

Richard Rhodes

Police and Crime Commissioner for Cumbria

Carleton Hall

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Our reference: DC

Date: 13 June 2014

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT AND STANDARDS COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE

A Meeting of the Joint Audit & Standards Committee will take place on **Monday 23rd June 2014** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **10.30 am**.

**S Edwards
Chief Executive**

Note: Members are advised that allocated car parking for the meeting is available in the Visitors Car Park to the left of the main Headquarters building.

Please note – there will be a private internal audit meeting between the members and Management Audit Unit 09.30am – 10.30am

COMMITTEE MEMBERSHIP

Mr Patrick Everingham (Chair)
Mrs Fiona Daley
Mr Andy Hampshire
Mr Jack Jones

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. DISCLOSURE OF PERSONAL INTERESTS

Members are invited to disclose any personal/prejudicial interest which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.

4. MINUTES OF MEETING

To receive and approve the minutes of the committee meeting held on 31 March 2014 (copy enclosed)

5. ARRANGEMENTS FOR GOVERNANCE 2013 – 14

Effectiveness of Arrangements for Audit

(a) A joint report of the Commissioner and Chief Constable's Chief Finance Officers on the effectiveness of arrangements for audit (copy enclosed) – *To be presented by the Commissioner's Chief Finance Officer*

Annual Report of the Joint Audit and Standards Committee

(b) To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance (copy enclosed) – *To be presented by the Commissioner's Chief Finance Officer*

Effectiveness of Governance arrangements

(c) A report of the Chief Executive and Chief Finance Officer of the Commissioner on the effectiveness of Governance arrangements (copy enclosed) – *To be presented by the Commissioners Chief Finance Officer*

Internal Audit report on the arrangements for the Annual Governance Statement

(d) A report by the Internal Auditors on the Police and Crime Commissioner's Annual Governance Statement (copy enclosed) - *To be presented by the Internal Auditor (Ms E Toyne)*

The Commissioner's Code of Corporate Governance

(e) A report of the Chief Finance Officer of the Commissioner on the Commissioner's Code of Corporate Governance (copy enclosed) – *To be presented by the Commissioners Chief Finance Officer*

The Commissioner's Annual Governance Statement

(f) The Commissioner's 2014 on the Annual Governance Statement (copy enclosed) – *To be presented by the Commissioners Chief Finance Officer*

Effectiveness of Governance arrangements

(g) A report of the Chief Finance Officer of the Constabulary on the effectiveness of Governance arrangements (copy enclosed) – *To be presented by the Constabulary's Chief Finance Officer*

Internal Audit report on the arrangements for the Annual Governance Statement

(h) A report by the Internal Auditors on the Chief Constable's Annual Governance Statement (copy enclosed) - *To be presented by the Internal Auditor (Ms E Toyne)*

The Chief Constable's Code of Corporate Governance

(i) The Chief Constable's 2014 Code of Corporate Governance (copy enclosed) – *To be presented by the Constabulary's Chief Finance Officer*

The Chief Constable's Annual Governance Statement

(j) The Chief Constable's 2014 Annual Governance Statement (copy enclosed) – *To be presented by the Chief Constable's Chief Finance Officer*

6. GRANT THORNTON FEES 2014-15

To receive from Grant Thornton UK LLP the External Audit Fee 2014-15 for

- (i) Office of the Police & Crime Commissioner; and
- (ii) Cumbria Constabulary

7. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS

To receive an updated summary of actions implemented in response to audit and inspection recommendations (copy enclosed) – *To be presented by the Chief Constable's Chief Finance Officer*

8. INTERNAL AUDIT CHARTER - PERFORMANCE MEASURES

To receive the Performance Measures proposed for the Internal Audit Service (copy enclosed) - *To be presented by the Ms E Toyne.*

9. INTERNAL AUDIT – ANNUAL REPORT

To receive an annual report from the Management Audit Unit (copy enclosed) - *To be presented by the Ms E Toyne*

10. INTERNAL AUDIT REPORTS

To receive reports from the Management Audit Unit regarding audits undertaken (copy enclosed)

- i. Data Quality: Victim Satisfaction – Crime

The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website.

- i. Debtors Income and Banking
- ii. Budget Management and the Main Accounting System
- iii. Police Creditors and Petty Cash

11. TREASURY MANAGEMENT ACTIVITIES 2013-14 – JANUARY TO MARCH 2014 AND TREASURY MANAGEMENT OUTTURN

To receive a report on treasury management activities for January to March 2014 (copy enclosed) – *To be presented by the Deputy Chief Finance Officer*

12. GRANT REGULATIONS

To receive and approve the Commissioner's Grant Regulations guidance document (copy enclosed) – *To be presented by the Commissioner's Chief Finance Officer*

13. OPCC ANTI-FRAUD AND CORRUPTION ACTIVITY MONITORING

To receive a report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption (copy enclosed) – *To be presented by the Chief Executive.*

14. MONITORING AND EFFECTIVENESS OF THE PCC / OFFICER PROTOCOL AND THE CODE OF CONDUCT

To receive a report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol (copy enclosed) – *To be presented by the Chief Executive.*

