

**POLICE AND CRIME COMMISSIONER FOR HAMPSHIRE AND
HAMPSHIRE CONSTABULARY**

JOINT AUDIT COMMITTEE – 22 JUNE 2017

ANNUAL GOVERNANCE STATEMENTS

**REPORT OF THE POLICE AND CRIME COMMISSIONER AND CHIEF
CONSTABLE**

1. PURPOSE

- 1.1 The Police and Crime Commissioner and Chief Constable are required to produce an Annual Governance Statement which is published alongside the statement of accounts. New guidance is in place for 2016/17 which has resulted in the production of the new Scheme of Corporate Governance and a new approach to the Annual Governance Statement.
- 1.2 The Annual Governance Statements for the Police and Crime Commissioner and Constabulary are separate documents recognising the different governance arrangements that are in place. The style and content of the statements has been developed in association with Hampshire County Council and Hampshire Fire & Rescue Authority to endeavour to meet the requirements of the new guidance. There is no requirement for the statements to be in the same format, it is just that we have worked together to help each other produce draft statements, given this is the first year with the new guidance.

2. RECOMMENDATIONS

This report recommends that:

- 2.1 The Joint Audit Committee reviews the Annual Governance Statements and makes suggestions for amendments, as appropriate.

3. BACKGROUND

- 3.1 The CIPFA/SOLACE framework identifies seven principles of good governance:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement
 - Defining outcomes in terms of sustainable economic, social and environmental benefits

- Determining the interventions necessary to optimise the achievement of the intended outcomes
 - Developing the entity's capacity, including the capability of its leadership and the individuals within it
 - Managing risks and performance through robust internal control and strong public financial management
 - Implementing good practices in transparency, reporting and audit to deliver effective accountability.
- 3.2 The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles. Good governance underpins good management, performance, engagement and stewardship of public money.
- 3.3 The specific guidance for policing bodies is covered in the CIPFA Delivering Good Governance Guidance Notes for Policing Bodies in England and Wales 2016 Edition. This can be found online for free at: <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition>

APPENDICIES:

Police and Crime for Hampshire Commissioner Annual Governance Statement

Hampshire Constabulary Annual Governance Statement



**POLICE & CRIME
COMMISSIONER**

Serving Hampshire
Isle of Wight
Portsmouth
Southampton

**ANNUAL GOVERNANCE STATEMENT
2016/2017**

FOR

**POLICE AND CRIME COMMISSIONER FOR
HAMPSHIRE**

Annual Governance Statement for Police and Crime Commissioner

1. Scope of Responsibility

- 1.1 The Police and Crime Commissioner is responsible for ensuring that:
- business is conducted in accordance with the law and to proper standards.
 - public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
 - he secures continuous improvements in the way in which functions are exercised, having regard to a combination of efficiency, effectiveness and economy.
 - there is a sound system of internal control which facilitates the effective exercise of the Police and Crime Commissioner's functions and which include arrangements for the management of risk.
- 1.2 This Statement explains how the Police and Crime Commissioner has complied with the Code and meets with the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement during 2016-2017.

2. The purpose of Corporate Governance

- 2.1 The governance framework comprises the systems and processes, and cultures and values, by which the Office of the Police and Crime Commissioner is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Police and Crime Commissioner to monitor the achievements of the Police and Crime Plan and to consider whether they have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable 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 Police and Crime 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 ending 31 March 2017 and up to the date of approval of the statement of accounts.
- 2.4 The Police and Crime Commissioner has approved and adopted a Scheme of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. The Scheme of Corporate Governance is reviewed at the Joint Audit Committee annually. Agendas and minutes of the Joint Audit Committee are published on the website.
- 2.5 The CIPFA/SOLACE framework identifies seven principles of good governance:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement

- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.6 The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles.

3. Core Principles of good governance

3.1 Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

3.1.1 The Police and Crime Commissioner's operates in an open and transparent way and the Police and Crime Commissioner sets the tone for the organisation by creating a climate and culture of openness, support, and respect. The Police and Crime Commissioner has adopted the Code of Ethics.

3.1.2 The Police and Crime Commissioner is committed to the highest ethical standards and has adopted a governance framework to re-enforce this philosophy as well as procedures to investigate any issues should the need arise. The framework, policies and procedures are set out in the Police and Crime Commissioner's Scheme of Corporate Governance. The Scheme of Corporate Governance demonstrates a comprehensive commitment on the part of the Police and Crime Commissioner to integrity, ethical values and the rule of law.

