JOINT INDEPENDENT AUDIT COMMITTEE
5 APRIL 2017

SUBJECT	**REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS**
REPORT BY	**CHIEF EXECUTIVE & CHIEF FINANCE OFFICER (CFO)**
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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 Good 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 approved and published in accordance with the latest CIPFA / Solace framework and guidance[1]. 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.

4.1 The table below provides an overview of the significant governance issues in the period 1 January 2017 to 22 March 2017. Within the table are Web-links to the relevant decision notices published on the PCC's Website.

Corporate Sole	Issue	Summary	Date	Web Link
PCC	Police precept 2017/18	To approve the PCC's police precept report to the police and crime panel, a report where the PCC notifies the Police and Crime Panel of the Precept and Council Tax Requirement which he is proposing to issue (1,97% increase) for 17/18.	31/01/2017	https://lincolnshire-pcc.gov.uk/media/1527/001-2017-police-precept-2017-18.pdf
PCC	Appointment of chief constable	Following a recruitment process the PCC identified his preferred candidate on 1st December 2016. This selection was ratified by the Police and Crime Panel on December 19th 2016. The chief constable started on the 1st Feb 2017.	31/01/2017	https://lincolnshire-pcc.gov.uk/media/1528/002-2017-appointment-of-chief-constable.pdf

[1] Based on the CIPFA / SOLACE - Delivering Good Governance in Local Government Framework and the Guidance Notes for Policing Bodies in England and Wales (2016).

Corporate Sole	Issue	Summary	Date	Web Link
PCC	JIAC: Duration of member appointment	Following an appointment to the JIAC, members will serve in their role on an initial 4 year term. Following this the member will be eligible for automatic reappointment for a second term, for a mutually agreed period up to a further four years, subject to the approval of the PCC/CC. At the end of any second term, the post will be advertised and the member will be eligible to apply. In line with good governance practice, no member may serve for more than twelve years (3 consecutive terms).	03/02/2017	https://lincolnshire-pcc.gov.uk/media/1529/003-2017-joint-independent-audit-committeee-duration-of-member-appointment.pdf
PCC / Force	Appointment of External Auditor for 2018/2019	Under the new law the PCC for Lincolnshire is required to appoint a local auditor for their own accounts and the CC's accounts by 31.12.17, for the 18/19 financial year onwards. Following a business case for the appointment the PCC agreed to opt into a body who will fulfil the 'appointing person' role on behalf of the PCC. The appointing person is Public Sector Audit Appointments Ltd. This option was preferred on the grounds of competition, capacity, risk and cost.	17/02/2017	https://lincolnshire-pcc.gov.uk/media/1530/004-2017-appointment-of-external-auditor-from-2018-19.pdf
PCC	Budget Report	To propose a revenue budget and council tax precept for 17/18, a medium term financial plan for 18/19 and 19/20 and a capital programme for 17/18 to 19/20. The proposals in this report support the delivery of the Police and Crime Plan and are consistent with the Commissioner's Financial Strategy.	24/02/2017	https://lincolnshire-pcc.gov.uk/media/1531/005-2017-budget-report.pdf
Force	Financial Strategy and Supporting Plans	The aim of the Financial Strategy is to provide a framework and the parameters for financial management. The strategy seeks the approval of the following: The Financial Strategy, The Value for Money & Efficiency Plan 17/18, The Procurement Plan 17/18 and The Treasury Management Strategy 17/18.	24/02/2017	https://lincolnshire-pcc.gov.uk/media/1532/006-2017-financial-strategy-and-supporting-plans.pdf
Force	Integrated	A report to approve the use of	06/03/2017	https://lincolnshire-

Corporate Sole	Issue	Summary	Date	Web Link
	Communications Control System (ICCS)	£721k of the Emergency Services Mobile Communications Programme (ESMCP) Capital Programme for the replacement of Integrated Communications Control System (ICCS) and Direct Network Service Provider (DNSP) within the Lincolnshire Police Force Control Room (FCR). This work is to ensure the future compatibility and operability with Emergency Services Network (ESN) and will help streamline telephone call handling, contact management and radio dispatching.		pcc.gov.uk/media/1533/007-2017-integrated-communications-control-system-iccs.pdf
Force	Mobile ANPR	A report to ensure provision of a fit for purpose Mobile ANPR solution including the immediate upgrade of the Mobile ANPR equipment in 39 vehicles as well as ensuring the force complies with the National ANPR Service.	21/03/2017	https://lincolnshire-pcc.gov.uk/media/1540/008-2017-mobile-anpr.pdf
Force	Transformation of Firearms Licensing	A report to approve the implementation of a transformation of the Firearms Licensing department which consists of a digital solution at the cost of £130,000, and an increase in resources for 2017/18 at the cost of £286,525.	21/03/2017	https://lincolnshire-pcc.gov.uk/media/1541/009-2017-transformation-of-firearms-licensing.pdf

Members will note that the criteria for defining how significant governance issues are identified:[2]

- those highlighted through the Commissioner's Register of Decision Notices and through the Chief Constable's Report (decisions of interest) [3]
- 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.
- any instances when regulations are suspended (reference Finance Regulations FR4)
- 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 CFO and Force CFO will be available at the meeting to answer any questions and provide any additional information as required by the

[2] 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.
[3] The Commissioner is required by law to publish a record of each decision of significant public interest.

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 by the Committee in draft, currently by 30 June of each year and approved following audit by 30 September.

F. RISK MANAGEMENT

Without adequate corporate governance arrangements that 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 AGS and Code of Corporate Governance are key aspects of robust and effective governance arrangements.

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.