# JAC
## Joint Audit Committee

# MINUTES

| Thursday 23rd October 2025 | 14:00hrs – 15:30hrs | MS Teams |
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**PRESENT:**

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| **Paul Smith (PS)** | **Chair, Independent Member** |
| Jonathan Flowers **(JF)** | Independent Member |
| James Cook **(JC)** | ACO (Resources) - Hertfordshire Constabulary |
| James Kidd **(JK)** | Head of Finance - Hertfordshire Constabulary |
| Liz Farquhar **(LF)** | Chief Accountant – Hertfordshire Constabulary |
| Yvonne Gaylard-Hall | Admin – Hertfordshire Constabulary |
| Sandra Coughlan **(SC)** | Head of Governance & Delivery - OPCC |
| Ian Rooney **(IR)** | Chief Finance Officer - OPCC |
| Nicole Guo **(NG)** | KPMG |
| Richard Lee **(RL)** | KPMG |
| Daniel Harris **(DH)** | RSM |
| Andrew Boutflower **(AB)** | Hampshire County Council |
| Gemma Farley **(GF)** | Hampshire County Council |
| Daniel O'Rourke **(DO)** | Hampshire County Council |
| Doug Taylor **(DT)** | Guest for Audit action update |
| Neil Baddeley **(NB)** | Guest for Audit action update |
| Jack Chimes **(JCh)** | Guest for Audit action update |
| **APOLOGIES**: | |
| Mike Jarvis | Director of Finance, Hertfordshire Constabulary |
| Lola Adedoyin | Independent Member |

**PART 1 – Open**

**1. WELCOME & APOLOGIES**

Apologies per above. Liz Farquhar was introduced to the meeting as the newest senior member of the Finance Department's management team.

## 2. DECLARATIONS OF INTEREST

None were declared.

## 3. MINUTES OF THE LAST MEETING

Apologies were expressed for the draft minutes being distributed initially and whilst the agenda was amended to include the formal set, unfortunately this version did not make its way to the 'external' meeting participants, this was rectified post meeting.

## 4. ACTION TRACKER

The actions were reviewed and updated accordingly.

## 5. TREASURY MANAGEMENT REPORT

Daniel O'Rourke presented the Treasury management mid-year report for the PCC, detailing compliance with the Treasury strategy, recent borrowing activities, investment updates, and interest rate context. Specifically:

**Compliance with Strategy:** Daniel confirmed that all Treasury activities for the PCC during the first half of the financial year were compliant with the Treasury management strategy, relevant legislation, and accounting standards, ensuring operations remained within set boundaries.

**Borrowing Activities:** Daniel explained that net borrowing increased by £8.8 million, with £14 million of additional short-term borrowing from other local authorities, and later £46 million of long-term borrowing secured from the PWLB due to favourable interest rates, aiming to insulate against future refinancing risks.

**Investment Updates:** The increase in investments was attributed to cash received from borrowing activities and the pension top-up grant, with the team now able to consider longer maturities for investments due to improved liquidity.

**Interest Rate Context:** Daniel noted that inflation remained 'sticky', leading to revised interest rate expectations, with Treasury advisors predicting one more rate cut by the Bank of England within the calendar year, impacting borrowing and investment decisions.

**Committee Questions and Answers:** Ian Rooney asked about the alignment of interest rate assumptions in the budget and MTFP with those in the Treasury reports; Daniel and Ian clarified that while rates are broadly similar, some buffer is allowed, and the overall portfolio is performing as expected.

## 6. EXTERNAL AUDIT

Richard Lee and Nicole Guo outlined the external audit plan, including materiality thresholds, significant audit risks, and the status of audit delivery, with updates on value for money work and timelines. Specifically:

**Audit Plan Overview:** Richard described the audit plan's strategy for delivering the financial statements audit and value for money responsibilities, highlighting materiality levels for the PCC and Constabulary accounts and the reporting process for significant variances.

**Significant Audit Risks:** The main risks identified were management override of controls, particularly through journal entries, and pension liabilities, with a focus on ensuring actuaries' approaches align with the code of practice and that financial statement numbers are accurate.

**Audit Delivery Status:** Nicole reported that planning and risk assessment procedures began in July, with substantive audit testing underway, especially on journal entries and disclosures, and that work on pension liabilities would be the primary focus in the coming weeks.

**Value for Money Assessment:** Richard and Nicole explained the ongoing value for money assessment across financial sustainability, governance, and efficiency domains, noting potential significant risks such as funding gaps and governance issues, and the need for additional procedures to assess arrangements.

**Timeline and Collaboration:** Richard clarified that while the aim is to complete core audit procedures by November, additional assurance work may continue into December, with James Kidd confirming regular catchups with Nicole's team to ensure all data requirements are met.

**Audit Fee Structure clarification:** James Kidd explained that the higher fee for the PCC accounts is due to their inclusion of group accounts, which are more complex than the Constabulary's standalone accounts.

## 7. INTERIM AUDITORS ANNUAL REPORT AND REPORTING DEADLINES:

Richard Lee presented the interim auditors annual report, explaining its statutory requirement and current limitations due to incomplete audit and value for money assessments. Specifically:

**Report Requirement and Content:** Richard stated that the interim auditors annual report must be published by 30th November as required by the Local Audit Accountability Act, but currently only confirms that the audit and value for money risk assessment are incomplete.

**Future Updates and Committee Approval:** Richard explained that once the audit and value for money work are complete, an updated report will be issued, with the committee needing to approve any revised version before the statutory deadline.

**Reporting Timeline Clarification:** Jonathan Flowers queried the deadline for completing the value for money assessment, and Richard clarified that while the aim is to finish by November, the statutory backstop for completion is the end of February 2026, with future cycles expected to align all reporting by November (this may be a few years away).

## 8. INTERNAL AUDIT

Daniel Harris provided updates on Internal Audit activities, including finalisation of the cyber assets report, progress on the 2025/26 audit plan: Specifically:

**Finalisation of Cyber Assets Report:** Daniel confirmed that the Cyber Assets report was finalised, with management action trackers to be updated once ownership and implementation dates are determined, and assurance to be provided through follow-up reviews.

**2025/26 Audit Plan Progress:** Daniel reported that the Budgetary Control Review was completed with a positive opinion, and that other reviews in the BCH programme are either scoped or underway, though the plan is slightly behind schedule due to late approval.

**Audit Scheduling and Forward Planning:** Paul Smith and Daniel discussed the need to avoid 'tail-end' weighted audit planning by preparing a draft headline plan for the January meeting for formal approval in March; aiming to commence work in Q1 of the next financial year.

**Data Quality and AI Considerations:** Jonathan Flowers raised the issue of data quality risks and the potential value of internal audit coverage, with James Cook and Daniel noting that current understanding is sufficient, but that future AI deployment may warrant further review of data quality controls.

**Business Continuity Audit Scope:** Jonathan Flowers and Daniel discussed the scope of the upcoming business continuity audit, which will focus on testing the robustness and practical implementation of continuity plans, including their duration and effectiveness in the event of prolonged IT outages.

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**Next Meeting: Monday 26th January 2026 at 10:00**