3.1.3 The key governance legal powers and responsibilities within the Office of the Police and Crime Commissioner are set out in legislation and statutory guidance (especially the Police Reform and Social Responsibility Act 2011, Policing Protocol Order 2011, Financial management Code of Practice 2013 and Strategic Policing Requirement 2015), the Scheme of Delegation, Financial Regulations and Contract Standing Orders. These are referenced in the Scheme of Corporate Governance.

3.2 Ensuring openness and comprehensive stakeholder engagement.

3.2.1 The Police and Crime Commissioner has produced the Police and Crime Plan. The Plan sets out the Police and Crime Commissioner's Vision, Priorities and Mission. The clear strategic aims of which are communicated on the Police and Crime Commissioner's website and through various communications. This provides an operating model for business planning. The mission for the Police and Crime Commissioner is:



3.2.2 The Police and Crime Commissioner has a clear governance framework for corporate decision making. Police and Crime Commissioner decisions have clear guidance and protocols on decision making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting some elements where this is necessary and proportionate.

3.2.3 Public consultation is undertaken on an ongoing basis to inform decision making. Targeted consultation takes place for specific decisions such as the public consultation on the council tax precept. The Police and Crime Commissioner hosts public events and attends community events to inform and consult the public. The Police and Crime Commissioner is scrutinised by the Police and Crime Panel which consists of members from local authorities who also consult their local communities and offer feedback to the Police and Crime Commissioner.

3.3 Defining outcomes in terms of sustainable economic, social and environmental benefits.

3.3.1 The strategic aims set out in the Police and Crime Plan underpin the Police and Crime Commissioner's overarching ambitions for delivering positive economic, social and environmental outcomes for Hampshire and the Isle of Wight. Delivery of the Plan is monitored internally within the Office of the Police and Crime Commissioner and also through the scrutinising function of the Police and Crime Panel. Ultimately the Police and Crime Commissioner is held to account by the electorate.

3.4 Determining the interventions necessary to optimise the achievement of the intended outcomes.

3.4.1 Clear guidance and protocols for decision making and the involvement of legal and finance officers in all significant decisions of the Police and Crime Commissioner ensures that decisions are only made after relevant options have been weighed and associated risks assessed. Details of the guidance and protocols are set out in the Scheme of Corporate Governance.

3.4.2 Equality Impact Assessments (EIAs) are used to assess the impact of significant proposals and to inform decision making.

3.4.3 The budget setting process is well established. The budget is set by the Police and Crime Commissioner after proposals on the council tax precept

are consulted upon with the public and scrutinised in public by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan.

- 3.4.4 A medium term financial strategy and capital programme is updated each year together with relevant resource forecasts and takes full account of the changing regulatory, environmental, demographic and economic factors that impact on the financial environment in which the Police and Crime Commissioner operates.
- 3.4.5 Risks associated with the achievement of intended outcomes are detailed in Risk Registers held at strategic and project level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation.

3.5 Developing the entity's capacity including the capability of its leadership and the individuals within it

- 3.5.1 The Police and Crime Commissioner places a significant value of the capability of leadership. Each individual has a Personal Development Review on a regular basis with their line manager to ensure that any skill gaps are addressed and to discuss opportunities for development.
- 3.5.2 The Police and Crime Commissioner regularly reviews the structure of the workforce against the needs of the service in the context of its capacity and capability requirements. This then informs a range of strategies, for example; recruitment, retention and people development in order to provide effective leadership and deploy appropriate resources to meet the needs of services.
- 3.5.3 There is an emphasis on the need for high performance, of which resilience and continuous development play key parts, both of which factor in the regular discussions between managers and staff.

3.6 Managing risks and performance through robust internal control and strong public financial management.

- 3.6.1 The Police and Crime Commissioner operates a robust Risk Management Strategy, with reports to the Joint Audit Committee. The Joint Audit Committee has provided significant guidance and advice for the enhancement of the risk management arrangements.
- 3.6.2 An Information Governance Board is in place that is chaired by the Senior Information Risk Officer and reports into the strategic risk process.
- 3.6.3 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources.
- 3.6.4 The Internal Audit Plan 2016/17 was developed to operate at a strategic level providing a value adding, and proportionate, level of assurance aligned to the Police and Crime Commissioner's key risks and objectives, this includes a periodic review of the Police and Crime Commissioner's risk management processes.
- 3.6.5 The audit plan remains fluid to ensure internal audit's ability to react to the changing needs of the Police and Crime Commissioner.
- 3.6.6 The internal audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy.

