

**ANNUAL GOVERNANCE STATEMENT OF THE POLICE AND CRIME
COMMISSIONER**

2013-14

1. SCOPE OF RESPONSIBILITIES

- 1.1 As the Police and Crime Commissioner (the Commissioner), I am responsible for ensuring that that my 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. I also have a duty to make arrangements to secure continuous improvement in the way the Office of the Police and Crime Commissioner's (OPCC) functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, I am the recipient of all funding related to policing and crime reduction and all funding for the Constabulary must come through me as Commissioner. I am responsible for putting in place proper arrangements for the governance of the OPCC's affairs, facilitating the effective exercise of the OPCC's functions, and which includes arrangements for the management of risk. I also have responsibility for maintaining an efficient and effective police force and holding the Chief Constable to account for the Constabulary's performance.
- 1.2 I have 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 (CFO).
- 1.3 This statement explains how I have 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 I am directed and controlled, exercise oversight and through which the OPCC accounts to and engages with the public. It enables me to monitor the achievement of my 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 OPCC so that it can 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 my 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 2014 and up to the date of approval of the Statement of Accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The Annual Governance Statement should include a brief description of the key elements of the governance framework I have in place. In November 2012, as a result of the Police Reform and Social Responsibility Act 2011, Hampshire 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. I, as the Police and Crime Commissioner, am responsible for holding the Chief Constable to account for performance and value for money.
- 3.2 The Commissioner and Chief Constable are those charged with governance, but we are assisted by advice received from the Joint Audit Committee. The Joint Audit Committee has reviewed the Code of Corporate Governance, compliance with it and the review of effectiveness.
- 3.3 Regular meetings are held between me and the Chief Constable. There is a monthly OPCC Senior Leadership meeting involving myself, my Chief Executive and the CFO, which considers strategic issues, planning and delivery monitoring. The Force Change Board¹ is the Chief Constable's governance board for all major change projects and is charged with identifying savings required to balance the reducing budget. I, or my representative, attend the Force Change Board. The performance of the Constabulary is reviewed at monthly Force Performance Group meetings, which includes a representative from the OPCC. I also have a team within my office to assist with oversight of the Constabulary's performance. This has commenced regular scrutiny sessions. 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.

¹ Renamed the Force Programme Board with effect from April 2014

- 3.4 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 key elements of the my arrangements for governance are:
- a. my Police & Crime Plan has been developed in consultation with key stakeholders. It has been published on the OPCC website and promoted by me at various events and roadshows. In the last quarter of 2013/14, work started to refresh the Police and Crime Plan to ensure it remained relevant after further consultation with stakeholders. The arrangements for governance have been reviewed by me and updated to reflect changes in structure with the introduction of new posts within the OPCC for Estates, Commissioning, Communications and Performance. During 2013/14, I also appointed a Deputy and two Assistant Commissioners. These additions have increased the size of the Senior Leadership Team and allowed more focus on delivering the Priorities set out in the Police and Crime Plan. Following the departure of the last Chief Executive in January 2014, this position is currently covered on an interim basis by the Head of Legal Services at Hampshire County Council, who has provided legal advice to the me since the inception of the Office of the Police and Crime Commissioner.
 - b. the Police and Crime Plan sets the priorities for the OPCC. These translate into targets and success measures for me and service objectives for the Constabulary and its partnerships. The objectives delivered via the Constabulary are turned into performance targets.
 - c. the Head of Performance monitors performance against all priorities including those delivered by the Constabulary and other partners. Performance targets delivered via the Constabulary are monitored monthly at the Force Performance Group and the outcomes published. 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. HMIC publishes on its website a Value For Money study that the Constabulary uses to assess to identify any potential improvements which I take account of in monitoring overall performance. The CFO has a statutory duty to ensure Value For Money, all payments are considered for the value for money they represent

