, if proper accounting records have not been kept, if disclosures required for remuneration and other transactions have not been made or if I have not received all the information and explanations I require.

The Public Audit (Wales) Act 2004 requires me to assess whether the Commissioner and the Chief Constable have made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. To achieve this, I consider:

- the results of the audit work undertaken on the financial statements;
- the Commissioner and the Chief Constable systems of internal control, as reported in the Annual Governance Statements and my report thereon;
- the results of other work carried out including performance audit work and data-matching exercises;
- the results of the work of other external review bodies where relevant to my responsibilities; and
- any other work that addresses matters not covered by the above, and which I consider necessary to discharge my responsibilities.

The Public Audit (Wales) Act 2004 sets out the rights of the public and electors to inspect the Commissioner’s and the Chief Constable’s financial statements and related documents, to ask me, as the auditor questions about the accounts and, where appropriate, to challenge items in the accounts. I must also consider whether in the public interest, I should make a report on any matter which comes to my notice in the course of the audit.

My audit work does not relieve management and those charged with governance of their responsibilities which include:

- the preparation of the financial statements and Annual Report in accordance with applicable accounting standards and guidance;
- the keeping of proper accounting records;
- ensuring the regularity of financial transactions; and
- securing value for money in the use of resources.

Management agrees to provide me with:

- access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- additional information that I may request from management for the purpose of the audit; and
- unrestricted access to persons within the authority from whom I determine it necessary to obtain audit evidence.

Management will need to provide me with written representations to confirm:

- that it has fulfilled its responsibilities for the preparation of the financial statements;
- that all transactions have been recorded and are reflected in the financial statements;
- the completeness of the information provided to me for the purposes of the audit; and
- to support other audit evidence relevant to the financial statements or specific assertions in the financial statements if I deem it necessary or if required by ISAs.

Criteria to assess arrangements for securing economy, efficiency and effectiveness in the use of resources

Exhibit 7: corporate arrangements

Corporate arrangements	Questions on arrangements
Establishing objectives determining policy and decision making	Has the Commissioner/Chief Constable put in place arrangements for setting, reviewing and implementing his strategic and operational objectives?
Meeting the needs of users, stakeholders and the local population	Has the Commissioner/Chief Constable put in place channels of communication with the local population, users of the service, and other stakeholders including partners, and are there monitoring arrangements to ensure that key messages about services are taken into account?
Monitoring and reviewing performance	Has the Commissioner/Chief Constable put in place arrangements for monitoring and scrutiny of performance, to identify potential variances against strategic objectives, standards and targets, for taking action where necessary and reporting to the Commissioner/Chief Constable?
Compliance with established policies	Has the Commissioner/Chief Constable put in place arrangements to maintain a sound system of internal control, including those for ensuring compliance with laws and regulations, and internal policies and procedures?
Operational and financial risks	Has the Commissioner/Chief Constable put in place arrangements to manage his significant business risks?
Managing financial and other resources	Has the Commissioner/Chief Constable put in place arrangements to evaluate and improve the value for money he achieves in his use of resources?
	Has the Commissioner/Chief Constable put in place arrangements to ensure that his spending matches his available resources?
	Has the Commissioner/Chief Constable put in place arrangements for managing and monitoring performance against budgets, taking corrective action where appropriate, and reporting the results to senior management and the Commissioner/Chief Constable?

Corporate arrangements	Questions on arrangements
Proper standards of conduct etc	Has the Commissioner/Chief Constable put in place arrangements for monitoring and scrutinising performance, to identify potential variances against strategic objectives, standards and targets for taking action?
	Has the Commissioner/Chief Constable put in place arrangements that are designed to promote and ensure probity and propriety in the conduct of his business?