- 3.6.7 The delivery of the internal audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee, Police and Crime Commissioner and Police and Crime Commissioner.
- 3.6.8 The Joint Audit Committee is well established and provides independent advice to the Police and Crime Commissioner. Members of the Joint Audit Committee have no executive responsibility for the management of the organisation, thus ensuring that they are sufficiently independent to scrutinise and challenge matters brought to their attention.
- 3.6.9 The Joint Audit Committee has a clear 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment.
- 3.6.10 The Police and Crime Commissioner has a well-developed and effective scrutiny function via the Police and Crime Panel.
- 3.6.11 The Police and Crime Commissioner has strong financial management arrangements at both the strategic and operational level and consistently obtains unqualified opinions for its annual accounts and value for money assessment. The Section 151 Officer is a member of the leadership team and all formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative.
- 3.6.12 Key financial regulations and financial strategies form an important part of the Corporate Governance Framework together with effective risk based financial and performance reporting.
- 3.6.13 Financial management in key risk areas across the Police and Crime Commissioner focusses on activity and performance management alongside the budget management processes and the financial management framework is appropriately advised and supported by the Finance function.
- 3.7 Implementing good practices in transparency reporting and audit to deliver effective accountability.**
- 3.7.1 The decision making guidance, protocols and templates referred to in the Scheme of Corporate Governance and the involvement of senior officers, legal officers and finance officers ensures that public reports are written in a clear and accessible way with sufficient information to enable members of the public to formulate informed opinions on the matters for decision.
- 3.7.2 The performance framework provides a transparent cycle of reporting on core performance metrics. Performance information is published online and is easily accessible to staff, partners and the public.
- 3.7.3 The 'Internal Audit Charter' is presented annually for approval by the Joint Audit Committee. The Charter makes provision that where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Joint Audit Committee.
- 3.7.4 The ongoing work of internal audit is presented through a quarterly progress report to the Joint Audit Committee providing an overview of service performance; delivery against the plan; and progress made by the organisation in the implementation of management actions agreed to mitigate risks identified through internal audit work.

- 3.7.5 Representatives of External Audit routinely attend Joint Audit Committee meetings and present all External Audit reports. Any recommendations for corrective action detailed within External Audit reports are highlighted to the Joint Audit Committee who will track through to implementation. This is achieved through the clear and concise nature of the minutes to each meeting couple with the inclusion of any overdue recommendations within the internal audit progress report.
- 3.7.6 The internal audit plan includes provision to review the Police and Crime Commissioner's approach to governance, risk and controls for partnership working. Such reviews are formally reported through the Joint Audit Committee with any significant issues highlighted accordingly.
- 3.7.7 Where appropriate internal audit will gain assurances from third parties to contribute to their overall assurance opinion.

4 Obtain assurances on the effectiveness of key controls

- 4.1 Key controls relating to risks, internal control (including financial management), and governance processes are identified by managers as part of the governance framework and recorded on risk registers. These are consolidated into the strategic risk register at a corporate level.
- 4.2 Internal Audit, as part of its planned review of internal controls regularly evaluates the key controls to determine their adequacy and also carries out tests to confirm the level of compliance. Together the results of each review enable an audit opinion on effectiveness to be provided to management, and any actions for improvement to be agreed.
- 4.3 External sources of assurance include the annual opinion and value for money conclusion by external auditors, and any statutory inspections, for example, the Health and Safety Executive. These reports are subject to consideration by senior management and appropriate responses are agreed to any recommendations for improvements. The reports are normally approved in public and published.
- 4.4 In conjunction with specialist Internal Audit support, the Police and Crime Commissioner has also applied the CIPFA Counter Fraud self-assessment tool to identify potential opportunities for enhancement.

5 Evaluate assurances and identify gaps in control/assurance

- 5.1 The Police and Crime Commissioner has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify weaknesses in controls.
- 5.2 Each team within the Police and Crime Commissioner has assessed risk and reported significant risks via the governance framework for inclusion within the Strategic Risk Register. The internal audit plan and reports have assisted the assessment of risk in business areas that are higher risk.
- 5.3 The Police and Crime 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 officers within the Police and Crime Commissioner who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

5.4 The Chief Internal Auditor has evaluated the reports from the internal and external assurance providers which have also been reported to the Joint Audit Committee. This Annual Governance Statement sets out the Police and Crime Commissioner's arrangements for receiving reports and identifying weaknesses in internal control.