15. OPCC RISK MANAGEMENT MONITORING

To receive a report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management (copy enclosed) – *To be presented by the Governance and Business Services Manager*

16. OPCC STRATEGIC RISK REGISTER

To receive the OPCC Strategic Risk Register (copy enclosed) – *To be presented by the Governance and Business Services Manager*

PART 2 - ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

17. CONSTABULARY RISK MANAGEMENT UPDATE

To receive a report from the Constabulary on their management of risk, including an updated Strategic Risk Register (copy enclosed) – *To be presented by the Deputy Chief Constable*

Agenda Item No 4**CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY****JOINT AUDIT & STANDARDS COMMITTEE**

Minutes of a Meeting of the Joint Audit & Standards Committee held on
Monday 31st March 2014 in Conference Room 2, Police Headquarters,
Carleton Hall, Penrith, at 10.30 am

PRESENT

Mr Patrick Everingham (Chair)
Mrs Fiona Daley
Mr Andy Hampshire
Mr Jack Jones

Also present:

Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)
Engagement Manager, Grant Thornton (Richard McGahon)
Engagement Lead, Grant Thornton (Fiona Blatcher)
Deputy Chief Constable (Jeremy Graham)
Constabulary Chief Finance Officer (Roger Marshall)
PCC Chief Finance Officer (Ruth Hunter)
Deputy Chief Finance Officer (Michelle Bellis)
Budget & Finance Assistant (Dawn Cowperthwaite)

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**72. APOLOGIES FOR ABSENCE**

No apologies for absence were received as all members were present.

73. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the Agenda.

74. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There are no items of urgent business to be considered by the Committee.

RESOLVED, that under section 100A(4) of the Local Government Act 1972, (as amended), the press and public be excluded from the meeting during consideration of the following items on

the grounds that they involve the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act-

Item No	Item	Paragraph No
20	Risk Management Update – Constabulary	7
21	Value for Money (VfM) in Partnerships	3 & 9

Following discussions the Committee concluded that agenda item 20 should be taken in the open part of the meeting. This was agreed.

75. MINUTES OF MEETING

The minutes of the meetings held on 2nd December 2013 and 25th February 2014 had been circulated with the agenda.

RESOLVED, that, the minutes of the meetings held on 2nd December 2013 and 25th February 2014 be approved,

As there were no members of the press or public present and to enable the Deputy Chief Constable to attend a meeting, the Committee agreed to take agenda items 20 and 21 at the beginning of the meeting.

As agreed, the Part 2 item will be heard next.

PART 2 – ITEMS CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC

76. REPORT ON PARTNERSHIP VFM

The Deputy Chief Constable took members through an update report on the Constabulary's Value for Money (VfM) assessments as they relate to Constabulary Partnerships. This report has been brought to the Committee following a request by them at the December meeting, to receive details regarding all Constabulary Partnerships following the Audit report in 2010.

The Deputy Chief Constable stated that following an audit inspection in 2010 had evaluated the Constabulary's VfM Partnerships as 'weak', a report was subsequently presented to the then Police Authority. Following improvement that had been implemented a further audit in 2011 was evaluated as 'good'.

In response to a question from a member the Deputy Chief Constable confirmed that Partnerships were reviewed on an individual basis and any improvements/changes were considered during these reviews.

RESOLVED, that, the report be noted

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

77. RISK MANAGEMENT UPDATE – CONSTABULARY

The Deputy Chief Constable presented the Constabulary's risk management update to the Committee stating that the risk register was largely the same as the Committee had seen in December although there had been a lot of work completed on risk 21 which dealt with the risk of a death in custody and this had resulted in a reduction of the potential risk.

A member asked why a death in custody was considered to be a strategic risk whilst other potential deaths were not. The Deputy Chief Constable stated that the Constabulary had a duty of care for those people being detained and a lot of those being detained were considered vulnerable. Deaths in custody were significant issues for the public and that was why it had been elevated to a strategic risk.

A member went on to ask if there was a scheduled review planned to look at the improvements that had been put in place. The Deputy Chief Constable confirmed that as well as a formal six monthly review, a quarterly review process had been put in place to ensure that the changes that had been made were effective, it was also in the audit plan for 2014-15.

RESOLVED, that, the report be noted

78. ANNUAL WORK PROGRAMME

The Commissioner's Chief Finance Officer presented the Committee's proposed Work Programme for 2014/15 and stated that it had been amended using the new Terms of Reference.

A member commented that the first five items for every meeting were standard items and that they had concerns that the Committee may struggle with the volume of work. The Commissioner's Chief Finance Officer referred to the CIPFA publication on Audit Committee's which suggested that members could be given sight of all audit reports as and when they were signed off. They could then report to the Chair any that they felt needed to be brought to meetings for further action/discussion. Another member stated that as long as it was noted in agendas and minutes that members had seen all of the reports they would be happy with this suggested approach.

Referring to the Risk Management Monitoring and the Anti-Fraud and Corruption Activities reports, a member asked whether the Committee should receive a report from both the Commissioner's and the Chief Constables office. The Commissioner's Chief Finance Officer confirmed that the Committee would usually just receive the one report from the Commissioner's office but this could be reviewed if the Committee felt it were necessary, the Committee agreed to discuss this further and contact the OPCC with their thoughts.