- d. 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.
- e. 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
- f. formal decisions made by me are logged and published on the website.
- g. There is a revised framework for risk management across the OPCC and Constabulary. The review of risk management during 2013/14 highlighted a need for stronger processes, which have begun to be implemented towards the end of 2013/14.
- h. 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 provided for in the Internal Audit Plan. The OPCC is also assisted by the Constabulary's Professional Standards Department and the Compliance Unit who undertake both proactive and reactive work to identify and deal with counter-fraud and anti-corruption issues.
- i. the Force Change Board oversees a number of programmes and boards which are delivering change and transformation. I, or my representative, sit on this Board. The Estates Change Programme also reports into the Force Change Board but, because the Estate is owned by me, decisions can be made 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 me, which is published on the website.
- j. the CFO ensures that the financial management arrangements conform to the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)*. The CFO 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.

- k. 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 CFO in the interim.
- l. the monitoring officer responsibilities are required, by law, to be discharged by the Chief Executive of the Police and Crime Commissioner
- m. 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
- n. the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities* have been discharged by the Joint Audit Committee since May 2013. The core functions were covered directly by those charged with governance in the interim. A robust recruitment process was put in place to attract the appropriate calibre of individuals to the Joint Audit Committee; therefore the first meeting was held in May 2013. The terms of reference for the Joint Audit Committee were agreed by me, but will be reviewed to reflect recent guidance from CIPFA specifically tailored for Police Joint Audit Committees
- o. 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
- p. a whistleblowing/confidential reporting facility is in place. This is both internal and external complaints against all personnel. Complaints are reviewed and acted upon. My website invites states that complaints about me should be submitted to the Police and Crime Panel
- q. a Professional Development Review process is in place. The process appraises performance but also identifies training and development needs for all officers and staff
- r. the OPCC and Constabulary have a joint approach to communication and consultation, using a variety of methods to better communicate with a wide variety of the community. The most notable exercise during the period covered by this report was an independently facilitated consultation event in January 2014 that sought views from a demographically representative group of people, who reflect the diverse people served by the Office of the Police and Crime Commissioner. The event sought views on council tax levels and updating the Police and Crime Plan. An

- s. I will be held to account by the public and scrutinised by the Police and Crime Panel. The Chief Constable will be held to account by me for performance. In addition, a series of meetings will take place where I will be visible to the public in holding the Chief Constable to account for service delivery and effectiveness. Decisions are published for transparency as well as transactional payments and pay for higher paid posts.
- t. delivery leads on partnerships are reminded of the need for good governance arrangements

4. REVIEW OF EFFECTIVENESS

- 4.1 I have responsibility for conducting, at least annually, a review of the effectiveness of the OPCC's 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 I complete a matrix produced by CIPFA in order to review detailed aspects of my 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 me 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 has identified a need to update processes for risk management and business continuity across the OPCC and Constabulary. Work has taken place during 2013/14 to improve risk management arrangements across the OPCC and Constabulary. This area of development will remain subject to further scrutiny in 2014-15.
- 5.2 I received a letter from the Health & Safety Executive in 2012/13 requiring a plan of work to be put in place in relation to the maintenance of the estate buildings. An action plan was 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 Hampshire Fire and Rescue Service has been undertaken at Police Headquarters to ensure that the building complies with Fire Regulations.
- 5.3 The Joint Audit Committee met for the first time in May 2013. Terms of reference were set out at that meeting but will be reviewed in line with recent CIPFA guidance specifically directed at Police Joint Audit Committees. The Code of Corporate Governance inherited from the Hampshire Police Authority was updated to reflect changes to titles and roles as there are now separate codes for the Police and Crime Commissioner and the Constabulary. Both codes were reviewed for comments by the Joint Audit Committee. The Joint Audit Committee members were selected because of the relevant skills and experience they have, amongst other things, in relation to governance, accounting, risk management, working on other audit committees. A programme of training is in place to give the members of the Joint Audit Committee a greater insight into the general responsibilities to be discharged within policing and the specific workings of the OPCC and Constabulary in Hampshire and the Isle of Wight.
- 5.4 I propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. I am satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part of my next annual review.

Signed by:

Police and Crime Commissioner