

ANNUAL GOVERNANCE STATEMENT OF THE POLICE AND CRIME COMMISSIONER

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Police and Crime Commissioner (the Commissioner) is responsible for ensuring that that 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 also has a duty to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Commissioner is the recipient of all funding related to policing and crime reduction and all funding for the Constabulary must come through the Commissioner. The Commissioner is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The Commissioner also has responsibility for maintaining an efficient and effective police force and holding the Chief constable to account for the Constabulary's performance.
- 1.2 The Commissioner has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. A copy of the Code can be obtained from the Chief Finance Officer
- 1.3 This statement explains how the Commissioner has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the Commissioner is directed and controlled, exercises oversight and its activities through which it accounts to and engages with the public. It enables the Commissioner to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2 The system of internal control is a significant part of that framework and is designed to be clear on the significant risks faced by the Office of the Police and Crime Commissioner and manage its own risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of

internal control is based on an ongoing process designed to identify and prioritise the risk to the achievement of the Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

- 2.3 The governance framework has been in place for the year ended 31 March 2015 and up to the date of approval of the statement of accounts.

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3. THE GOVERNANCE FRAMEWORK

- 3.1 The annual governance statement should include a brief description of the key elements of the governance framework the Commissioner has in place. In November 2012, as a result of the Police Reform and Social Responsibility Act 2011, the police authority was replaced by the Police and Crime Commissioner for Hampshire. It also created the Chief Constable as a separate legal entity. The Police Reform and Social Responsibility Act 2011 and Financial Code of Management set out the statutory posts and their respective responsibilities. The Police and Crime Commissioner is responsible for holding the Chief Constable to account for performance and value for money.
- 3.2 It has been established that the Police and Crime Commissioner and Chief Constable are those charged with governance, but they are assisted by advice received from the Joint Audit Committee. The Joint Audit Committee reviewed the Code of Corporate Governance, compliance with it and the review of effectiveness.
- 3.3 Regular one to one meetings are held between the Police and Crime Commissioner and Chief Constable. There is a monthly Office of the Police and Crime Commissioner (OPCC) Leadership meeting involving the Commissioner, [Deputy and Assistant Commissioners](#), Chief Executive, [Director of Estate Strategy](#) and CFO for the Commissioner, which considers strategic issues, planning and delivery monitoring. The Force Change Board is the governance board for all major change projects and is charged with identifying savings required to balance the reducing budget. The Police and Crime Commissioner, or a representative, attends the Force Change Board. The performance of the Constabulary is reviewed at monthly Force Performance Group meetings, which includes a representative from the Office of the Police and Crime Commissioner. The Commissioner also has a team within the office to assist oversight of the Constabulary's performance and has commenced regular scrutiny sessions which will be open to the public. Performance is also reviewed by inspection agencies including Her Majesty's Inspectorate of Constabulary (HMIC), external audit, internal audit, the Health & Safety Executive, other statutory agencies and volunteer schemes such as custody visitors.

3.4 The HMIC, external audit and internal audit all specifically report on value for money. Outcomes from these inspections are summarised for the independent Joint Audit Committee. The annual review of effectiveness required under Regulation 4 of the Accounts and Audit (England) Regulations 2011 is reported to the Joint Audit Committee.

3.5 The formal governance framework and performance accountability of the collaborated Operations, ICT and Information Management units were agreed by both PCCs, as well as the collaboration business plan 2014-16. This Board oversees the development of the Contact Management programme, Criminal Justice, Crime & Intelligence, Non-Collaborated Operations Units and Learning & Development. Governance of collaboration between forces across the South East Region is undertaken at the regular Regional Governance Board. Four meetings were held during 2014/15. The South East Regional Organised Crime Unit (SEROCU), hosted by Thames Valley Police, brings together the current regional organised crime units under one structure with additional capabilities included. It is aligned with the South East Counter Terrorism Unit. There is a joint ACC who works directly to the Chief Constable of Thames Valley Police to exercise overall command of the regional crime and counter terrorism functions. He also represents serious organised crime at the Regional Governance Board and nationally with the National Crime Agency and other key stakeholders.