RESOLVED, that, the report was considered and reviewed and that practices be put in place for the members to see audit reports as and when they are finalised and for only those reports specified by the members to be brought to future meetings

79. CORPORATE CREDIT CARD POLICIES

The Commissioner's Chief Finance Officer presented the Commissioner's Corporate Credit Card Policies to the Committee following amendments made as a result of the South Wales report. They were now much more robust and in parts much more prescriptive.

A member highlighted Section 5 where it was suggested that staff and officers keep a photocopy or scanned copy of both the front and back of the card to aid them if a card is lost or stolen. The member queried if this was a good idea. The Commissioner's Chief Finance Officer stated that this section would be amended to suggest that staff and officers make a note of their card number and the contact phone numbers and keep these in a safe place.

A member commented that they liked the fact that three different documents had been produced but queried whether cash should be able to be withdrawn on these cards. The Commissioner's Chief Finance Officer confirmed that the policies would be re-written to state that cash must not be withdrawn using the cards. They also queried whether the 'Appropriate Action to be taken' would be in the form of disciplinary action. The Commissioner's Chief Finance Officer confirmed that it would and that the procedures also related to the Anti-Fraud and Corruption procedures.

Another member commented that the wording in the final paragraph of agenda item 6(ii) should be amended to read '**should** ensure that you don't breach these limits' rather than '**will** ensure you don't breach these limits'. It was also noted that this sentence was missing from the other two policy documents. The Commissioner's Chief Finance Officers confirmed that these issues would be amended.

RESOLVED, that, the report was considered and reviewed and would be amended as per the above comments

80. GRANT THORNTON AUDIT PLAN UPDATE

The Engagement Lead provided an update regarding progress on the current audit plan, highlighting the following key points:

- Page 4 detailed background which feeds into Value for Money and is business specific, it detailed the challenges and opportunities for the Constabulary and the OPCC
- Page 7 highlights the significant risks identified and are assumptions for all organisations
- There have been no significant concerns identified to date

RESOLVED, that, the report has been considered and reviewed

81. GRANT THORNTON – JOINT AUDIT AND STANDARDS COMMITTEE UPDATE – MARCH 2014

The Engagement Manager took the Committee through the report and advised that the aim of the report was to give an indication of progress on the audit plan up to 11th March 2014. The members were also advised that the CIPFA documents discussed in the report would be available from the Budget and Finance Assistant on request.

A member asked if the Chief Finance Officers planned to follow up on the issues raised in the report and if the Committee would receive updates on these issues in future. The Commissioner's Chief Finance Officer advised that they were cognizant of the issues but that due to shorter timeframes on other pieces of work it is not anticipated that they would be followed up on in the short term. They also advised that Grant Thornton would be the most appropriate people to update the Committee in future meetings as the report was produced by them.

The member went on to state that they were comfortable with this assurance and asked where the OPCC stood on the last paragraph on the document which states that PCC's are not currently publishing all of the data that the Police Reform and Social Responsibility Act 2011 requires.

The Chief Finance Officer advised that we are not yet fully compliant around issues of procurement contracts and work is ongoing on this. This was primarily as a result of legal challenges around the publishing of contracts as there is a lot of confidential information contained in them. Further work is on-going to establish the legal position and avoid needing to bring in additional resources to make redactions prior to publication. The Chair commented that this sounded like a very prudent approach.

RESOLVED, that, the reports were considered and reviewed

82. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS

The Constabulary's Chief Finance Officer took members through the report providing an update on actions which had been undertaken regarding key audit recommendations. They were advised that there were 23 actions outstanding and that of these 13 were related to integrity audits. One of the two actions that have exceeded their timescale related to Oracle audit security. This was a collaborative piece of work and up to now there had been only one member of IT staff able to complete this work. Another member of staff had now been trained in the system so this action would be completed shortly.

With relation to the actions around Crime and Incident reporting, the Deputy Chief Constable advised that Audit Compliance officers had now been transferred to Headquarters in permanent positions to train officers and ensure that crime reporting was done correctly the first time round. During the last data quality audit it was reported that the Constabulary had an average compliance rate of 82%. A member asked what compliance level they would like to achieve. The Deputy Chief Constable advised that they would like to see a level of 90% or greater.

A member commented that they were happy with the current approach and suggested that as this was going to be an ongoing piece of work and that the original action had been completed that they would be happy for this action to be removed from the monitoring report. This was seconded by another member.

RESOLVED, that, the reports have been considered and reviewed and that the action on Crime and Incident Reporting be removed from the monitoring report.

83. INTERNAL AUDIT CHARTER

The Audit Manager advised members that the Internal Audit Charter is one of the key requirements of the Public Sector Internal Audit Standards (PSIAS) to which Cumbria Shared Internal Audit Service was required to conform. The charter describes the purpose, authority, responsibilities and objectives of Internal Audit.