5.5 In line with the Internal Audit Charter, the key elements of the corporate governance framework are risk assessed and reviewed periodically by Internal Audit.

6 Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance

6.1 The 'role of the manager' review within shared services was completed in 2016/17 and the Police and Crime Commissioner approved funding for the improvements in 2016/17. A project team is in place making changes but the project will not complete until 2017/18.

6.2 The Joint Audit Committee's terms of reference and arrangements for review of effectiveness were scheduled for a review, however, this had to be delayed to allow new members of the Joint Audit Committee to be recruited and inducted as the term of two of the previous members of the Committee expired. The terms of reference and arrangements for review of effectiveness will need to be reviewed in 2017/18.

7 There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored

In response to the Action Plan identified in the 2016/17 Annual Governance Statement:

7.1 The Constabulary has a shared ICT function for which Thames Valley Police is the lead partner. The Police and Crime Commissioner undertook to ensure that satisfactory programme governance arrangements are in place and that Collaboration Board meetings are held four times each year. This has been achieved.

7.2 The Police and Crime Commissioner planned to make further improvements to the shared services environment. A 'role of the manager' review was completed in 2016/17 and the Police and Crime Commissioner approved funding from reserves to make the improvements. A project team is in place making changes for delivery in 2017/18.

7.3 The Joint Audit Committee's terms of reference and arrangements for review of effectiveness were scheduled for a review, however, this had to be delayed to allow new members of the Joint Audit Committee to be recruited and inducted as the term of two of the previous members of the Committee expired. The terms of reference and arrangements for review of effectiveness will need to be reviewed in 2017/18.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee and that 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 set out in this Statement.

We 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:

Signed:

Police and Crime Commissioner

Chief Finance Officer

Date:

Date:



**ANNUAL GOVERNANCE STATEMENT
2016/2017**

FOR

HAMPSHIRE CONSTABULARY

Annual Governance Statement for Hampshire Constabulary

1. Scope of Responsibility

- 1.1 Hampshire Constabulary is responsible for ensuring that:
- its business is conducted in accordance with the law and to proper standards.
 - public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
 - it secures continuous improvements in the way in which its functions are exercised, having regard to a combination of efficiency, effectiveness and economy.
 - there is a sound system of internal control which facilitates the effective exercise of the Constabulary's functions and which include arrangements for the management of risk.
- 1.2 This Statement explains how the Constabulary has complied with the Code and meets with the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement during 2016-2017.

2. The purpose of Corporate Governance

- 2.1 The governance framework comprises the systems and processes, and cultures and values, by which the Constabulary is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Constabulary to monitor the achievements of the Constabulary's strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable 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 Constabulary'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 at Hampshire Constabulary for the year ending 31 March 2017 and up to the date of approval of the annual report and the statement of accounts.
- 2.4 The Constabulary has approved and adopted a Scheme of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. The Scheme of Corporate Governance is reviewed at the Joint Audit Committee annually. Agendas and minutes of the Joint Audit Committee are published on the website.
- 2.5 The CIPFA/SOLACE framework identifies seven principles of good governance:
- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - Ensuring openness and comprehensive stakeholder engagement

- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.6 The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles.

3. Core Principles of good governance

3.1 Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

3.1.1 The Constabulary's operates in an open and transparent way and the Chief Constable sets the tone for the organisation by creating a climate and culture of openness, support, and respect. The Constabulary has fully adopted the Code of Ethics and this is emphasised in its inclusion as one of the six key areas of focus set out by the Chief Constable.

3.1.2 The Constabulary is committed to the highest ethical standards and has adopted a governance framework to re-enforce this philosophy as well as procedures to investigate any issues should the need arise. The framework, policies and procedures are set out in the Constabulary's Scheme of Corporate Governance. The Scheme of Corporate Governance demonstrates a comprehensive commitment on the part of the Constabulary to integrity, ethical values and the rule of law.

3.1.3 An Ethics Committee has been created to advise the Chief Constable on items that require ethical consideration and to promote the Code of Ethics within the Constabulary.

3.1.4 The key governance legal powers and responsibilities within the Constabulary are set out in legislation and statutory guidance (especially the Police Reform and Social Responsibility Act 2011, Policing Protocol Order 2011, Financial management Code of Practice 2013 and Strategic Policing Requirement 2015), the Scheme of Delegation, Financial Regulations and Contract Standing Orders. These are referenced in the Scheme of Corporate Governance.