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3.6 In 2014/15, the financial and human resources records for the Office of the Police and Crime Commissioner were migrated to the SAP solution used by the H3 partnership that provides corporate support functions, including internal audit services. This is the first partnership of this type in the UK. Support has been received from the Home Office and Department of Communities and Local Government for this initiative.

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3.7 The key elements of the Commissioner's arrangements for governance are:

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- a. the Commissioner's Police & Crime Plan has been developed in consultation with key stakeholders. It has been published on the OPCC website and promoted by the Commissioner at various events and roadshows
- b. the Police and Crime Plan was refreshed to ensure that it remained relevant after further consultation with stakeholders. The arrangements for governance have been reviewed by the Police and Crime Commissioner and updated to reflect changes in structure with the introduction of new posts within the Office of the Police and Crime Commissioner for Estates, Commissioning, Communications and Performance. During 2013/14, the Commissioner appointed a Deputy and two further Assistant Commissioners. These additions increased the size of the Leadership team and allowed more focus on delivering the priorities set out in the Police and Crime Plan. The Chief Executive position

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continues to be covered on an interim basis by the Head of Legal Services at Hampshire County Council, who has provided legal advice to the Commissioner since the inception of the Office of the Police and Crime Commissioner

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- c. the Police and Crime Plan sets the priorities for the Office of the Police and Crime Commissioner. These translate into targets and success measures for the Commissioner and service objectives for the Constabulary and its partnerships. The objectives delivered via the Constabulary are turned into performance targets
- d. the Head of Performance monitors performance against all priorities including those delivered via the Constabulary and other partners. Performance targets delivered via the Constabulary are monitored monthly at the Force Performance Group and the outcomes published on the website. The Head of Commissioning also assists in ensuring that partners deliver the performance promised through commissioned services. The Constabulary's Performance Profile measures the quality of service for users, including use of resources. The HMIC publishes on its website a value for money study that the Constabulary uses to assess to identify any potential improvements which the Commissioner takes account of in monitoring overall performance. The Chief Finance Officer has a statutory duty to ensure value for money, so all payments are considered for the value for money they represent
- e. roles and responsibilities are documented in law (e.g. Police Reform and Social Responsibility Act 2011), in the Code of Corporate Governance and in role profiles for executive, non-executive and officer functions. The Scheme of Delegation and decision log sets out delegated powers.
- f. codes of conduct are in place for all officers and staff as set out in the Code of Corporate Governance. Personnel sign up to the codes of conduct on commencement of their role
- g. all decisions made by the Police and Crime Commissioner are logged and published on the website.
- h. the Director of Estate Strategy has designed a revised framework for risk management for the OPCC, A new strategy and register was introduced in 2014/15 to improve the approach to risk management
- i. the OPCC contributes to national counter-fraud and anti-corruption programmes of work such as the National Anti-Fraud Initiative. Counter-fraud and anti-corruption is covered in the Internal Audit Plan. The OPCC is also assisted by the Constabulary's Professional Standards Department and the Compliance Unit who undertake proactive and reactive work to identify and deal with counter-fraud and anti-corruption issues
- j. the Force Change Board oversees a number of programmes and boards who are delivering change and transformation. The

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Commissioner, or his representative, sits on this Board. The Estates Change Programme also reports into the Force Change Board, but because Estate is owned by the Police and Crime Commissioner, the Commissioner can make decisions in relation to the Estate that do not pass through the Force Change Board. There is an Estates Change Programme Board which includes the Deputy Chief Constable and Constabulary CFO to ensure that any decisions proposed for the Estate meet the needs of the Constabulary in a cost effective manner. Ultimately, all strategic changes require a formal decision from the Commissioner, which is published on the website