The Commissioner's Chief Finance Officer advised that the Chief Constable and the Commissioner had approved the document, subject to any recommendations made by the Committee. A member commented that they would like to see something specific in the charter around performance. The Audit Manager agreed that they would look into this with a view to including performance indicators in the document.

RESOLVED, that, the reports were considered and reviewed.

84. GRANT THORNTON REVIEW OF INTERNAL AUDIT

The Audit Manager advised that Cumbria County Council commissioned an external review of the Internal Audit Shared Service in spring 2013. The key areas of focus arising from the audit are given below: -

- Approval of the Audit Charter and development of the Quality Assurance and Improvement Programme
- Develop a uniform risk-based approach to internal audit planning in order that similar risks across clients are identified and responded to in a consistent and timely manner
- Improve the balance between the time spent on traditional fundamental systems and strategic/corporate/operational risks in order to ensure that assurance is provided in the areas that really matter to key stakeholders

- Develop the Internal Audit Manual to provide a reference source from which all staff can operate ensuring a clear and standardised approach to documenting, reviewing and reporting internal audit work
- Increase client engagement, in particular at senior management level, in order that internal audit really understands the organisational risks and can focus their efforts in areas of significance to management, so that internal audit's work is welcomed and of more value
- Develop key performance measures for the Service in order to aid the Group Audit Manager, Section 151 officers, management and stakeholders to identify and monitor performance as well as take any necessary corrective action
- Realise the benefits from creating the Shared Service, in particular, making better use of audit staff across the clients to share best practice, benchmark systems, provide staff with new challenges and clients a fresh perspective.

A member commented that they felt that some of the basics were missing and that they would like to see some real changes such as time taken to receive final reports and the format of those reports. The Audit Manager confirmed that the members would see changes in the reports from the commencement of the new audit plan as a new style of reporting was being introduced. The Operations Board for the Shared Service had met and agreed a single report format.

The Commissioner's Chief Finance Officer advised that although Internal Audit would be using a standardised report format, reports would be tailored to each organisation and that a lot of work had been done to take the emphasis away from financial systems to make Internal Audit more highly focussed on risk.

A member commented that recommendation five stated that in comparing the shared service with other service providers internal audit was not in line with their comparators. The Audit Manager confirmed that this had been amended and would be reflected in the 14/15 plan. It would also be looked at when the Commissioner's Chief Finance Officer produced their annual review of effectiveness.

RESOLVED, that, the reports were considered and reviewed.

85. INTERNAL AUDIT – PROGRESS REPORT

The Audit Manager presented a progress report which summarised the internal audit work which had been carried out up to the end of February 2014. At that time 78% of the internal audit plan had been completed with 37 days still outstanding. This was a favourable position when measured against the previous year when 62% of the audit had been completed in the same timeframe.

Eleven pieces of audit work had been completed to date, Treasury Management (good), Territorial Policing Areas (satisfactory), Data Quality (fair), Integrity – OPCC (satisfactory) and Integrity – CC (satisfactory), Constabulary and OPCC Payroll (both graded as good), Police

Pensions (good), Capital programme and asset register (good), Data Quality – Anti-social behaviour (fair), Seized/held property handling and claims (weak).

RESOLVED, that, the reports were considered and reviewed.

86. INTERNAL AUDIT REPORTS

(i) Constabulary Payroll

In November 2013 internal audit undertook a review of the Constabulary Payroll. An overall evaluation of 'good' had been given. The following recommendations were made.

- i. Grade 2 – The outstanding annual leave for 00876 should be checked and paid
- ii. Grade 2 - New members of staff should be closely supervised and their work checked prior to the pay run deadline so errors can be rectified before payments are made
- iii. Grade 3 – Enquiries should be made to ensure that there were no other errors with the uplifts of maternity pay

(ii) OPCC Payroll

In November 2013 internal audit undertook a review of the OPCC Payroll. An overall evaluation of 'good' had been given. No recommendations were made.

(iii) Police Pensions

In November 2013 internal audit undertook a review of the controls in place for the administration of Police Pensions. An overall evaluation of 'good' had been given and there were no recommendations made.

(iv) Capital programme and asset register

Internal audit undertook a review of the capital programme monitoring and the asset register in December 2013. An overall evaluation of 'good' had been given and there were no recommendations.

(v) Data Quality – anti-social behaviour

In December 2013 internal audit undertook a review of Anti-Social Behaviour at the request of the Commissioner's Chief Finance Officer. An overall evaluation of 'fair' had been given. The following recommendations were made.

- i. Grade 2 - Vulnerable victims should be identified at the point of report, with the nature of their vulnerability fully logged
- ii. Grade 2 – Attending officers should be clearly updated of the need for a ASBRAs and the repeat and vulnerable status of victims

- iii. Grade 2 – ASBRA incidents should be subject to supervisory review on a consistent basis
- iv. Grade 2 – The low rate of compliance with National Incident Recording Standards should be fully addressed
- v. Grade 2 – There should be closer liaison between the Central Crime Management Unit and the Communications Centre regarding incident recording issues highlighted by quality assurance checks
- (vi) Seized/held property handling and claims

In October 2013 internal audit undertook a review of Seized/held property and property held in storage. An overall evaluation of 'weak' had been given. The following recommendations were made.

