Agenda Item No

8

JOINT INDEPENDENT AUDIT COMMITTEE
28th April 2021

SUBJECT	**REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS**
REPORT BY	**CHIEF EXECUTIVE & CHIEF FINANCE OFFICER (CFO)**
CONTACT OFFICER	**JULIE FLINT, CHIEF FINANCE OFFICER** **TEL: 01522 947222**
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 5th January 2021 to 25th March 2021. 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	Inappropriate signature on Service Level Agreement	All contracts/SLAs must be signed by designated employees of the PCC. In December 2020 a senior manager in the Force signed a contract in error. As soon as this was discovered a designated OPCC signatory countersigned the SLA. Value was £25k for 1 year, with a one month termination notice period.	Originally signed 08/12/20	n/a
PCC	Appointment of Chief Constable		05/01/2021	https://democracy.e-lindsey.gov.uk/ieListDocuments.aspx?CId=573&MId=6410&Ver=4

[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	Police Precept 2021/22	The Police Reform and Social Responsibility Act 2011 requires the PCC to notify the Police and Crime Panel of the Precept and Council Tax Requirement which he is proposing to issue for 2021-22.	27/01/2021	https://lincolnshire-pcc.gov.uk/media/2857/1-pcc-decision-police-precept-2021-22-final-signed.pdf
PCC	Police and Crime Commissioner's Proceeds of Crime Act Awards for 2020/21	To approve grants funded from the Proceeds of Crime Act Asset Recovery Incentivisation Scheme (ARIS) which will contribute to asset recovery performance, crime reduction and harm reduction.	29/01/2021	https://lincolnshire-pcc.gov.uk/media/2877/030-2020-poca-awards-2020.pdf
CC	Allocation of Reserves, Revisions to the Revenue Budget 2020/21 and Revisions to the 2020/21 Approved Capital Programme	Proposes changes to the Revenue Budget 2020/21 and the approved Capital Programme 2020/21. It also proposes changes to the Earmarked Reserves.	29/01/2021	https://lincolnshire-pcc.gov.uk/media/2878/031-2020-budget-changes-decision-report-002-jf.pdf
PCC/ CC	Budget Report	To propose a revenue budget and council tax precept for 2021/22, a medium-term financial plan for 2022/23 to 2024/25 and a capital programme for 2021/22 to 2024/25. The proposals will support delivery of the Police and Crime Plan and are consistent with the Commissioner's Financial Strategy.	24/02/2021	https://lincolnshire-pcc.gov.uk/media/2887/004-2021-pcc-decision-budget-report-final-v2.pdf
CC	Local Government Pension Scheme (LGPS) Discretionary Policies	To approve the LGPS discretionary policy document.	02/03/2021	https://lincolnshire-pcc.gov.uk/media/2903/001-2021-lgps-discretionary-policy.pdf
CC	Allocation of Reserves, Revisions to the Revenue Budget 2020/21 and Revisions to the 2020/21 Approved Capital Programme	Proposes changes to the Revenue Budget for 2020/21 and the approved Capital Programme 2020/21 and proposes changes to the Earmarked Reserves.	08/03/2021	https://lincolnshire-pcc.gov.uk/media/2914/005-2021-budget-changes-decision-report-feb.pdf
CC	Financial Governance and Performance Report 2019/20	To present the Financial Governance and Performance Report 2019/20 for the PCC for Lincolnshire. It also includes the annual reports agreed as part of arrangements for performance management.	08/03/2021	https://lincolnshire-pcc.gov.uk/media/2915/006-2021-pcc-decision-financial-governance-and-performance-report-2019-20-web.pdf
PCC	PCC's Crime and Disorder Reduction Grants for 2020/21	To approve a grant to Lincolnshire County Council for the purposes of providing 6 months additional capacity	16/03/2021	https://lincolnshire-pcc.gov.uk/media/2943/009-2021-lcc-for-da-service.pdf

Corporate Sole	Issue	Summary	Date	Web Link
		within their commissioned DA outreach service from March 2021 to August 2021.		
CC	Modern Slavery and OICP Agreement 2020-2021	Signing a Section 22A Collaboration Agreement in relation to the Modern Slavery and Organised Immigration Crime Programme 2020-2021.	17/03/2021	https://lincolnshire-pcc.gov.uk/media/2941/007-2021-decision-notice-modern-slavery-and-oicp-agreement-002.pdf
CC	BLC Customer Agreement and Fleet Agreement	Providing background information regarding the BlueLight Commercial (BLC) organisation and the national fleet vehicle procurement they are undertaking on behalf of all Forces, to enable the CC and PCC to sign the Agreements.	19/03/2021	https://lincolnshire-pcc.gov.uk/media/2944/010-2021-blc-customer-fleet-agreement.pdf
CC	Body Worn Video Replacement	To seek approval to replace the current BWV Solution deployed to officers in Lincolnshire Police.	19/03/2021	https://lincolnshire-pcc.gov.uk/media/2945/011-2021-bwv-decision-paper-18032021-v2.pdf
PCC	Lincolnshire Youth Commission on Police and Crime	To approve funding for phase two of the Lincolnshire Youth Commission on Police and Crime.	19/03/2021	https://lincolnshire-pcc.gov.uk/media/2946/012-2021-decision-note-youth-commission-phase-2-v2.pdf
PCC	Neighbourhood Alert	To approve funding for the Lincs Alert system to ensure continuity of service to existing subscribers and to further develop the system for use by OPCC Communications and Safer Together teams.	19/03/2021	https://lincolnshire-pcc.gov.uk/media/2947/013-2021-decision-note-neighbourhood-alert-v2.pdf
PCC	Safer Streets Fund 2020/21	£250,780 secured from the Home Office Safer Streets Fund to propose the creation of a separate budget to manage the income and expenditure and that the objectives of the fund will be delivered through grant funding arrangements with partners.	25/03/2021	https://lincolnshire-pcc.gov.uk/media/2942/008-2021-safer-streets-fund.pdf
CC/ PCC	Financial Strategy, Reserves Strategy and Supporting Plans	Intended to provide a framework and parameters for financial management.	25/03/2021	https://lincolnshire-pcc.gov.uk/media/2948/014-2021-financial-strategy-and-supporting-plans-final.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 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.

---

[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.

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 usually approved following audit by 31 July. Subject to Local Authority Accounts and Audit regulations determining the statutory timeline in any given year.

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.