Agenda Item No

7

JOINT INDEPENDENT AUDIT COMMITTEE
16th April 2019

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 note compliance with the Police and Crime Commissioner's and the Force's 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*** ensure 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 10th January 2019 to1st of April 2019. Within the table are Web-links to the relevant decision notices published on the PCC's Website.

Corporate Sole	Issue	Summary	Date	Web Link
CC	Prison Intelligence notification system (PINS)	The Force procured and funded a regional PINS	10/01/2019	https://lincolnshire-pcc.gov.uk/media/2141/001-2019-decision-report.pdf
PCC	Attempted Mandate Fraud	Mandate Fraud attempted on the 21st of January 2019. Sophisticated attempt foiled by existing procedures being followed – prevented potential loss of a six figure sum.	21/01/19	N/A
PCC/CC	Budget report	Proposal for revenue budget and council tax precept for 2019/20, MTFP and capital programme up until 2022/23	25/02/2019	https://lincolnshire-pcc.gov.uk/media/2165/004-2019-budget-scanned.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	Review of charges made for administrative items requested - In line with NPCC guidance.	Fees and charges for items, such as copies of accident reports, and statements etc. These have not changed since 2015/16. Rates are currently under review with a view to having revised rates in place for 2019/20.	26/02/2019	N/A
PCC	Revisions to the 2018/19 approved capital programme	This report aims to highlight proposed changes to the approved capital programme 2018/19	06/03/2019	https://lincolnshire-pcc.gov.uk/media/2183/002-2019-scanned-copy.pdf
PCC	Proceeds of Crime Act awards for 2018/19	To approve grants funded from the POCA asset recovery incentivisation scheme (ARIS)	26/03/2019	https://lincolnshire-pcc.gov.uk/media/2199/005-2019-poca-scanned.pdf
CC	Financial Governance Report 2017/2018	To provide details of those financial and procurement activities required under financial, contract and procurement regulations to be reported on an annual basis	29/03/2019	https://lincolnshire-pcc.gov.uk/media/2202/006-2019-financial-governance-report-17-18-scanned-copy.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.

[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.

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 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 31 May of each year and approved following audit by 31 July.

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.