** **

**Joint Audit Committee**

**Meeting Minutes**

**Date:** Tuesday 16 May 2023

**Time:** 1300hrs

**Location:** Microsoft Teams

**Committee Members:**

Melvyn Neate (MN) Chair

Katherine Pears (KP)

Gordon Manickam (GM)

Amanda Hassell (AH)

John Banks (JB)

**In Attendance:**

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

George White (GW) Strategic Risk Manager, HIOWC

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

Kevin Suter (KSu) Ernst & Young

Kelly Gates (KG) Ernst & Young

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)**

Lucy Hutson Temporary Deputy Chief Constable, HIOWC

**612.** **Chair’s Report (Item 3)**

The chair welcomed two new JAC members, AH and JB, who are attending the

meeting for the first time.

MN asked about the process for publishing the MS Teams link and meeting agenda

online, to enable members of the public to join the open session should they wish.

OJ updated that a new procedure is in place to arrange for the agenda, meeting

papers and link to be added to the website of the Police & Crime Commissioner

(PCC).

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

Minutes from the previous meeting, on 21 February 2023, were agreed as accurate.

**Action Log**

Updates were provided on the two outstanding actions as below:

* **105** – AL confirmed that the wording in section 4.5 of the Treasury Management Strategy is correct, specifically the query related to growth, and the last sentence covering growth correctly reflects our Advisors’ (Arlingclose) view. Action closed
* **104** – JK advised that Kate Gunson and Caroline Sargeant have been tasked to progress this and JG has provided Kate and Caroline with the future training dates. JK is happy to be guided by MN as to when the members would like to proceed with this topic, noting that September’s training session will focus on the statement of accounts.

**614. Annual Governance Statements (Item 5)**

Overview provided by RC to explain that separate Annual Governance Statements (AGS) are produced for the PCC and Chief Constable (CC), due to differences in responsibilities. Comments from members are welcomed and can be reflected in the AGS and draft statement of accounts, to be published on 31 May 2023.

Feedback from AH to state that the PEEL Inspection Report, which is identified as a red risk, could be highlighted more fully in the HIOWC AGS. RC noted that items raised in the report are referenced within the AGS but agreed that more content could be added to emphasise further.

MN sought clarity on the meaning of ‘non-transactional services’ in section 6.4 and asked what the rationale is for this approach. RC explained that there is a shared services arrangement between partners, including HIOWC, the OPCC and Hampshire Fire & Rescue, for transactional functions, such as payroll. Partners have reviewed the elements within this model and will be withdrawing some of the non-transactional functions and transferring them back to the individual organisations. Recruitment is one example of this, which will enable HIOWC to make dynamic decisions based on the force’s needs and priorities. The return of those services will be a phased approach and the transactional functions will remain unchanged.

Linked to this, JB asked who is responsible for monitoring the business case around shared services. RC explained the governance process that is in place between the partners and that this will be judged by the CC and PCC. It is noted that an evaluation will be carried out in due course but sufficient time will be needed following implementation to fully assess the impact.

Comment from MN in relation to 3.6.10 and the tenure of the JAC Chair, as a further extension will be required for MN to continue in this role. RC confirmed the CC and PCC are happy with this course of action.

JB asked for more detail of the governance framework and whether there was a visual representation of this. RC advised there is a consistent approach with partners, as set out in the Annual Governance requirements. Work has started on a governance handbook and further updates will be shared as available.

KP sought clarification on section 7.3 and commented on the use of jargon. RC advised that 7.3 relates to the previous section 6.3 and shows what action has been taken this year. Operation Falcon refers to the custody investigation teams that were introduced under Operation Olympus, and this team fulfils the interviewing role within the custody environment. Improvements in this area have been noted but further work is needed to further increase performance levels.

KP asked for an overview of the new CC’s intentions for the force this year. RC stated that the CC is moving away from the current Six Areas of Focus and is developing a new vision, focusing on the relentless pursuit of criminals, exceptional local policing and putting victims first. The force will move from a functional model to a geographic model, covering the north, east, west and the Isle of Wight. Each area will be responsible for the core functions within and it is anticipated this will increase accountability for Formal Action Taken (FAT) outcomes. The change to the operating model has links to the shared services changes and to the teams supporting this structure, such as ICT.

JK gave an overview of the PCC’s AGS for 2022/23, highlighting the organisational restructure and relocation of the office from Winchester to Fareham. An offer was made to provide further context to AH and JB separately if that would assist.

JK updated that good progress has been made in relation to section 7 of the AGS and that work is ongoing. Section 6 is forward-looking and will present more challenges but work is underway.

**615. Treasury Management Outturn Report (Item 6)**

This paper was withdrawn from the agenda due to timing issues and will be presented at the next meeting on 25 September 2023.

**616. External Audit Annual Report (Item 7)**

Report presented by KSu, which covers the year ending March 2022. Overall it is judged that there are adequate value for money arrangements in place by HIOWC and the OPCC.

Question from MN regarding the closing certificate and what the impact is of this not being issued for 2021/22. KSu advised it is a requirement to certify the closure of the audit, however EY are waiting for confirmation from the National Audit Office (NAO) that there are no further questions to answer. There are delays with this process nationally and no timescales have been provided by the NAO. RC highlighted that there is a different process for the accounts and WGA submissions.

MN asked whether the three recommendations in Appendix B will be implemented. In relation to journals, RC advised that the system does not require a change at this time and this would offer minimal benefit from a value for money perspective. There have been no historical issues with the current system and appropriate protections are in place regarding who has access. Recommendations two and three were both accepted. RC confirmed that a formal response will be sent and MN will receive a copy of the letter.

 **617. External Audit Plan (Item 8)**

Overview presented by KG, with key areas highlighted as below:

* Misstatements due to fraud of error – included as part of every audit EY complete.
* Valuation of Land and Buildings – noted that this forms a large balance on the balance sheet.
* Pension Liability Valuation – highlighted due to size of balance and the significant judgments and estimation involved by the pension funds.
* Value for Money – No significant weaknesses to draw attention to at the current time.

In terms of the timeline for key stages and deliverables, KG advised the audit results report is expected in September 2023. Work is progressing well so far but management will continue to be kept updated, noting the delays from the previous year and the current backlog as a result of this.

**618. Internal Audit Progress Report (Item 9)**

Summary provided by KSh and it was noted that four reviews have closed since the last meeting. The current focus is on finalising the remaining reports for 2022/23, of which there are three drawing to conclusion.

It was confirmed that Q1 reviews have commenced for the current year.

Question from MN regarding the status of the OPCC Safeguarding actions in table 4, which are dated September 2020. OJ explained that this training is being considered as part of a wider planning process and a meeting is being held in June to further progress this. An update will be available for the next JAC meeting on 25 September.

**619. Annual Internal Audit Report and Opinion 2022/23 (Item 10)**

Introduction from KSh, noting there are two parts to this report and that further details will be discussed in the confidential session to follow. For the purpose of this paper, KSh has been happy to place reliance on the work of other assurance providers, such as EY and TVP.

Overall, a reasonable assurance rating has been given, which is the same as the previous year. KSh accepted there are more limited opinions this year and explanations will be provided in more detail in the confidential session. KSh is confident that actions are being robustly tracked to completion and expressed thanks to those involved for the continued positive working relationships.

Question from JB to ask who makes the decision on completion within the audit process. KSh advised that management actions are raised and tracked, with the actions largely signed off by HIOWC. RC updated that KSh recommends follow-ups of high risk areas and these would be commissioned as part of the annual planning process.

**The public session closed at 1400hrs**