- k. the Chief Finance Officer ensures that the financial management arrangements conform to the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* (2010). The Chief Finance Officer discharges the s151 responsibilities and is a member of the OPCC Leadership Group. Financial Regulations, Standing Orders on Contracts and a Scheme of Delegation are in place.
- l. the Chief Internal Auditor ensures the Commissioner's assurance arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Head of Internal Audit* (2010). Oversight was provided by the Joint Audit Committee from May 2013. Oversight was provided by the Chief Finance Officers in the interim
- m. the monitoring officer responsibilities are required, by law, to be discharged by the Chief Executive of the Police and Crime Commissioner
- n. the statutory roles for the OPCC are set out in the Police Reform and Social Responsibility Act 2011. These posts are filled and, where required, discharged by suitably qualified staff
- o. the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* were discharged by the Joint Audit Committee during 2014/15. The terms of reference for the Joint Audit Committee were agreed by the Police and Crime Commissioner and follow recent guidance from CIPFA specifically tailored for Police Joint Audit Committees. The terms of reference will be subject to annual review.
- p. management ensure that relevant laws and regulations, internal policies and procedures are complied with and that expenditure is lawful. Internal and external audit assist management in the review of the controls and compliance with the control framework
- q. a whistleblowing/confidential reporting facility is in place. This is both internal and external complaints against all personnel. Complaints are reviewed and acted upon. The Police and Crime Commissioner's website invites states that complaints about the Police and Crime Commissioner should be submitted to the Police and Crime Panel

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- r. a Professional Development Review process is in place. The process appraises performance but also identifies training and development needs for all officers and staff
- s. the OPCC and Constabulary have a joint approach to communication and consultation, using a variety of consultation survey methods to communicate with all sections of the community. The most notable exercise was an independently facilitated consultation event in January 2014 that sought views from a specially selected group of people, who reflect the diverse people served by the Office of the Police and Crime Commissioner. The event took views on council tax levels and updating the Police and Crime Plan. An online survey was also used to gather more views from more stakeholders on council tax. Communication also takes place through public meetings, leaflets, media statements, website and social media. The communication strategy takes into account target markets so additional effort is made to communicate with hard to reach groups
- t. The Police and Crime Commissioner will be held to account by the public and scrutinised by the Police and Crime Panel . The Chief Constable will be held to account for performance by the Commissioner. In addition, a series of public meetings will take place where the Police and Crime Commissioner will be visible to the public in holding the Chief Constable to account in public for service delivery and effectiveness. Decisions are published for transparency as well as transactional payments and pay for higher paid posts.
- u. delivery leads on partnerships are reminded of the need for good governance arrangements

4. REVIEW OF EFFECTIVENESS

- 4.1 The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Leadership Group within the OPCC who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The Commissioner completes a matrix produced by CIPFA in order to review detailed aspects of governance arrangements in order to identify potential weaknesses. This takes into account findings from inspection agencies but in particular annual opinions from auditors.
- 4.3 The Joint Audit Committee gives independent advice to the Commissioner on audit, risk and governance issues throughout the financial year. The Joint Audit Committee also ensures that the review of

effectiveness is a review of group activities of both the OPCC and the Constabulary due to the significant level of group activities.

- 4.4 I have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5 SIGNIFICANT GOVERNANCE ISSUES

- 5.1 The review of effectiveness previously identified a need to update processes for risk management and business continuity across the OPCC and Constabulary. Improvements have been made and a new policy and register was introduced in 2014/15. Internal audit reviews found that the arrangements are now adequate, but as this is still a relatively new arrangement, work will be needed to continue to embed the approach and ensure awareness.

- 5.2 The Joint Audit Committee met for the first time in May 2013. Terms of reference were set out at that meeting but were subsequently reviewed in line with CIPFA guidance specifically aimed at Police Joint Audit Committees. The terms of reference will be subject to annual review.

- 5.3 I propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed by:

Police and Crime Commissioner

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Deleted: this will be subject to further consideration by the Joint Audit Committee. ¶ 5.2 The Police and Crime Commissioner received a letter from the Health and Safety Executive in 2012/13 requiring a plan of work to be put in place in relation to maintenance of buildings. An action plan is being implemented in 2013/14 by the new joint working estates team with a budget of £2.7m. A programme of work agreed with the Fire and Rescue Service has been undertaken at Police Headquarters to ensure that the building complies with Fire Regulations.

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