- i. Grade 1 - The Constabulary should adopt a policy and procedures for property handling
- ii. Grade 2 – The Force should take immediate steps to review, and, where possible, reduce the amount of property it currently has stored. Retention periods for property items should be established. These should be linked to the nature of the crime an item is connected to
- iii. Grade 2 – The Constabulary should consider, on a case by case basis, photographing items of property where circumstances allow in order to enable the return or disposal of the item
- iv. Grade 2 – A process should be introduced to ensure that outstanding property is regularly reviewed and that clear and legitimate reasons are given for its continued retention. Requests for information/communication from front counter staff should be responded to in a timely fashion
- v. Grade 2 – A process should be introduced to ensure that a more proactive approach is adopted towards monitoring the booking in, retention and disposal of property taken into police possession by officers
- vi. Grade 2 – Appropriate levels of consistency should be established and applied to property descriptions. Policy should dictate what information should be recorded and whether related items are listed separately or as single entries
- vii. Grade 2 – All officers and staff need to ensure that when items of property are removed from, or returned to any store, that the property register is updated with its current location
- viii. Grade 3 – ICT should consider the greater use of tool tips or field descriptions in the property register to aid the capture of the most applicable information
- ix. Grade 2 – The Constabulary should review how it handles small, high value items of property such as smart phones. Consideration should be given to placing such items in a safe
- x. Grade 2 – The claims process should be documented to ensure a consistent approach to claims handling. This should include guidance on how claims should be handled from receipt to resolution. The Constabulary may also consider directing all claims via Legal Services in the first instance to ensure that they have sight of all claims received

A member asked how and why items of seized/held property go missing. The Deputy Chief Constable advised that items could go missing due to a lack of care taken by those handling the property, procedures were clearly not up to standard and needed to be more robust.

Another member was concerned that 'all officers' have access to the sharepoint system for logging seized/ held property, rather than restricting it to identified officers and asked if there was any national guidance on this. The Deputy Chief Constable advised that all officers have access to the sharepoint system as any officer may need to record property. He was not aware of any national guidance.

RESOLVED, that, the reports have been considered and reviewed.

87. INTERNAL AUDIT PLAN 2013-14

The Audit Manager presented the proposed Internal Audit plan for 2014-15. The proposed plan identified the core audits to be delivered which incorporated a contingency to enable the internal audit to respond to developments and the need for emerging work.

The proposed plan included 180 base days.

A member commented that they thought that the increased focus on a risk based audit was a very good approach although they felt it could prove more difficult to complete. They welcomed the areas on risk management but would have preferred to see the Budgetary Control areas named Budgetary Management.

RESOLVED, that, the reports have been considered and reviewed

(Note: There was a break in the meeting from 12.35pm to 12.40 pm. Deputy Chief Constable Graham and Fiona Daley left the meeting at this point with three members remaining.)

88. TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES 2014/15

The Deputy Chief Finance Officer presented the Treasury Management Strategy and Practices for 2014/15. The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice for Treasury Management in Public Services and the Prudential Code require Local Authorities (including PCC's) to determine the Treasury Management Strategy Statement and Prudential Indicators on an annual basis.

The Deputy Chief Finance Officer stated that the main changes from the previous years' strategy were some small changes to some investment limits.

RESOLVED, that, the reports have been considered and reviewed

89. TREASURY MANAGEMENT ACTIVITIES 2013-14 – OCTOBER TO DECEMBER 2013

The Deputy Chief Finance Officer presented to members the Treasury Management Activities for October to December 2013. The total interest earned from investments in the period October to December 2013 was £40k, bringing the total for the first three quarters of the year to £108k. The current forecast for receipts for the full year was £143k, an increase of £61k on the full year estimate.

RESOLVED, that, the reports have been considered and reviewed

90. RISK MANAGEMENT STRATEGY – OPCC

The Commissioner's Chief Finance Officer presented the Office of the Police and Crime Commissioner's Risk Management Strategy. She advised that, broadly speaking this document was an update of the previous years' strategy and would be further developed over the next year to reflect the change in responsibilities specifically around victim's service/restorative justice that had implications for risk. A workshop was being planned for the team that aimed to ensure risk management was well understood and would provide an opportunity to give consideration to the issue of risk appetite.

A member commented that they were pleased to see this document and they were glad to have had the opportunity to comment on it prior to it being brought to the meeting as it was important for risk management to become embedded. They also advised that they would be happy to spend some time with the Commissioner's Chief Finance Officer to support the work on risk appetite.

RESOLVED, that, the reports have been considered and reviewed

(Note: The Chief Executive joined the meeting at this point.)

91. STRATEGIC RISK

(i) Office of the Police & Crime Commissioner Strategic Risk Register

The Commissioner's Chief Finance Officer presented a copy of the OPCC's strategic risk register and guided the committee through the register. She asked for any comments on the items or the scoring, there were no comment made.

RESOLVED, that, the contents of the report be noted.

(Note: The Commissioner's Chief Finance Officer left the meeting at this point.)

