** **

**Joint Audit Committee**

**Meeting Minutes**

**Date:** Tuesday 28 November 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 & OPCC

George White (GW) Strategic Risk Manager, HIOWC

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

Pete Shepherd (PS) FM & Project Manager, OPCC

Kevin Suter (KSu) Ernst & Young

Daniel O’Rourke (DO’R) Corporate Accountant

Gemma Farley (GF) Principal Accountant

Kate Boynton (KB) Deputy Chief Finance Officer, HIOWC

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)**

Sam de Reya Deputy Chief Constable, HIOWC

Jason Kenny Chief Executive, OPCC

Olan Jenkins Senior Business Manager, OPCC

**644.** **Chair’s Report (Item 3)**

Nothing of note to raise.

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

Minutes of the previous meeting, on 25 September 2023, were agreed as accurate.

Update provided on the one open action (106) regarding arrangements for a future training session for members on contracts and grants. It was confirmed this was the topic of the morning’s session, held by Kate Gunson. Action now complete.

**646. Terms of Reference (Item 5)**

Annual review of the Terms of Reference (ToR), as previously discussed on 29 November 2022. JAC members also discussed the ToR at their pre-meeting.

MN noted that both his and KP’s terms on the committee are due to end in November 2024. GM’s will end in October 2025. MN would be content to continue as Chair, subject to ratification by the CC and PCC, and would name KP as Vice-Chair. Based on these timescales, it was suggested that the recruitment of new members should start in Spring 2024.

Reference was made to section 1.27 and publication of the meeting papers on both the OPCC and HIOWC websites. RC recognised the documents are difficult to locate on the HIOWC website and explained the structure of the website is set to a national standard, which limits what can be changed locally.

**Action 107: RC to speak to Corporate Comms about improving access to the JAC meeting papers on the HIOWC website.**

MN asked for an addition to the opening sentence of section 1.2, to now state “The purpose of the Committee is to provide independent advice, *challenge* and recommendation…” This was supported by GM.

**Action 108: MN to make required amendments and circulate draft Terms of Reference to the group.**

**647. Treasury Management mid-year report (Item 6)**

RC introduced D’OR and GF to present on Treasury Management. It was noted that MN attended the recent briefing from Arlingclose.

DO’R highlighted that this report covers the first six months of the financial year and all activity is fully compliant with the Treasury Management Strategy. The following points were made by exception:

Interest rates now appear to have stabilised at around 5%.

£10m of borrowing was repaid earlier this year, due to favourable rates and on advice from Arlingclose. There are no plans for new borrowing at this time and any changes to this position will be fully reviewed.

The current focus is on longer-dated investments, for added security and to take advantage of good rates. Strong returns are being seen, which compares favourably to other Arlingclose clients.

DO’R highlighted a correction to Table 6, where the total amount invested should be £5m and not £7m as stated.

MN asked about the impact of the Chancellor’s Autumn Statement and how this could affect the financial position. DO’R advised that nothing of note has been identified by Arlingclose to change the current underlying assumptions. RC echoed this opinion and agreed this is the consensus from commentators.

RC provided further details of the police pension grant, explaining that there are always more outgoings recorded in the accounts. As this is an unfunded scheme, the difference is covered by the Home Office via a top-up grant.

KP commented that the PCC appears to be in a favourable position compared to others and noted the strong performance shown. RC added for context that the PCC is in a fortunate position, with more funds available to invest.

No further questions asked and thanks passed to DO’R and GF for the presentation and report.

**648. External Audit Update (Item 7)**

KSu advised there is little to update following the last meeting, as no ministerial announcement has been made. KSu shared the frustrations of the group around the lack of clarity and progress.

The current focus remains on 2022/23 Value for Money and Pension Fund audits, as well as clearing the 2021/22 backlog. If there is no update from the Government, decisions will need to be made quickly about what audits to begin in the new year, being mindful of budget-related demands at this time.

MN commented on the reputational risk of audit delays, noting this has been discussed at previous meetings. Are members of the public notified of the current situation? It was confirmed that the unaudited accounts were published on both websites on 30 September, clearly marked as such, and no response or reaction has been received.

MN expressed that JAC members remain concerned by the lack of audit progress but note that this is not within our control.

 **649. Internal Audit Progress Report (Item 8)**

Overview provided by KSh. All Q1 reports are now complete, with Q2 and Q3

underway. The final review of 2022/23, on Agency Staff, has also been

completed and will be discussed in more detail in the Confidential meeting.

Demand is heavy in Q4 and resourcing is being monitored. Of note, the OPCC Risk

Management review has been moved to Q4 and the Armouries review now replaces

the Contact Management review, following an HMICFRS recommendation.

Question from AH to ask whether the workload for Q4 is as expected, or too high,

with 40% currently outstanding? KSh explained the audit plan is agreed at the start

of the year and decisions are made at that stage around how each quarter is

balanced. It is noted that numbers in Q4 are higher than the other periods this year,

with six reviews, compared to three/four for Q1-3. Timings have slipped slightly

due to recruitment factors and training new staff, however the team is now fully

resourced and catching-up. KSh is not envisaging any difficulties or delays in

completing the annual report.

MN asked for an additional column to be re-added to the spreadsheet to indicate the

date of the draft report. KSh confirmed this will be included for the next meeting.

**The public session closed at 1340hrs**