** **

**Joint Audit Committee**

**Meeting Minutes**

**Date:** Tuesday 20 February 2024

**Time:** 1300hrs

**Location:** Microsoft Teams

**Committee Members:**

Melvyn Neate (MN) Chair

Katherine Pears (KP) Vice Chair

Gordon Manickam (GM)

Amanda Hassell (AH)

John Banks (JB)

**In Attendance:**

Richard Croucher (RC) Chief Finance Officer, HIOWC & OPCC

George White (GW) Head of Risk & Resilience, HIOWC

Andrea Tompkins (AT) Head of Corporate Insights, HIOWC

Penelope Page (PP) Business Continuity Manager, HIOWC

Charlie Perrin (CP) Head of Operational Learning & Inspection, HIOWC

Kate Gunson (KG) Chief of Staff, OPCC

Olan Jenkins (OJ) Senior Business Manager, OPCC

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

Kevin Suter (KSu) Ernst & Young

Kelly Gates (KG) Ernst & Young

Daniel O’Rourke (DO’R) Corporate Accountant, HCC

Andrew Boutflower (AB) Head of Investments & Borrowing, HCC

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

**657.** **Chair’s Report (Item 3)**

MN expressed thanks to GW and AT for presenting the morning’s training session

to members on the HMICFRS inspection process.

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

Minutes of the previous meeting, on 28 November 2023, were agreed as accurate. Updates were provided on the two outstanding actions, as below:

**Action 107** – A new Joint Audit Committee page has been added to the HIOWC website, containing links to the meeting papers on the OPCC website. AH identified that different versions of the same document are currently published and highlighted the need for consistency. Query also raised regarding online publication dates for the meeting minutes. If this process requires ratification at the next JAC, this will cause delays due to the frequency of the meetings. It was agreed to keep this action open for OJ to review further.

**Action 108 –** The updated Terms of Reference were circulated with the meeting papers on 9 February. Action completed and can be closed.

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

Report completed by MN with input from JAC members. MN commented that the non-signing of the accounts remains a concern.

MN made reference to the latest CIPFA Audit Committee self-evaluation tool and RC agreed to send a copy to MN.
**Action 109 – RC to share the CIPFA Audit Committee self-evaluation tool with MN.**

**660. Policy Review – HIOWC (Item 6)**

Introduction from CP, as the new Head of Operational Learning & Inspection.

There are currently 12 overdue policies, out of a total of 226. It was noted that the majority of the 12 were either in hand, or only recently overdue. In particular, policy numbers 2120 and 21400 are close to completion.

Reminders are sent to policy owners when the review date is approaching and a new escalation process is being introduced to manage this process.

Question from MN to clarify the meaning of the dates in the overdue list. It was confirmed these are the dates of the next reviews, however each policy has a different deadline and some are reviewed more frequently than others.

JB asked what level of oversight CP is seeking from JAC members as part of this process. As CP is new in post, this is still being considered but input from JAC members will be welcomed.

KP asked whether the number of overdue policies has any implications from an HMICFRS perspective. It was confirmed this would be one of the areas scrutinised and the ultimate aim is for none of the policies to be overdue.

**661. Treasury Management (Item 7)**

Report presented by DO’R , seeking approval for 2024/25 and the remainder of 2023/24.

Overview provided and it was confirmed that no additional borrowing is currently anticipated. There has been a modest change in investment limits and Arlingclose’s recommendations have been followed.

The Treasury Management prudential indicators remain the same as in the current strategy. DO’R highlighted the change in terminology between ‘high yield’ investments and ‘long-term’ investments.

MN asked for clarification about the changes to the treatment of leases from 1 April 2024. RC advised this is due to a new financial reporting system, IFRS 16, meaning operating leases are now on the balance sheet to be recorded as assets. This affects Minimum Revenue Provision (MRP) calculations, which RC explained are specific to the public sector and act as a form of capital control. Local Authorities allocate a budget to cover repayment of debts, which HIOWC has chosen to set at £2m. The lease arrangement will show as a debt, however this will not create additional cost because there is already money set aside through MRP. HIOWC are in a more favourable financial position than other local authorities, so this is less of a concern.

