

**JOINT INDEPENDENT AUDIT COMMITTEE**  
**9 JUNE 2015**

SUBJECT		REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS
REPORT BY	CHIEF EXECUTIVE AND CHIEF FINANCE OFFICER	
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SUMMARY AND PURPOSE OF REPORT		
To enable the Committee to review the Police and Crime Commissioner's and the Force's compliance with governance arrangements.		
RECOMMENDATION	That the Committee review compliance with governance arrangements.	

**A. SUPPORTING INFORMATION**

**1.0 Purpose**

- 1.1 The purpose of this report is to provide the Committee with a quarterly progress update on the Police and Crime Commissioner (PCC) and Force's compliance with governance arrangements.

**2.0 Introduction**

- 2.1 Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner.
- 2.2 The PCC and the Chief Constable have in place structures, systems and internal controls by which the police service is directed and controlled. There are also processes and procedures in place that enable the Commissioner to hold the Chief Constable to account for policing in the county. The Commissioner engages with the local people and communities to ensure robust public accountability.

**3.0 Responsibilities**

- 3.1 The Commissioner is responsible for ensuring his business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Commissioner has a duty under the Policing Protocol Order 2011 to secure value for money on behalf of the public that he serves.
- 3.2 In discharging this overall responsibility, the Commissioner is required to put in place proper arrangements for the governance of his affairs and

which facilitate the exercise of his functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility the Commissioner places reliance on the Chief Constable of Lincolnshire Police to support the governance and risk management processes.

3.3 The Commissioner relies on an internal framework and structures supported by a number of key documents to achieve and demonstrate compliance with governance arrangements. The Annual Governance Statement AGS and the Code of Corporate Governance provide an overview of these mechanisms.

3.4 The **AGS** is written each year and forms part of the Financial Statements that are usually considered and approved in September<sup>1</sup>. The PCC's AGS is supported by the Chief Constable's AGS, which relates to the force as a separate corporation sole. The Assurance Map also feeds into the process.

3.5 As separate corporation soles, the PCC and Force have distinct responsibilities for internal governance. The respective **Codes of Corporate Governance** ensures that the core good governance principles are fully integrated in the business of the PCC and Chief Constable.

#### 4.0 Compliance with Governance Arrangements – Significant Governance Issues (mid March – end of May 2015)

4.1 The table below provides a brief overview of the significant governance issues in the period 17 March – 27 May 2015

Corporate Sole	Issue	Summary	Date
PCC/CC	Force Insurance arrangements – procurement	Due to an error in not publishing the correct OJEU notice there was a critical risk that the current Force's insurance contract could elapse prior to a new contract being awarded. CFO and FCFO agreed that an incident/flag report be raised and the matter to be reported to the JIAC. The risk was mitigated by extending the current contract at an additional cost. Additional control measures have now been proposed to provide the appropriate assurances to the Force/OPCC. This incident occurred in the financial year 2014/15. This matter is still subject to ongoing commercial dialogue with the Force and our Strategic	2014/15

<sup>1</sup> Based upon the CIPFA/SOLACE document "Delivering Good Governance in Local Government, Interim Guidance Note for Police Authorities and Forces in England and Wales".

Corporate Sole	Issue	Summary	Date
		Partner with the aim of resolution the end of June 2015. The final incident report will be shared with the JIAC thereafter.	
PCC	Community and Voluntary Fund 2014/15 – successful applications	Approval of 6 further C&V Fund grant applications.	7 April 2015
PCC	RIPA Cross Border Ops Collaboration Agreement	Renewing an existing collaboration agreement regarding the cross border authorisation of 'Regulation of Investigatory Powers Act' (RIPA) requests.	14 April 2015
PCC	Information Assurance Regional Agreement	Terms and conditions under which police data may be shared and processed, covering all collaboration projects. It provides reassurance to the public on how forces operate and protect their information.	14 April 2015
PCC	Allocations to Reserve	Information about how the surplus of income over expenditure of £2.042m will be allocated between reserves.	15 April 2015
PCC/CC	Appointment of Deputy Chief Finance Officer	The Commissioner and Chief Constable's DCFO commenced work at Police HQ, working to support both the PCC CFO and Force CFO.	11 May 2015
PCC	Commissioner's Crime and Disorder Reduction Grants 2015/16	Approving the grants that contribute to securing crime and disorder reduction and/or help victims or witnesses of offences and anti-social behaviour.	22 May 2015
PCC/CC	Recruitment of JIAC Member	The recruitment process has taken place; vetting and medical checks are currently in progress.	27 May 2015

Members will note that the criteria for defining how significant governance issues are identified:<sup>2</sup>

- those highlighted through the Commissioner's Register of Decision Notices and through the Chief Constable's Report (decisions of interest)<sup>3</sup>
- those highlighted to the Police and Crime Panel through the quarterly update report.
- any additional issues highlighted through the code of corporate governance or other governance mechanisms.

<sup>2</sup> The issue will generally only be highlighted if it isn't already being considered by the Audit Committee through standard business i.e. through the forward plan or on individual agendas.

<sup>3</sup> The Commissioner is required by law to publish a record of each decision of significant public interest.

- any other governance issue that the Chief Executive, Chief Finance Officer or Force Chief Finance Officer wish to bring to the attention of the Audit Committee.

4.2 The Force CFO will be available at the meeting to answer any questions and provide any additional information as required by the Committee.

## **B. FINANCIAL CONSIDERATIONS**

There are no direct financial implications arising from this report.

## **C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS**

The Commissioner has a statutory duty to carry out an annual review of his governance arrangements and to approve a statement of internal control prepared in accordance with “proper practices” - Accounts & Audit Regulations 2003 as amended.

“Proper practices” are not defined in the regulations, but in circular 03/2006 the Department for Communities & Local Government indicated that compliance with CIPFA/SOLACE guidance would satisfy the requirement for proper practices.

## **D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES** (including any impact or issues relating to Children and Young People.)

The annual review of the Code of Corporate Governance will allow the Commissioner to demonstrate how effective its equality and diversity arrangements are to the governance of the organisation.

As part of its governance framework the Commissioner has various policies on employees and employers’ rights in the workplace. These will be kept under regular review to ensure that they are fit for purpose for those occasions when the aspirations in the Code of Corporate Governance are not met.

## **E. REVIEW ARRANGEMENTS**

The Committee will receive this report on a quarterly basis. The AGS will be considered in draft as part of the financial statements in June of each year and approved following audit in September.

## **F. RISK MANAGEMENT**

The AGS and Code of Corporate Governance is a key aspect of robust and effective governance arrangements. Without adequate corporate governance arrangements (which are reviewed regularly), the Commissioner is exposed to the following risks:

- resources are not directed in accordance with agreed policy and accordingly to priorities
- decision making is not sound and inclusive

- no clear accountability for the use of those resources in order to achieve desired outcomes for communities
- service delivery is compromised.

The Commissioner currently monitors a non-critical risk: Failure to ensure effective governance, transparency and compliance with statutory duties with effective overview mechanisms. This is currently mitigated with controls and is currently scored as an Amber 4 risk.

## **G. PUBLIC ACCESS TO INFORMATION**

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.