92. SOUTH WALES RECOMMENDATIONS – UPDATE

(i) Office of the Police & Crime Commissioner

The Chief Executive presented an update on the actions allocated to the Commissioner, formulated by the South Wales Report. From the 36 recommendations made by South Wales police, one action was reported as ongoing, two were not yet due for completion and all of the others had been completed.

A member asked if this had been just an exercise in ticking the boxes or whether it was felt that actual improvements had been made. The Chief Executive assured the Committee that improvements had been made but that far and away the most important aspect to come out of this work is that there was now a much more open and transparent relationship between the Chief Constable and the Commissioner.

Another member commented that a lot of them items were fine detail around performance management and asked if there was a robust system between the Commissioner and the Chief Constable, the Chief Executive confirmed that there was.

(ii) Cumbria Constabulary

The Chief Constable's Chief Finance Officer presented the Constabulary report on the South Wales actions to the Committee highlighting that, broadly speaking, the Constabulary report was much the same as the Commissioner's in that the actions in the whole had been completed with only three items ongoing.

A member commented that given how the original report looked when it was received from South Wales they were very happy to see both the reports from the Commissioner and the Chief Constable as they had been transferred into much more decipherable and useful format.

RESOLVED, that, the reports were considered and noted

Meeting ended at 1.15pm

Signed: _____

Date: _____



Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee
Monday 23rd June 2014
Agenda Item 5a

Review of effectiveness of the arrangements for Audit 2013-14

A Joint Report by the Chief Executive and Chief Finance Officers of the Police and Crime Commissioner and Chief Constable

1. Introduction and Background

1.1 The Accounts and Audit Regulations 2011, Regulation 6 (3) make a requirement upon relevant bodies to conduct, at least once in each year, a review of the effectiveness of its Internal Audit. The findings from the review must be taken into account as part of consideration of the effectiveness of the system of internal control and approval of the Annual Governance Statement (AGS).

1.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Annual Report accompanying this item on the agenda.

1.3 The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS) and the associated Local Government Application Note (LGAN). This is further supported by an external review undertaken by Grant Thornton and progress updates arising from recommendations made following that review. The review, in assessing the adequacy and effectiveness of the internal audit function, provides further assurance in respect of the reliance that can be placed on the opinion given by the Head of Internal Audit in her annual report for the Annual Governance Statement. The review of the effectiveness of the arrangements for

the Joint Audit and Standards Committee is undertaken in line with the CIPFA 2013 guidance¹ that provides an evaluation self-assessment framework and a checklist of good practice.

2. Effectiveness of the Internal Audit Function

2.1 The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS and the associated LGAN. The Audit Manager is required under the PSIAS to include within her annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit and Standards Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.

2.2 The Local Government Application Note produced by CIPFA contains a checklist for periodic self-assessment of conformance with the standards. The checklist which runs to over 50 pages incorporates the requirements of the PSIAS as well as those from the LGAN to ensure comprehensive coverage of both documents. The checklist is summarised within this report. The full document has been reviewed by the Commissioner and Chief Constable's Chief Finance Officers and will also be attached to the year-end papers available for inspection by the external auditor.

2.3 Internal audit has undertaken a significant programme of development work over 2013-14 in order to modernise the service and ensure its work is undertaken in conformance with the Standards. Projects have been undertaken in the following areas:

- A review of the approach to audit planning to ensure a fully risk based approach is taken across the Shared Internal Audit Service
- A review of the approach to scoping and closing out audit reviews to increase senior management input and buy-in to internal audit work
- A review of the approach to undertaking internal audit reviews to ensure a fully risk-based approach is adopted
- A review of the performance management framework to identify a suite of performance measures to allow more effective management of the service

2.4 The service is also nearing completion of a staffing restructure designed to improve efficiency and ensure that the staffing structure is appropriate to deliver the new risk based audit plans across the shared service. At the same time, the team will be moving to a new office location which will allow the audit team to work more closely together, thereby increasing knowledge sharing and further enhancing the delivery of the shared internal audit service.

¹ audit committees\Practical Guidance for Local Authorities and Police

2.5 The review has identified a small number of areas where conformance with the standards has not been fully achieved and actions are in place to address these during 2014-15. These items are not considered to have impacted on the reliance that can be placed on the work of internal audit or on the quality of the overall opinion provided. The specific areas are set out below:

- There is a requirement for a comprehensive set of performance measures to be in place for the service. A small number of measures of internal audit performance were in place during 2013-14. These have been further developed for 2014-15 and are included for review on the agenda. The agreed measures will be appended to the Audit Charter.
- The core elements of a Quality Assurance and Improvement Programme were in place during the year but this had not been documented and shared with the Joint Audit and Standards Committee during 2013-14.
- There is currently no documented policy for the retention of internal audit documentation. Whilst no issues have arisen in relation to information governance within the service, it is acknowledged that a policy needs to be developed during 2014-15.

2.6 Internal audit was also subject to a review by Grant Thornton during 2013-14 designed to provide recommendations to assist with conformance with the Standards. Good progress has been made with the implementation of the actions arising from the report.

