JAC

Joint Audit Committee

MINUTES

Thursday 25th June 2026	14:00hrs – 16:00hrs	MS Teams

Present:	
Paul Smith	Chair, Independent Member
Jonathan Flowers	Independent Member
Lola Adedoyin	Independent Member
Dhanmita Boodhna	Director of Strategic Services & Delivery – Hertfordshire Constabulary
Ian Rooney	Director of Finance – Hertfordshire Constabulary
James Kidd	Head of Finance – Hertfordshire Constabulary
Jamie Graham	Head of Data, Digital & AI – Hertfordshire Constabulary
Liz Farquhar	Chief Accountant – Hertfordshire Constabulary
Jonathan Ash-Edwards	Hertfordshire Police & Crime Commissioner
Keeyley Smyley	Admin – Office of PCC
Sandra Coughlan	Head of Governance & Delivery – OPCC
Katie Henry	KPMG
Daniel Harris	Partner – RSM
Gemma Farley	Principal Accountant – Hampshire County Council
Daniel O'Rourke	Corporate Accountant – Hampshire County Council
Apologies:	
Jamil Khan	RSM
Nicole Guo	KPMG

PART 1 – Open

1. WELCOME & APOLOGIES

The Chair welcomed the committee and confirmed it was quorate, with apologies noted as above.

2. DECLARATIONS OF INTEREST

No declarations were received.

3. MINUTES OF THE LAST MEETING

The minutes of the last meeting were approved.

4. ACTION TRACKER

The action tracker was not reviewed.

5. PCC PRIORITIES

Police and Crime Commissioner Priorities and External Landscape: Jonathan Ash-Edwards provided a comprehensive overview of the Police and Crime Commissioner's current priorities, including strategic performance objectives, partnership governance, local government reorganisation, and police reform, with input from Paul Smith, Sandra Coughlan, and other committee members.

- **Strategic Performance Objectives:** Jonathan outlined the main objectives set out in the police and crime plan, focusing on improving crime recording accuracy, crime reduction, solving more crime, enhancing public response, and better use of protective and safeguarding powers. He noted significant progress, with many metrics moving from bottom quartile nationally to top quartile, supported by recent performance meetings and data from Dhanmita's team.
- **Thematic Priorities:** Jonathan highlighted ongoing work in hotspot policing, visibility in town centres, retail crime reduction, and violence against women and girls. He described partnership efforts with retailers and revitalised county-wide partnership work to address domestic abuse and wider harm.
- **Partnership Governance Review:** A partnership review led by an assistant chief constable is underway to assess statutory and non-statutory boards, aiming to strengthen county-wide partnership working, especially in areas like serious violence and safeguarding. Jonathan emphasised the need for robust collaboration beyond policing for public safety and prevention.
- **Local Government Reorganisation and Police Reform:** Jonathan discussed anticipated changes in Hertfordshire's local government structure, including the potential move to a four unitary model and its implications for safeguarding and statutory partnerships. He also addressed uncertainty around police governance models, the police reform white paper, and ongoing Home Office policy development, noting risks and the need for legislative clarity.
- **Finance and Estates Management:** Jonathan reported a positive budget outturn for 2025-26, improved reserves position, and well-managed estates projects, including acquisitions and disposals aligned with operational needs. He cited successful transitions, such as the neighbourhood policing team moving to Harpenden Town Hall, and upcoming projects like a new operational learning facility.

6. TREASURY MANAGEMENT REPORT

Daniel O'Rourke presented the Treasury Management out-turn report for 2025-26, detailing compliance with strategy, borrowing and investment activity, and performance, with questions and clarifications from Paul Smith and Ian Rooney.

- **Borrowing and Investment Activity:** Daniel O'Rourke explained that net investments increased by £12 million due to external borrowing exceeding the capital financing requirement, resulting in a temporary over-borrowed position. The PCC took advantage of attractive PWLB rates to refinance short-term local authority loans, following advice from Arling Close.
- **Investment Strategy and Returns:** Surplus cash was invested in money market funds and short-term loans to other local authorities, achieving favourable rates of return. The minimum balance with NatWest was reduced to zero, allowing cash to be deployed for higher returns elsewhere.
- **Compliance and Risk Management:** Daniel O'Rourke confirmed full compliance with the Treasury Management strategy and relevant legislation. The average credit rating of the portfolio decreased slightly due to higher money market fund balances, but bail-in risk was managed with advice from Arling Close. Returns on the portfolio exceeded benchmarks due to strategic lending.
- **Prudential Indicators and Statutory Override:** The PCC was compliant with all prudential indicators, and the statutory override for pooled fund capital value remains in place until April 2029, ensuring no revenue impact for the next few years.

7. EXTERNAL AUDIT – KPMG

Katie Henry outlined the external audit plan for the year, including significant risks, materiality, and the need for a detailed work plan, with input from James Kidd and Paul Smith regarding information provision and audit timelines.

- **Audit Risks and Materiality:** Katie identified two significant risks: management override of controls and pension scheme valuation. Materiality levels were set for group, PCC, and Chief Constable accounts, with a noted typo to be corrected in the final report.
- **Information Provision and Work Plan:** James confirmed that providing requested information to auditors is a top priority, aiming to deliver within a day or two. Katie emphasised the importance of a jointly agreed, detailed work plan to ensure timely completion and avoid last-minute issues.
- **Audit Opinion and Disclaimer:** Katie stressed the goal of moving from a disclaimed audit opinion to a qualified opinion, highlighting the need for collaboration to resolve outstanding issues and reduce the likelihood of a disclaimed audit.
- **AI Use in Audit:** Katie explained that AI tools are not permitted for Police audits due to PSA data security concerns, despite their efficiency benefits in other sectors. Paul queried the impact of AI on audit quality and workload, with Katie confirming the restriction.