3.2 Ensuring openness and comprehensive stakeholder engagement.

3.2.1 The Chief Constable has set out the Constabulary's purpose and six key areas of focus. The clear strategic aims of which are communicated on the Constabulary's website and through various communications. This provides an operating model for business planning and is informed by various departmental and partnership strategies and priorities. The image below shows the purpose in the centre surrounded by the six key areas of focus:



3.2.2 The Constabulary has a clear governance framework for corporate decision making. Operational decision making is covered by standard practices and the use of decision logs. Corporate decisions are made at minuted meetings. It should be noted that some decisions that affect the Constabulary are made by the Police and Crime Commissioner. Police and Crime Commissioner decisions have clear guidance and protocols on decision making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting some elements where this is necessary and proportionate.

3.2.3 Public consultation to inform decision making is undertaken where warranted. The Constabulary has access to consultation undertaken by the Police and Crime Commissioner as well as systematic data gathered from surveying of victims and the wider public. Other consultation is undertaken such as via the Joint Audit Committee, Independent Advisory Group, Ethics Committee and local consultations.

3.3 Defining outcomes in terms of sustainable economic, social and environmental benefits.

3.3.1 The strategic aims set out in the purpose and six key areas of focus underpin the Constabulary’s overarching ambitions for delivering positive economic, social and environmental outcomes for Hampshire and the Isle of Wight. The Constabulary must also have regard to the Police and Crime Plan which also sets out the Police and Crime Commissioner’s vision, priorities and mission. The performance of the Constabulary is monitored internally and the Police and Crime Commissioner holds the Chief Constable to account on a regular basis.

3.4 Determining the interventions necessary to optimise the achievement of the intended outcomes.

- 3.4.1 Clear guidance and protocols for decision making and the involvement of legal and finance officers in all significant decisions of the Constabulary ensures that decisions are only made after relevant options have been weighed and associated risks assessed. Details of the guidance and protocols are set out in the Scheme of Corporate Governance.
- 3.4.2 Equality Impact Assessments (EIAs) are used to assess the impact of significant proposals and to inform decision making.
- 3.4.3 The budget setting process is well established and ultimately the budget is set by the Police and Crime Commissioner after proposals on the council tax precept are consulted upon with the public and scrutinises in public by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan and the purpose of the Constabulary.
- 3.4.4 A medium term financial strategy and capital programme is updated each year together with relevant resource forecasts and takes full account of the changing regulatory, environmental, demographic and economic factors that impact on the financial environment in which the Constabulary operates.
- 3.4.5 Risks associated with the achievement of intended outcomes are detailed in Risk Registers held at strategic corporate, portfolio and project level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation.

3.5 Developing the entity's capacity including the capability of its leadership and the individuals within it

- 3.5.1 The Constabulary places a significant value of the capability of leadership. Courses are run in-house and available externally, for example via the College of Policing. Each individual has a Personal Development Review on a regular basis with their line manager to ensure that any skill gaps are addressed and to discuss opportunities for development.
- 3.5.2 The Constabulary regularly reviews the shape of its workforce against the needs of the service in the context of its capacity and capability requirements. This then informs a range of strategies, for example; recruitment, retention and people development in order to provide effective leadership and deploy appropriate resources to meet the needs of services.
- 3.5.3 There is an emphasis on the need for high performance, of which resilience and continuous development play key parts, both of which factor in the regular discussions between managers and staff.

3.6 Managing risks and performance through robust internal control and strong public financial management.

- 3.6.1 The Constabulary operates a robust Risk Management Strategy, with oversight of those arrangements provided by the Risk and Learning Board and reports to the Joint Audit Committee. The Joint Audit Committee has provided significant guidance and advice for the enhancement of the risk management arrangements.
- 3.6.2 Each part of the Constabulary has its own Board to identify and manage risks within their part of the organisation and escalate those to the strategic risk register for consideration at the Risk and Learning Board where they meet the threshold.