2.7 The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Head of Internal Audit against the CIPFA standard at Appendix B. Appendix C sets out an update on implementation of the recommendations from the Grant Thornton Review of Internal Audit Effectiveness. The Commissioner's Annual Governance Statement references within its action plan the continued implementation of actions arising from the review of the service against the PSIAS and LGAN and those arising from the review by Grant Thornton.

2.8 Whilst the review of internal audit against the PSIAS and LGAN standards provides the primary source of assurance, further assurance of the effectiveness of internal audit is taken from the opinion provided by the external auditors. This is included within Grant Thornton's Audit Plan Update Report on this agenda. The external auditors conclude that *"insert from GT report"*

3. Effectiveness of arrangements for an Audit Committee

3.1 The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit and Standards Committee against the assessment criteria and checklist provided by CIPFA in its 2013 publication, audit committees\Practical Guidance for Local Authorities and Police. The guidance document provides a detailed regulatory framework against which the work and activity of the

committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

- The arrangements for the Committee were put in place promptly at the inception of the OPCC and Constabulary as separate statutory entities. Members were recruited appropriately.
- The Committee's remit complied with best practice at the time, extended beyond the minimum requirements and there was a detailed plan of activity in place
- Audit and Standards Committee members have carried out their duties diligently, attended all meetings, made a valued contribution to governance arrangements and taken action on specific issues.
- Members have kept up to date with training and developments and adjusted their remit accordingly.

3.2 The overall conclusion and assessment from the review is that the Joint Audit and Standards Committee is effective in its operation. The review has demonstrated that within the areas of the self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 across all areas. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements. The full report of the review of effectiveness is included on the agenda to this meeting.

4. Conclusions

4.1 From the reviews described above, it is concluded that:-

- (i) The review of the internal audit shared service against the PSIAS and LGAN, and supported by the opinion of the external auditors, demonstrates that the service is effective
- (ii) The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit and Standards Committee is effective in its operation

4.2 When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2014, or to the date of this meeting.

5. Recommendations

5.1 Members of the Joint Audit and Standards Committee are asked to consider this report and:

- (a) Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2014 and to the date of this meeting, and

(b) Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2014-15.

Stuart Edwards
Commissioner's Chief Executive

Ruth Hunter
Commissioner's Chief Finance Officer/Deputy Chief Executive

Roger Marshall
Chief Constable's Chief Finance Officer

10th June 2014

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications:

The Annual Governance Statement and the underpinning reviews, including the effectiveness of arrangements for audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner and Chief Constable discharge their respective responsibilities.

Contact points for additional information

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Appendix A – Review of Internal Audit Effectiveness

1. Definition of Internal Auditing

- 1.1. Internal audit work is carried out in line with the definition of internal auditing so as to provide independent assurance on the Commissioner's and Chief Constable's systems of risk management, governance and internal control.
- 1.2. All internal audit reviews result in an audit report detailing the level of assurance that can be given. Standard definitions are in place to ensure consistency in the assurance levels across the service.
- 1.3. Internal audit does not have any operational responsibilities, thereby ensuring its ability to independently review all of the Commissioner and Chief Constable's systems, processes and operations.

2. Code of Ethics

- 2.1. The internal audit team have been made aware of the mandatory code of ethics within the PSIAS and had the opportunity to discuss this at a team meeting during 2013-14.
- 2.2. All internal audit work is performed with independence and objectivity and all staff are aware of the need for them to declare any relevant business interests in order that any potential conflict of interest or compromise to audit objectivity is effectively managed.
- 2.3. Staff are aware of their responsibilities in relation to confidentiality and information governance.
- 2.4. Arrangements are in place to ensure that work is performed by staff with the appropriate skills, knowledge and experience and that training and development needs are identified through annual appraisals and six month reviews.

3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit and Standards Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit and Assurance Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit and Standards Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Commissioner's Chief Finance Officer (\$151 Officer) who is a member of the Executive Board.

- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Commissioner's Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manager as part of the arrangements for management of the shared audit service.

4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. The staffing structure was being revised during 2013-14 and will be implemented in 2014-15. All job descriptions and person specifications have been revised to reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.
- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service. One member of the team has completed a computer audit qualification during the year and is now developing his portfolio through delivery of computer audit work across the shared service in order to obtain professional accreditation.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been developed during 2013-14. Whilst the programme had not been formally documented and reported during 2013-14, it is considered that the core elements of such a programme were in place and demonstrate conformance with the Standards. In particular:
- measures of internal audit's performance were reported to the Joint Audit and Standards Committee on a regular basis through the quarterly progress report
 - a customer feedback mechanism was in place to capture service improvements from the customer point of view
 - a programme of service improvement was delivered during 2013-14
 - an external assessment was undertaken by Grant Thornton and an action plan agreed to address the recommendations arising. The Commissioner's Chief Finance Officer (CFO) was interviewed as part of the review and the outcomes of the review were reported to the Joint Audit and Standards

Committee and the internal audit shared service board, of which the Commissioner's Chief Finance Officer is a member.

- an internal self-assessment against the PSIAS & LGAN was undertaken early in 2013-14 and again in March 2014 following completion of service development projects

4.6. It is recognised that there has been scope for further development of the QAIP, in particular around the development of more comprehensive measures of internal audit performance and the work to identify these has now concluded.