8. INTERNAL AUDIT – RSM

Daniel Harris delivered the internal audit annual report, covering opinions for the PCC and Chief Constable, targeted risk-based reviews, and areas of partial assurance, with discussion from Paul Smith, Dhanmita Boodhna, and Andrew Godman on compliance and audit scope.

- **Audit Opinions and Findings:** Daniel Harris reported positive overall opinions, consistent with previous years, but noted a higher proportion of negative opinions due to targeted risk-based reviews. Six reviews and two follow-ups yielded positive opinions, with 27 medium and 5 high priority actions agreed.
- **Non-Compliance and Root Cause Analysis:** Non-compliance with procedures was identified as a key theme, often linked to lack of training, organisational restructuring, and process changes. Daniel Harris committed to providing more explicit root cause analysis in future reports.
- **Management Response and Context:** Dhanmita explained that rapid organisational change impacted compliance, with ongoing updates to procedures and strategies. She assured the committee of senior-level scrutiny and comprehensive information provision for future audits.
- **Cybersecurity and Fraud Audits:** Daniel Harris discussed the partial assurance opinion for cybersecurity, auditing against National Cyber Security Centre standards, and noted areas of weakness. Dhanmita agreed to provide updates on cyber actions and context, including tabletop exercises. The need for an updated fraud risk assessment was highlighted, with Dhanmita taking responsibility to bring it to the next committee.
- **Business Continuity and Disaster Recovery:** Business continuity arrangements were reviewed, with a draft report indicating partial assurance. Andrew Godman and Paul emphasised the link between cybersecurity and disaster recovery, noting the importance of resilience and realistic assurance in continuity plans.

9. AI GOVERNANCE

Jamie Graham, Head of Digital and AI, presented the AI risk landscape and governance model, detailing risk assurance, project oversight, regional collaboration, and public engagement, with questions from Lola Adedoyin, Jonathan Ash -Edwards, Andrew Godman, and Dhanmita Boodhna.

- **AI Risk Landscape and Use Cases:** Jamie described various AI technologies in use, including analytical intelligence platforms, live facial recognition, productivity AI, and agentic AI. Each technology requires distinct risk approaches, with common principles of lawful, necessary, secure, explainable, human -owned, and auditable use.
- **Governance and Assurance Model:** Jamie outlined the governance structure, with project-specific risk registers, escalation to the Digital Innovation Board, and strategic oversight involving ICT, information security, and risk managers. Significant risks are escalated to chief officers and the Resources Board.

- **Regional Collaboration and Best Practise Sharing:** Jamie confirmed active participation in the Eastern Region Innovation Network, sharing best practise, DPIAs, cloud security assessments, and technical knowledge with Kent, Essex, Bedfordshire, and other partners. AI governance and risk assurance methods are disseminated nationally.
- **Public Engagement and Trust:** Jamie discussed public consultation on live facial recognition, noting varied public attitudes and the need to build trust. Surveys revealed a minority of the public opposed AI use even with proven benefits, highlighting the importance of transparent communication and ethical decision - making.
- **Committee Questions and Future Actions:** Lola requested a timetable for AI implementation and insight into public interaction with AI. Jamie and Dhanmita committed to providing a paper addressing committee questions, including AI-enabled crime and public engagement. Paul requested further detail on risk assurance, AI applications, costs, sustainability, and threat assessment for future meetings.

10. DRAFT AUDIT COMMITTEE ANNUAL REPORT:

Paul requested committee members to provide feedback on omissions or corrections to Sandra and himself for finalisation and submission to the Police Commissioner and Chief Constable.

11. REVISED TERMS OF REFERENCE:

Ian incorporated feedback from committee members, addressing issues such as quorum (agreed at three), conflict of interest (chair's determination, with escalation to committee if chair is conflicted), and provisions for chair appointment in absence. Paul emphasised that management may choose not to implement all audit recommendations, particularly low priority ones, and that mature governance allows for risk-based decisions.

12. DRAFT 2025/26 FINANCIAL STATEMENTS:

James Kidd summarised the draft Statement of Accounts, statutory requirements, outstanding sections, and public inspection period, with input from Ian Rooney, Paul Smith, Andrew Godman, and Sandra Coughlan on narrative clarity and public accessibility.

- **Draft Accounts Overview:** James explained the process for producing and publishing draft accounts by the statutory deadline, noting outstanding items such as termination benefits and consistency checks, and confirming inclusion of the annual governance statement.
- **Narrative and Public Accessibility:** Ian and Paul discussed the need to review and clarify the narrative for public understanding, correcting errors and ensuring relevance. Andrew Godman noted the lack of public comments during inspection periods and the challenges of creating accessible summaries.
- **Specific Financial Queries:** Paul queried the financial impact of motorway speed camera revenue and its allocation, with Ian clarifying ongoing discussions with the Highways Agency and Home Office regarding revenue distribution.

- **Feedback and Timeline:** James requested committee feedback on the governance statement and overall messaging within two weeks to avoid conflicting comments and facilitate timely finalisation.

13. CHIEF FINANCIAL OFFICER UPDATE:

Ian Rooney provided a brief CFO update, covering temporary arrangements following James Cook's departure, the imminent HQ occupancy, and the evolving forward plan, with input from Paul Smith, Lola Adedoyin, and Sandra Coughlan on Cyber and AI risk updates.

Next Meeting: Monday 14th September 2026 at 14:00

This meeting will be in-person at the new Hertfordshire Constabulary Headquarter and preceded by a Headquarters site tour