KP commented on section 7.9 of the statement, relating to environmental, social & governance factors, and whether there will be increased emphasis on this area in future. DO’R agreed that this is a new paragraph for this year and further discussions are being held with Arlingclose regarding expected future considerations.

The Service Level Agreement for the provision of a treasury management service and proposed increase in fees were discussed. RC is content this represents good value for money but welcomes views from JAC members before reporting back to the PCC. GM asked for an explanation as to why the fee increase is so significant. AB advised this is due to the change in relationship between HCC with HIOWC and the OPCC, through the ending of the shared services agreement. The change in fees is in line with what other external partners pay but is a gradual increase over a number of years. MN asked whether other working relationships have been affected by this agreement and RC confirmed no changes have been observed so far.

**662. External Audit Update (Item 8)**

Update provided from KG that the 2022/23 value for money work has now been completed. No significant risks were identified and there is nothing of note to raise by exception. MN asked when the final report could be expected. KSu stated that this work relates to the reset of the backlog and as such, no information is available as to when this could completed.

MN asked whether there was any update regarding the signing of the accounts. KSu informed of the current situation and advised that a joint statement was published on 8 February, setting out intentions and the way forward. Two different consultations are currently live and EY is considering their responses. It is noted that the consultation outcomes will be required before work can progress.

From a governance perspective, RC advised that the final accounts can be issued in September, with an explanation as to why they are unaudited. It is beneficial that the value for money aspect has been completed and this will be published alongside the accounts.

KSU noted that 2023/24 coincides with the EY PSAA contract date. EY are happy that the current number of audits is well-matched to current staffing levels and are keen to reset to business as usual.

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

KSh provided assurance that work is underway and three reports are almost

finalised. In terms of workload, it has always been accepted that Q4 would be the

most demanding period, with the highest number of reports due.

An update was provided to the Analysis table in section 4. For the PCC

General and Statutory Duties – Assurance Framework row, new figures should

read:

* 12 total actions.
* 8 completed actions.
* 4 actions in progress, 3 of which are overdue (1 x high and 2 x medium).

AH further highlighted a correction required to the date of the Reasonable

Adjustments report, to 10.01.24.

Question from MN regarding the HMICFRS recommendation to add Armouries to

the audit plan and whether this is an area of such significant risk to HIOWC. KSh

agreed it is unusual for such a strong recommendation to be made, however the

timing fits well and this area has not been audited before. A decision could be

made not to complete this audit, however justification would be required to

HMICFRS.

MN asked whether the high demand in Q4 would affect the timeliness of the annual

opinion. KSh acknowledged the timescales, however confirmed the team are

working as hard as possible to meet deadlines.

**664. Internal Audit Plan (Item 10)**

There have been minimal changes to the Internal Audit Charter, other than to

reflect RC’s S151 officer status and KG’s new job title.

In terms of the audit plan, KSh stressed that it is important to ensure the timings are

right and noted that reliance is placed on other sources, including EY and TVP.

AH asked about the process for following-up on previous reports and the

potential for duplication of areas. KSh advised that recommendations are not

routinely reviewed, however this would be subject to the risk level at the time of the

planning process.

AS highlighted the area of fraud and asked whether there was any specific

feedback from the audit process. KSh noted the reliance placed on the force’s

Professional Standards Department and that RC would raise any significant fraud

as part of S151 responsibilities. Reference was also made to the National Fraud

Initiative, however as a policing organisation, this offers fewer benefits than to other

agencies.

Question from JB to ask how visibility is mapped back to the risk register to ensure

wide coverage of the risks. KSh advised that meetings take place with ACCs and

Heads of Departments, where all levels of risks are discussed, including those

considered ‘business as usual’. KSh stated that whilst the Strategic Risk

Register provides the broad assurance framework, assurance can also be gained

through other processes, such as Gold Groups, or other inspections.

**The public session closed at 1405hrs**