** **

**Joint Audit Committee**

**Meeting Minutes**

**Date:** Tuesday 21 February 2023

**Time:** 1300hrs

**Location:** Microsoft Teams

**Committee Members:**

Melvyn Neate (MN) Chair

Liz Mackenzie (LM) Vice-chair

Peter Lloyd (PL)

Katherine Pears (KP)

Gordon Manickam (GM)

**In Attendance:**

Olivia Pinkney (OP) Chief Constable, HIOWC

Ben Snuggs (BS) Deputy Chief Constable, HIOWC

Richard Croucher (RC) Chief Finance Officer, HIOWC

Andy Lowe (AL) Chief Finance Officer, OPCC

Jason Kenny (JK) Chief Executive, OPCC

Olan Jenkins (OJ) Senior Business Manager, OPCC

Andrea Tompkins (AT) Head of Corporate Insights, HIOWC

Penelope Page (PP) Acting Strategic Risk Manager, HIOWC

Karen Shaw (KSh) Chief Internal Auditor, OPCC & HIOWC

Kevin Suter (KSu) Ernst & Young

Sarah Devaney (SD) Ernst & Young

John Banks (JB) Prospective JAC member

Karen Williams (KW) Staff Officer to Richard Croucher, HIOWC

Jane Goddard (JG) PA to Richard Croucher, HIOWC (minutes)

**Declaration of Interests (Item 1)**

There were no declarations of interest.

**Apologies (Item 2)**

Donna Jones Police & Crime Commissioner, HIOWC

Lucy Hutson Assistant Chief Constable, HIOWC

Matt Watson Head of Operational Learning, HIOWC

**595.** **Chair’s Report (Item 3)**

The Chair advised that this is the final Joint Audit Committee meeting for both PL

and LM. Thanks expressed to both for their contributions as members over the

years and best wishes conveyed for the future. This was echoed by all attendees.

**596.**  **Minutes, Action Log and Matters Arising (Item 4)**

Minutes of the last meeting were agreed as accurate.

**Action Log**

Updates were provided on the two outstanding actions as below:

* **103** – Partnership agreements will be discussed as item 10 of today’s agenda. Action closed.
* **104** – An explanation of the accounts will be provided by KSu under item 7 of today’s agenda. Action closed.

**597. Annual review of the effectiveness of the Joint Audit Committee (Item 5)**

Report produced by MN and circulated prior to the meeting. One amendment highlighted on page 9 – the reference to 2020/21 should read 2021/22.

No further questions or comments made.

**598. Treasury Management (Item 6)**

Report presented by AL, with two key recommendations of note. The first is that the PCC has prepaid employer’s LGPS Pension Fund contributions for the next three years, generating a saving of 4.4%. The second is the increase in the limit of investments beyond a year, from £20m to £40m, which will allow an opportunity to take advantage of more competitive interest rates.

Further discussion on the balance sheet (Table 1) and question from MN regarding the leases. AL advised it is our decision to delay payment to 2025, as reflected in the table. Further explanation provided that the increase in the Capital Financing Requirement row is due to a change in recognising leases from April 2024, as they have to be added in and then removed.

PL commented that the New Borrowing row in Table 1 appears to be decreasing, rather than increasing. AL stated this is part of the PCC’s planned spend and confirmed we are in a healthy position in respect of the reserves and balances. This is monitored annually as part of the MTFS process and the Balance Sheet Resources row of the table reflects the current cash position. RC supported this view and stated that funds have been set aside for planned future spends, such as Op Magenta and the EMSCP project. We should expect to see reductions over the next three years, once these are expended, however not to a high risk level. AL further noted there were no immediate future borrowing plans.

MN asked for further reassurance about the employer’s pension pre-payment, as this is a significant upfront cost. AL acknowledged this has previously been an annual payment, however is comfortable with the current financial situation and that this can be accommodated safely with no adverse effects.

Further clarification sought by PL on the figures presented in item 4.5. AL confirmed this would be reviewed and an update provided.
**ACTION 105: AL to clarify the wording of section 4.5 of the Treasury Management Strategy.**

**599. External Audit Progress Report (Item 7)**

Update from KSu regarding action 104 and the delay to the accounts sign-off. KSu advised that, in September 2022, an accurate assertion was made that the accounts were substantially completed, however there were several small issues preventing final sign-off. The first related to the Pension Fund Audit, as additional work was needed because reliance could not be taken due to the date of the information. This is also a new investment asset that has not previously been sampled, so there are no audited financial statements. This work was resolved in January 2023.

A second issue was also identified in relation to land valuations, whereby additional time was needed to receive acceptable information. This was reconciled in early February 2023.

KSu acknowledged the time it has taken to resolve these issues, however noted that EY is required by the Regulator to obtain acceptable levels of evidence in order to facilitate sign-off. AL is cognisant of this position and reassured JAC members that there were no concerns from the OPCC or Constabulary regarding the outstanding areas, as they do not impact us in the same way as a private company.

