



JOINT INDEPENDENT AUDIT COMMITTEE

Minutes of the meeting held on the 13th March 2024

PRESENT

Mr Paul Richardson (Chair)

Ms Claire Hounslea

Ms Margaret Rawding

Mr John Baker

Mr Stephen Dunstan

IN ATTENDANCE

Mr M Green	Grant Thornton
Mr G Winstanley	Grant Thornton
Mr A Dalecki	Head of Audit, LCC
Mrs L Rix	Audit Manager, LCC
Mr S Freeman	Chief Finance Officer, OPCC
Mr D Rodgers	Lancashire Constabulary
Mrs G Routledge	Lancashire Constabulary
Ms Nikki Evans	Lancashire Constabulary
Ms Sandra Wiseman	Lancashire Constabulary
Mr N Longland	Lancashire Constabulary
Mrs A Harrison	Chief Executive Officer, OPCC
Mr R Harrison	Performance and Scrutiny Officer, OPCC

Part 1

Apologies for Absence

No apologies were received.

Disclosure of Members Interests

There were no Members' interests for disclosure.

Minutes of the Meeting Held on 13th December 2023

29/2023 RESOLVED: That the minutes be confirmed as a true record.

Matters Arising

It was noted that matters arising from the previous meeting had been incorporated into the agenda.

External Audit

The Committee received an overview of the External Auditor's annual report which, it was explained, contained 'improvement recommendations' for consideration. It was outlined that overall, the report outlined a positive picture for the PCC and Constabulary. In terms of 'improvement recommendations' identified; it was reported that they were outlined in finer detail within the report.

In terms of the accounts for 2021/22, it was explained they remained outstanding; however, they were close to finalisation. However, due to issues with backlogs across the sector, the timescale finalisation for accounts for 2022/23 was unclear.

It was queried if the 2022/23 accounts were not audited how this would impact upon fees. In response, it was explained that there may be additional work required to understand the opening position, which may result in a proportion of the charge for 2022/23 being issued. However, there would be discussions concerning refunding the remaining unutilised funds.

It was queried if the decision was made to forego the accounts for 2022/23 whether the trade-off would be that the accounts for 2023/24 would be completed more quickly. Moreover, concerns were raised that the failure to complete the accounts for 2022/23 could impact upon public trust which was a prominent issue.

It was explained that there were significant issues with backlogs across the sector, with assurances offered that in comparison to others Grant Thornton had the best record. Nevertheless, the committee were informed that in the current climate it would

be very difficult to deliver the audit within the normal timescales due to multiple issues as outlined.

Clarity was sought in terms of the timescale for completion of accounts for 2023/24. It was explained that the backstop was May 2025.

30/2023 RESOLVED: That the Committee noted the External Auditor's report.

Internal Audit Monitoring Report

The Committee received an overview of the Internal Audit Monitoring Report for the period 1 April 2023 to 28 February 2024, in accordance with the agreed audit plan. It was reported that the outcome of the work undertaken had demonstrated that the Constabulary's finances were in a strong position.

The Committee also noted a number of reports provided to the committee that had been requested which completed an action from the previous meeting for these to be disseminated for consideration.

It was highlighted that the OPCC's GDPR and Treasury Management assessments were due to commence in Quarter 4 with both completed by the end of April 2024.

31/2023 Resolved: That the Committee noted the Internal Monitoring Report for the period 1 April 2023 to 28 February 2024.

Internal Audit Plan and Charter

The Committee received an overview of the internal audit plan and charter, which proposed a plan of work to be undertaken by the internal audit service for the Police and Crime Commissioner and the Chief Constable for 2024/25.

A member of the committee noted that there had been examples nationally of local authorities facing budgetary pressures, and therefore it was queried whether the Constabulary were facing similar pressures with their own budget.

It was explained that Lancashire Constabulary were not presently experiencing financial pressures akin to that reported by some local authorities and were generally better insulated against substantial cuts to core grants.

32/2023 Resolved: That the Combined Internal Audit Plan and Charter 2024/25 be noted.

Draft Financial Monitoring as at 31 December 2023

The Committee received an overview of the financial monitoring as at 31st December 2023, whereby it was reported that the current picture was positive.

In respect of capital spending, it was explained that there was forthcoming expenditure in relation to the estate. However, expenditure on ICT and the Vehicle Replacement Programme was anticipated to see spending remaining comparable to current levels.

It was expressed that it was an achievement for the financial position to remain positive in light of inflationary pressures and wider challenges.

33/2023 Resolved: That the draft financial monitoring as at 31 December 2023 be noted.

Draft Treasury Management Strategy

The Committee received an overview of the draft Treasury Management Strategy.