- 3.6.3 An Information Governance Board is in place that is chaired by the Senior Information Risk Officer and reports into the Risk and Learning Board.
- 3.6.4 The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources.
- 3.6.5 The Internal Audit Plan 2016/17 was developed to operate at a strategic level providing a value adding, and proportionate, level of assurance aligned to the Constabulary's key risks and objectives, this includes a periodic review of the Constabulary's risk management processes.
- 3.6.6 The audit plan remains fluid to ensure internal audit's ability to react to the changing needs of the Constabulary.
- 3.6.7 The internal audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy.
- 3.6.8 The delivery of the internal audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee, Police and Crime Commissioner and Chief Constable.
- 3.6.9 The Joint Audit Committee is well established and provides independent advice to the Chief Constable. Members of the Joint Audit Committee have no executive responsibility for the management of the organisation, thus ensuring that they are sufficiently independent to scrutinise and challenge matters brought to their attention.
- 3.6.10 The Joint Audit Committee has a clear 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment.
- 3.6.11 The Constabulary has a well-developed and effective scrutiny function via the Police and Crime Commissioner.
- 3.6.12 The Constabulary has strong financial management arrangements at both the strategic and operational level and consistently obtains unqualified opinions for its annual accounts and value for money assessment. The Section 151 Officer is a member of the Chief Officers Group and all formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative.
- 3.6.13 Key financial regulations and financial strategies form an important part of the Corporate Governance Framework together with effective risk based financial and performance reporting.
- 3.6.14 Financial management in key risk areas across the Constabulary focusses on activity and performance management alongside the budget management processes and the financial management framework throughout all tiers of the organisation is appropriately advised and supported by the Finance function.
- 3.7 Implementing good practices in transparency reporting and audit to deliver effective accountability.**
- 3.7.1 The decision making guidance, protocols and templates referred to in the Scheme of Corporate Governance and the involvement of senior officers,

legal officers and finance officers ensures that public reports are written in a clear and accessible way with sufficient information to enable members of the public to formulate informed opinions on the matters for decision.

- 3.7.2 The corporate Force Performance Group framework provides a transparent cycle of reporting on core performance metrics. Performance information is published online and is easily accessible to staff, partners and the public.
- 3.7.3 The 'Internal Audit Charter' is presented annually for approval by the Joint Audit Committee. The Charter makes provision that where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Joint Audit Committee.
- 3.7.4 The ongoing work of internal audit is presented through a quarterly progress report to the Joint Audit Committee providing an overview of service performance; delivery against the plan; and progress made by the organisation in the implementation of management actions agreed to mitigate risks identified through internal audit work.
- 3.7.5 Representatives of External Audit routinely attend Joint Audit Committee meetings and present all External Audit reports. Any recommendations for corrective action detailed within External Audit reports are highlighted to the Joint Audit Committee who will track through to implementation. This is achieved through the clear and concise nature of the minutes to each meeting couple with the inclusion of any overdue recommendations within the internal audit progress report.
- 3.7.6 The internal audit plan includes provision to review the Constabulary's approach to governance, risk and controls for partnership working. Such reviews are formally reported through the Joint Audit Committee with any significant issues highlighted accordingly.
- 3.7.7 Where appropriate internal audit will gain assurances from third parties to contribute to their overall assurance opinion.

4 Obtain assurances on the effectiveness of key controls

- 4.1 Key controls relating to risks, internal control (including financial management), and governance processes are identified by managers as part of the governance framework and recorded on risk registers. These are consolidated into the strategic risk register at a corporate level.
- 4.2 Internal Audit, as part of its planned review of internal controls regularly evaluates the key controls to determine their adequacy and also carries out tests to confirm the level of compliance. Together the results of each review enable an audit opinion on effectiveness to be provided to management, and any actions for improvement to be agreed.
- 4.3 External sources of assurance include the annual opinion and value for money conclusion by external auditors, and statutory inspections by Her Majesty's Inspector of Constabulary (HMIC). These reports are subject to consideration by senior management and appropriate responses are agreed to any recommendations for improvements. The reports are normally approved in public and published. External sources of validation are being increasingly used to inform assessment of the organisations performance.
- 4.4 In conjunction with specialist Internal Audit support, the Constabulary has also applied the CIPFA Counter Fraud self-assessment tool to identify potential opportunities for enhancement.

5 Evaluate assurances and identify gaps in control/assurance

- 5.1 The Constabulary has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify weaknesses in controls.
- 5.2 Each board within the Constabulary has assessed risk and reported significant risks via the governance framework for inclusion within the Strategic Risk Register. The internal audit plan and reports have assisted the assessment of risk in business areas that are higher risk.
- 5.3 The Constabulary 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 officers within the Constabulary who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
- 5.4 The Chief Internal Auditor has evaluated the reports from the internal and external assurance providers which have also been reported to the Joint Audit Committee. This Annual Governance Statement sets out the Constabulary's arrangements for receiving reports and identifying weaknesses in internal control.
- 5.5 In line with the Internal Audit Charter, the key elements of the corporate governance framework are risk assessed and reviewed periodically by Internal Audit.