This update was noted by MN and the question was asked as to whether the Regulators would require this level of evidence for future audits. KSu advised this is expected to continue, however an action plan is in place to ensure the work is completed to a satisfactory deadline and is not overdue on an annual basis.

Question from AL regarding the logistics of the chief constable’s sign-off, as OP leaves the constabulary tomorrow, Wednesday 22 February. KSu is happy for this to be signed by the new chief constable.

MN is content with this update and that sign-off is now imminent. However, MN expressed disappointment that, in view of the delay in EY signing off the accounts, there had been no update from EY at the November 2022 JAC meeting.
 **600. Internal Audit Progress Report (Item 8)**

KSh advised work is progressing well and the team are on track to deliver as

planned.

MN commented that there appear to be more ‘limited opinion’ reports than usual and

asked whether there was any reason for this and if it would affect the annual opinion.

KSh agreed this is unusual but explained most related to specific issues and are not

a cause for concern. Further details will be provided in the confidential session to

follow. Overall, the rating also reassures that audits are being targeted in the correct

areas, as opposed to returning substantial ratings for all. In terms of the annual

opinion, KSh takes a broad perspective and many variables into account when

writing the annual review.

PL noted that there are seven outstanding actions recorded for the Victim Support

review. As the report was only finalised on 22 December 2022, this gives a tight

timescale for these actions to be overdue already. KSh advised that this will be

discussed further in the confidential session.

MN highlighted that the format of Table 6 has changed since the last meeting and a

column has been omitted regarding the draft report. KSh advised this will be

reinstated for the next meeting for those reports of concern.

**601. Internal Audit Plan (Item 9)**

Item presented by KSh. It was noted there have been no changes to the Internal Audit Charter since the last review in 2022.

In terms of the plan, KSh advised that risk registers are reviewed as part of the planning process and consideration is given to the local and national picture. It is also the case that some review areas then lead to other subjects of interest, such as the Leaver Process deriving from the Uniform review.

MN asked about stakeholder engagement and whether the CC and PCC approve the audit plan. KSh advised there have been meetings with JK and AL for the OPCC and that she has attended HIOWC’s Strategic Risk & Learning Board (SRLB). BS stated that, as Chair of the SRLB, he is confident in this process and that this is the correct route, with the appropriate stakeholders linked in. The plans are then referred to the CC and PCC following these discussions. JK further recognised the effort and engagement of KSh from the OPCC perspective.

Question from GM regarding the Police Vetting and Complaints audit and whether this should be completed earlier than Q4. KSh advised it is a deliberate decision to review at this time, as it is still an emerging picture and clear scope will be needed. RC agreed that we need to wait until Q4 to see whether the activity that has been introduced is sustainable and having the desired impact.

KP further commented that a retrospective review of vetting processes would be beneficial for highlighting concerns with previous practice and to inform future improvements. BS advised that national work is focused on this point.

LM asked about the policy for re-vetting and how frequently this is carried out. BS advised it is currently every ten years but the position is being revised and checks will be repeated more regularly. Work is currently underway to clarify these timescales and future plans.

**602. Partnership Agreements (Item 10)**

RC provided the list of partnership agreements, as published in the accounts, and gave examples of the work of the Local Resilience Forum.

MN asked how regularly the more significant partnerships are reviewed for value for money, accountability and performance. RC advised there is an oversight regime and used the example of Joint ICT / Information Management, which is a partnership between Hampshire & Isle of Wight Constabulary and Thames Valley Police. ICT are held to account at PCC and DCC Collaboration Boards, as well as at a national level through SERIP. There are also good relationships between bilateral leads and a national ICT framework is in place.

Question from PL regarding the estate and accession agreement. Is there sufficient clarity around obligations and key performance indicators? RC explained there are three levels of governance, points of escalation and different groups available to resolve issues where needed.

LM asked about the strategy for choosing and monitoring schemes, noting there are a number of smaller partnerships listed but no indication of outputs. AL updated on contracts and grants, noting that geography affects the decision, as there are different contracts between different parts of the county. JK offered a future training session from the OPCC to provide further context on this matter. This was welcomed by MN.

**Action 106: JK to initiate plans for a future training session on contracts and grants.**Further question from MN regarding the application process for grants. Overview provided by AL that schemes are scored against specific criteria and further research and analysis is then completed. Based on these outcomes, recommendations are then made to the PCC for a final decision to be made.

**603.** **Any Other Business**OP joined the meeting to say farewell on her penultimate day as Chief Constable of Hampshire & Isle of Wight Constabulary. Thanks were passed to the committee members for their strong governance and strong assurance, which have effected change. OP is optimistic for the future of the constabulary and is confidently handing over to a new chief constable. Committee members passed on their thanks and best wishes to OP for the future.

**The public session closed at 1420hrs**