The Chief Finance Officer of the OPCC explained that the Strategy was reviewed and refreshed each year, noting that there had not been any significant amendments to the previous iteration due to the good position of the Force's finances and therefore there had been little need to borrow large sums of money. It was explained, however, that there were significant forthcoming capital investments which may require prudential borrowing.

It was queried who the Force borrowed money from if this was required to fund forthcoming capital investments.

In response, it was explained that the majority of borrowing was from the Public Works Loan Board as it had the best rates available.

It was expressed that by 2026/2027 and 2027/28, as outlined in the table 'Prudential Indicators', the capital financing requirement exceeded the Estimated Gross Debt, and therefore queried if this was a cause for concern.

It was explained that the figures reported may be subject to change whilst delivering the capital programme and would therefore be monitored to ensure this was managed effectively.

The Committee expressed the desire to monitor the level of external borrowing, with consideration of the forthcoming delivery of the capital programme. Therefore, it was concluded that this information be reported annually.

34/2023 Resolved: That the Draft Treasury Management Strategy be noted.

35/2023 Resolved: That the level of external borrowing be monitored annually by the committee during the delivery period of the capital strategy.

36/2023 Resolved: That the Draft Treasury Management Strategy be noted.

Draft Reserves Strategy

The Committee received the Draft Reserves Strategy. It was explained that reserves held by the Force were targeted to be in the range of 3-5% of the net budget contribution, which was deemed to be good practice by the Home Office and mitigated financial risk.

It was explained that recently insurance premiums had increased significantly for the Force, which was an example of the need to hold reserves to mitigate the risk of variabilities in costs of this nature.

It was queried what the Proceeds of Crime Act reserve was utilised for.

It was explained that funds were seized from criminals to subsequently be repurposed to fund crime fighting activity via the Safer Lancashire Neighbourhoods Fund process. This, in some instances, involved providing significant grants that supported collaborative working with crime prevention partners, such as local authorities and community groups, who utilised the funding to deliver diversionary and preventative initiatives that endeavoured to mitigate crime.

It was noted that the reported stated 'estimated level of reserves' and therefore queried when the level of reserves would be made final.

It was acknowledged that the usage of the term 'estimated' could be misinterpreted, and that the proposed levels of reserves for 2024/25 was final. It was therefore acknowledged that the language required review to ensure a greater level of clarity.

It was expressed that there would be potential benefit in the development of a statement for inclusion tailored to inform the public why it was logical for the PCC to hold reserves with consideration of the wider financial context, particularly the increased council tax burden upon the general public.

It was acknowledged that this would be advantageous and therefore a statement would be developed and included consequently.

37/2023 Resolved: That a statement be developed for inclusion to aid the public's understanding of the rationale behind the level of reserves held and allocated in the Force's budget.

38/2023 Resolved: That the usage of the word 'estimated' be reviewed to add clarity in the 'draft reserves strategy'.

39/2023 Resolved: That the Draft Reserves Strategy be noted.

Provided Vehicle Scheme

The Committee were provided with an overview of the proposed changes to the Provided Vehicle Scheme which had culminated from a review of the Scheme to ensure it remained fit for purpose. It was explained that the Scheme was before the Committee for consideration prior to advancing through the process for formal sign-off.

A Committee member expressed that the PCC's provided vehicle should be specifically required to be an electrically powered vehicle to set an example in terms of consideration of the environment.

The Constabulary's Chief Operating Officer stated that the vehicle fleet was not exclusively electric and therefore it could not be guaranteed that the PCC's provided vehicle could be electrically powered if such a vehicle was not available for usage. Therefore, it was explained, if the Scheme was amended to require this, there was a possibility that a specific electric vehicle would need to be procured specifically for the PCC. In this scenario, this would be effectively a company vehicle and not provided from the fleet. It was clarified that the Scheme did require the vehicle to have a 'CO2 level of 150 or less', which could be provided from the fleet and demonstrated a preexisting consideration for mitigating environmental impact.

In response, it was recommended that consideration be given to providing an electrically powered vehicle for the PCC should they wish to utilise a provided vehicle if available.

40/2023 Resolved: That consideration be given to providing an electrically powered vehicle for the PCC should they wish to utilise a provided vehicle in-line with the Scheme's provisions.

41/2023 Resolved: That the Provided Vehicle Scheme be recommended for approval by the Chief Constable of Lancashire.

Urgent Business

The Chair raised that the committee were due to have a self-assessment, which could be in the form of a tick box questionnaire.

It was agreed that progress around this would be reported at the next committee meeting.

42/2023 Resolved: That a method of self-assessment be developed for the committee.

Date of Next Meeting

43/2023 Resolved: That the next scheduled meeting of the Committee be held at 10.00am on Wednesday 12th June 2024, at County Hall, Preston.