6 Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance

- 6.1 The projected reductions in government grant funding present a risk that either savings are not delivered in time or that savings are delivered in a way that reduces services levels. Work has already begun, within the Force Development Programme, on efficiency initiatives that will deliver cost reductions without adversely impacting upon effectiveness.
- 6.2 The recent HMIC review of effectiveness identified some concerns for HMIC with the processes for dealing with incidents of reported domestic abuse, although it was acknowledged by HMIC that Hampshire Constabulary does treat domestic abuse seriously and that there was no evidence of any adverse impact on the victims of domestic abuse. Nevertheless, as a result of the concerns raised the Constabulary made an immediate change to how domestic abuse incidents are responded to. This change is already producing an increase in arrest rates for domestic abuse but it will be an area for continued focus.
- 6.3 A significant risk was highlighted for summer resourcing. The Constabulary faces increased demand in the summer which is more challenging to respond to with the reduced resources available. A gold group was set up to consider how resource can be best used through this period to meet the demand and how demand may be reduced. Liaison with public event organisers has resulted in a planned reduced police presence at some events and greater use of the Special Constabulary is planned to assist but internal resources will still need to be redistributed to best meet the forecast demand. This is made possible by the central resource management now in place.

- 6.4 The Constabulary has undertaken and will continue to undertake comprehensive demand mapping and forecasting to assess the current and future delivery and skills gaps. An updated People Strategy will identify the skill sets required to deliver performance now and in the future and put in place a programme of work to recruit and train personnel in the required roles and with the required skill sets. This is fully integrated to the change programmes and medium term financial strategy to ensure that the plans are deliverable, affordable and sustainable.
- 6.5 The Constabulary is developing and enhancing the health and wellbeing strategy. In particular, plans will be put in place to reduce the time for persons referred to Occupational Health to be seen.
- 6.6 The 'role of the manager' review within shared services was completed in 2016/17 but the implementation will take place in 2017/18 after changes to the system and processes are put in place.
- 6.7 The Constabulary has a suite of policies and procedures that set out more detailed requirements. It was noted in 2015/16 that some policies and procedures were past their date for review. In many cases, those procedures will be low risk where no changes may be necessary but a programme of work is underway to ensure that all policies and procedures are updated. Higher risk policies and procedures were prioritised for review. Updated corporate support policies and procedures will be available via new webpages that will go live when the 'role of the manager' changes are implemented.
- 6.8 The Joint Audit Committee's terms of reference and arrangements for review of effectiveness were scheduled for a review, however, this had to be delayed to allow new members of the Joint Audit Committee to be recruited and inducted as the term of two of the previous members of the Committee expired. The terms of reference and arrangements for review of effectiveness will need to be reviewed in 2017/18.

7 There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored

In response to the Action Plan identified in the 2016/17 Annual Governance Statement:

- 7.1 The Constabulary aimed to better set out the key principles that it is working to. The previous collection of statements such as the mission and vision were replaced in 2016/17 by the Constabulary's new purpose and six key areas of focus which is published on the new Constabulary website, making it easier for stakeholders to find.
- 7.2 The Constabulary also set out to create a new statement on counter fraud. This was created as part of the CIPFA Counter Fraud Self Assessment work.
- 7.3 The Constabulary planned to make further improvements to the shared services environment. A 'role of the manager' review was completed in 2016/17 and a project team is in place making changes to improve the service further in 2017/18.
- 7.4 The Constabulary has a suite of policies and procedures that set out more detailed requirements. It was noted in 2015/16 that some policies and procedures were past their date for review. In many cases, those procedures

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- 7.5 The Joint Audit Committee's terms of reference and arrangements for review of effectiveness were scheduled for a review, however, this had to be delayed to allow new members of the Joint Audit Committee to be recruited and inducted as the term of two of the previous members of the Committee expired. The terms of reference and arrangements for review of effectiveness will need to be reviewed in 2017/18.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee and that 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 set out in this Statement.

We 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:

Signed:

Chief Constable

Chief Finance Officer

Date:

Date: