



**ANNUAL GOVERNANCE STATEMENT
2017/2018**

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- [Practice on Local Authority Accounting in the United Kingdom 2016/17 \(CIPFA/LASAAC, 2016\)](#) and meets with the requirements of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an Annual Governance Statement during ~~2017/18~~~~2016-2017~~.

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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 201~~8~~~~7~~ 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 [College of Policing's 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.

[3.1.3.1.4](#) To support him in his role as the Monitoring Officer (MO), the Chief Executive has appointed a legally qualified Deputy MO. The deputy MO is an external appointment, whose host employer is Hampshire County Council. The deputy MO provides valuable additional oversight for the CX and the Police and Crime Commissioner on the Governance Framework.

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. During 2018/19 work commenced to review and update both Contract Standing Orders and the Scheme of Delegation. This work is almost complete, and updated versions will be published in summer 2018.
- 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.~~

~~6.26.1~~ 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~~ 2018/19, and will take into account CIPFA's recently published guide 'Audit Committees – Practical Guidance for Local Authorities and Police 2018'.

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.~~

~~7.27.1~~ 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. Feedback is positive.~~

~~7.37.2~~ 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~~ 2018/19 and will take into account CIPFA's recently published guide 'Audit Committees – Practical Guidance for Local Authorities and Police 2018'.

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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:

Signed:

Chief Executive

Date:

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