Other future developments

A. Forthcoming key IFRS changes

Exhibit 8: changes to IFRS standards

Standard	Effective date	Further details
IFRS 16 leases	2020-21	IFRS 16 will replace the current leases standard IAS 17. The key change is that it largely removes the distinction between operating and finance leases for lessees by introducing a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. It will lead to all leases being recognised on balance sheet as an asset based on a right of use principle with a corresponding liability for future rentals. This is a significant change in lessee accounting.
IFRS 17 Insurance Contracts	2021-22 at earliest	IFRS 17 replaces IFRS 4 <i>Insurance Contracts</i> , which permitted a variety of accounting practices resulting in accounting diversity and a lack of transparency about the generation and recognition of profits. IFRS 17 addresses such issues by requiring a current measurement model, using updated information on obligations and risks, and requiring service results to be presented separately from finance income or expense. It applies to all insurance contracts issued, irrespective of the type of entity issuing the contracts, so not relevant only for insurance companies. Entities will need to consider carefully whether any contractual obligations entered into meet the definition of an insurance contract. If that is the case, entities will need to determine whether they are covered by any of IFRS 17's specific scope exclusions.

B. Good Practice Exchange

The Wales Audit Office's GPX helps public services improve by sharing knowledge and practices that work. Events are held where knowledge can be exchanged face to face and resources shared online. The main areas of work are regarding financial management, public-sector staff and governance.

[Further information, including details of forthcoming GPX events and outputs from past seminars.](#)

C. Brexit: preparations for the United Kingdom's departure from membership of the European Union

The Auditor General has reported on preparations in Wales for a 'no-deal Brexit', publishing a report in February 2019 and a follow-up letter to the External Affairs and Additional Legislation Committee in September 2019. At the time of reporting, there was a possibility that the UK would leave the EU without a Withdrawal Agreement in place (the no-deal scenario), which would potentially have had significant consequences for Welsh public services and the wider economy and society.

Following the general election, the United Kingdom left membership of the European Union on 31 January 2020 under the terms of the Withdrawal Agreement concluded between the EU and UK in October 2019. The next phase will involve negotiating and agreeing the future relationship between the UK and EU.

There will be a transition period to 31 December 2020, during which the UK will continue to participate in EU programmes and follow EU regulations. The Withdrawal Agreement provides for the transition period to be extended by up to two years, with the agreement of the UK and EU. The deadline for agreeing to extend the transition period is 30 June 2020. The UK Government has said that it does not intend to extend the transition period.

Despite there being an agreement on the terms of withdrawal, there remain some significant uncertainties:

- Given the very tight timetable for reaching agreement, there is a possibility of the UK leaving the transition period at the end of 2020 without an agreement about the future relationship in place. In this scenario many of the issues previously identified around a 'no-deal Brexit', such as disruption to supply chains, would arise again.
- The UK Government's position of seeking a future relationship based on a free trade agreement (rather than a closer relationship aligned to the single market) has implications that are not yet clear but which create opportunities and risks for Wales' economy, society and environment.
- There are also significant unresolved constitutional questions around how powers in areas where devolved governments were directly applying EU law, such as regional development and agriculture, will be exercised across the UK after the transition period.

In light of these uncertainties, the Auditor General will continue to keep a watching brief over developments and will make a decision later in the year as to what, if any, further work is required to look at public bodies' preparations for either a new relationship or a no-trade deal exit from the transition period.



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PROCUREMENT

gwneud Gogledd Cymru'r lle **mwyaf diogel** yn y DU

Page 169 of 187 Making North Wales the **safest** place in the UK



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The Department

Head of Procurement
Supported by 3 Procurement Officers

Reporting to Head of Finance (Assistant Director)



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Procurement Strategy

- To support operational policing
- To develop and supply fit for purpose goods and Services
- To deliver value for money
- To support the Forces and OPCC Social Value Policy
- To provide fit for purpose uniform and equipment
- To support the NWFRS with their procurements



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Collaboration

We work with a number of organisations including:

- The other 3 Welsh Forces
- National Procurement Service For Wales
- The North West Region Forces
- National Police Forces
- Crown Commercial Services
- YPO/ESPO
- New Blue Lite Commercial



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Governance

- Internal Audit
- Assurance Mapping
- Standing Orders
- Procurement Policy
- Clothing & Equipment Board



Procurement Processes

- **Purchases Under £20,000**

Although these purchases do not require a formal tender procedure, you must be able to demonstrate that the purchase offers value for money obtain a minimum of one quotation in writing. A short summary report must be kept for audit purposes along with any quotations received.

- **Purchases over £20,000**

Completed Market Scoping must be submitted to Procurement for approval. You must obtain a minimum of three quotations via the forces E-Tendering system. However, if sufficient competition exists then a Request for Quotation should be



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Procurement Processes

- **Purchases over £50,000**

Completed Market Scoping must be submitted to Procurement for approval.
Tenders are to be invited using the Police & Crime Commissioner's approved E-Tendering System and terms and conditions.

- **Purchases over the EU Threshold**

Completed Market Scoping must be submitted to Procurement for approval.
Tenders are to be invited using the Police & Crime Commissioner's approved E-Tendering system and terms and conditions;
Tenders will be advertised in accordance with European Regulations.



Contract Signatures

- All contracts where the value exceeds £250,000 or £100,000 per year shall be signed by the Commissioner or in the absence of the Commissioner by the Deputy Commissioner or Chief Finance Officer.
- Where the value of the contract is less than £250,00 or £100,000 per year and the contract is not required by law to be under seal then the Director of Finance and Resources may sign the contract or in their absence Head of Finance (Assistant Director) and for contracts wholly funded from their own budgets the Head of ICT,) & Head of Facilities and Fleet (Assistant Director) may sign the contract.



Contracts

- Average of 200 active contracts across 230 plus suppliers with annual expenditure in the region of £308,634,53
- Non contracted expenditure is currently £354,367 across 12 suppliers
 - JACK HODSON LIMITED £49,190.39
 - RSG ENGINEERING LTD £40,702.49
 - HENRY WILLIAMS AND SON (ROADS) LTD £39,981.60
 - PROJECTPROJECT LIMITED £33,600.00
 - POLICING MATTERS LTD £29,340.00
 - ROBINS & DAY 25,985.12
 - RAJ KHANNA ASSOCIATES LTD £25,710.72
 - KIA MOTORS (UK) LTD - BOLTON £24,738.89
 - A & B AIR SYSTEMS £22,347.93
 - CLUCAS METHOD OF ENTRY LIMITED £21,660.00
 - SFL MOBILE RADIO LTD £20,525.98
 - DGFM SHARED SERVICE CENTRE £20,184.00



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Tenders

Project Title	Annual Value	Total Value
Insurance Tender NPC	£ 6,729,930	£33,649,650
Criminal Justice Substance Misuse (DIP) Tender	£ 810,000	£ 4,050,000
IDVA - new tender	£500,000	£ 2,500,000
Vehicle recovery	£ 295,459	£1,500,000
Cleaning Contract to all NWFRS properties	£275,000	£1,375,000
Pwllheli refurbishment	£ 800,000	£800,000
Lift Maintenance Contract to all NWP/NWFRS properties	£ 100,000	£500,000
FHQ Canteen	£83,000	£415,000
Occupational Health Doctor & Recruitment Medicals	£80,000	£400,000
Pensions Administration Tender	£ 100,000	£400,000
Emergency Boarding UP	£72,000	£360,000
FME Telephone Advice Line	£167,872	£344,744
Office Furniture	£ 87,717	£ 263,000
Footwear	£ 51,098	£255,000
Uandegai building works	£ 180,000	£180,000
ANPR Maintenance	£160,000	£160,000
Vehicle Spare Parts	£ 30,000	£ 150,000
New Appliance Doors	£ 150,000	£150,000
Tactical Operational Vests	£ 10,000	£135,000
Supply or Supply and Fit of vehicle Livery Markings for Police Vehicles	£26,793	£134,000
Legal Case Management	£ 30,000	£120,000
Electronic Records System Occupational Health	£ 50,000	£ 118,000
Grounds Maintenance	£ 27,346	£ 109,384
Insurance Quotes - Specialist Policies - NWP only	£ 20,000	£ 100,000
Toilet remodelling works in Caernarfon DHQ	£ 61,000	£ 61,000
Domestic Abuse (DA) Matters training	£ 60,000	£ 60,000
Re-wire Bangor Fire Station	£ 60,000	£ 60,000
Uniform & Equipment Accoutrements	£ 15,000	£ 60,000
Roof (Sika) Amlwch FS	£ 50,000	£ 50,000
Toilet remodelling works Rhos Police Station	£ 50,000	£ 50,000
Tower Replacement Harlech/Barmouth Fire Stations	£ 50,000	£ 50,000
Heating System Rhyl Fire Station New	£ 44,000	£44,000
Re-wire Caernarfon Fire Station	£ 40,000	£ 40,000
Rhewl Classroom Extension	£39,000	£39,000
Firearms Range Maintenance	£10,000	£30,000
New Sika Roof at Ruthin	£ 25,000	£ 25,000
Confidential Shredding	£ 19,142	£19,142
Tender for £35-250k Facilities Work	£ 10,000	£ 10,000
All Wales Driver Awareness	£ -	£ -
Waterproof Coats	£	£



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Contribution to Force Savings

- 2018.2019 - £444,601
- 2019/2020 - £87,663 (up to end of January 2020)



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National Projects

- New Blue Lite Commercial
 - Replacement of contracts Data Baes and E- tendering portal (April 2021)
- 2021 Vehicle Procurement
- Language Services
- National Uniform Managed Service (NUMS) Lite
- Operational Tac Vests
- Body Armour replacement
- Waterproof Outer Garments



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All Wales Projects

- Pensions Administration
- Confidential waste disposal
- Driver Rehabilitation (Driver Awareness Courses)
- Vehicle Recovery (exploring options)
- Vehicle Livery



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North West Region Projects

- Insurance
- Operational Trousers re tender
- Footwear re tender
- Vehicle Recovery (exploring options)



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Uniform

The Force has made a commitment to utilises National Specifications for all uniform.

HOP represents the NWR on the National Uniform Group and the NWR Uniform Group



Social Value

Country	Nett spend	% of total
England	£20,202,332.02	68.1%
Wales	£9,039,165.11	30.5%
Scotland	£266,111.64	0.9%
Ireland	£62,073.44	0.2%
Canada	£49,999.00	0.2%
Europe	£35,704.60	0.1%

Country	Active Suppliers	% of Total
England	141	67.14%
Wales	58	27.62%
Scotland	4	1.90%
Ireland	4	1.90%
Europe	2	0.95%
Canada	1	0.48%



Social Value

Top 10 Nett spend with non-Welsh suppliers over last 12 months

Supplier	Country	Nett spend
NW (BBP) Limited	England	£3,259,805.71
Adecco Ltd	England	£2,172,447.15
NPower	England	£1,105,205.05
Peugeot	England	£893,107.10
Comparex UK Limited	England	£862,331.07
Arthur J Gallagher	England	£802,903.71
CNS Group	England	£735,240.41
Reveal Media Ltd	England	£708,865.98
Key Forensics	England	£616,131.24
BT Global Services	England	£595,182.99



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Social Values

Top 10 Nett spend with Welsh suppliers over last 12 months

Supplier	Country	Location	Nett spend
CGI UK Limited	Wales	Rhyl	£6,109,941.22
Kaleidoscope Project	Wales	Newport	£970,000.00
Betsi Cadwaladr Health Board	Wales	Rhyl	£309,847.39
Betsi CadwaladrHealth Board	Wales	St Asaph	£0.00
North Wales Women's Centre	Wales	Rhyl	£195,804.00
Fred Weston Electrical Ltd	Wales	Rhyl	£195,695.44
Kier Group PLC (prev. Mouchel)	Wales	Wrexham	£109,593.00
Decon's	Wales	Mold	£92,389.20
BOF	Wales	Cardiff	£85,669.83
UK Telematics Ltd	Wales	Wrexham	£75,568.41
WR Davies	Wales	Llangefni	£72,591.22



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Thank You
Any Questions