5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit and Standards Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment and include some contingency to allow internal audit to respond to emerging risks. Arrangements are in place to report required amendments to audit plans to the Joint Audit and Standards Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. It is acknowledged that the audit manual in place during 2013-14 had not been maintained and this was a recommendation made by Grant Thornton in their review of internal audit. The manual is now being updated to reflect the new working practices as the various projects conclude. The updating of the audit manual will continue through 2014-15 as working practices continue to be reviewed.
- 5.7. Internal audit contributes to improve the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

6. Engagement Planning

- 6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process has been fundamentally reviewed during 2013-14 to ensure that management input to the scope of each audit is obtained. A standard client notification document has

been designed and will be used for all audit reviews undertaken from the 2014-15 audit plans. Audit scopes include consideration of systems, records, personnel and premises.

- 6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.
- 6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.
- 6.4. Internal audit has not yet established a document retention policy. The Standards require that a policy is in place and arrangements ensure that it is complied with. The opportunity has been taken in preparing for the office move to shred files that are no longer required. However it is acknowledged that a document retention policy is required in order to demonstrate full conformance with the standards.
- 6.5. All internal audit work is subject to management review, however during 2013-14, there has not been a consistent approach in place to documenting and retaining evidence of this review. This has now been addressed through the review of the internal audit process and identification of key stages for manager review of audit files and reports.
- 6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. It was identified during 2013-14 that clients would appreciate the opportunity to discuss the draft reports with the auditor and this has now been implemented for 2014-15.
- 6.7. Audit final reports issued in relation to 2013-14 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan. During 2013-14, it was identified that there was an opportunity to revise the report to make it more concise. This has now been completed and a new report format has been approved by the Section 151 Officers of the Shared Service participants for implementation from 1st April 2014.
- 6.8. The Audit Manager produces an annual report to the Joint Audit and Standards Committee and the Executive Board, which includes the overall opinion on the arrangements for governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

7. Monitoring Progress

- 7.1. Arrangements are in place for follow up of agreed actions arising from internal audit reports and the outcome of these is reported to the Joint Audit and Standards Committee within the quarterly progress reports.

8. Communication of the Acceptance of Risks

- 8.1. Arrangements are in place to ensure that where key risks are accepted by management, this is discussed with senior management. Should the Audit Manager consider that the organisation is accepting a level of risk that may be unacceptable, this would be reported to the Joint Audit and Standards Committee and the Executive Board.

Appendix B - CIPFA Statement on the Role of the Head of Internal Audit 2010

1. Introduction

1.1 In 2010, CIPFA published a Statement on the [Role of the HIA in Public Sector Organisations](#) in recognition of the critical position occupied by the HIA within any organisation in helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. CIPFA introduced a 'comply or explain' requirement which has been formally set out within the CIPFA / SOLACE publication '[Delivering Good Governance in Local Governance: Framework Addendum \(2012\)](#)'.

1.2 The Addendum sets out 21 key elements of the typical systems and processes that comprise governance arrangements and requires that the annual review of the effectiveness of governance arrangements makes reference to each of these key elements.

1.3 In relation to the role of the Head of Internal Audit, the Addendum states that a key element of governance includes the arrangements for:

"Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact."

1.4 In order to make a public declaration of conformance with the Statement, it is recommended that a self-assessment is undertaken against the detailed requirements set out within the publication and signed off by the Chief Financial Officer / Corporate Management Team.

2 The Five PrinciplesThe Statement sets out how the requirements of legislation and professional standards should be fulfilled by HIA's in carrying out their role and is structured under five core principles:

2.2 The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by

- championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

2.3 To perform this role, the Head of Audit:

- must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
- must lead and direct an internal audit service that is resourced to be fit for purpose; and
- must be professionally qualified and suitably experienced.

2.4 The table below sets out the completed self-assessment for the HIA operating the shared internal audit service on behalf of the Commissioner and Chief Constable.

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation’s strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments				
1.1	Set out the HIA’s role in good governance and how this fits with the role of others.	HIA Role Profile sets out the contribution of the annual report of the HIA to the Annual Governance Statement. The PCC CFO acted as a panel member for recruitment to the HIA post.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the COPCC and Constabulary that are subject to audit	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Internal audit plan incorporates a contingency to respond to requests as necessary. The process for development of the audit plan ensures engagement with the business to identify risks and developments for inclusion within the audit programme. E.g. 2014-15 Barrow new build & communications centre	✓		
	Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation’s strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control				
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HIA are set out in the Role Profile and do not include any operational responsibilities. This is further supported by the shared service nature of the function with the County Council as provider	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	n/a			
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, and Audit Committee, non-executive directors /elected representatives). This covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit and Standards Committee has a clear terms of reference consistent with the CIPFA guidance.	✓		
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been reviewed by the Joint Audit and Standards Committee and agreed by the Executive Board.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	The Internal audit charter sets out internal audit's terms of reference.	✓		
2.7	Set out the basis on which the HIA can give assurances to	The basis of assurances provided to other organisations is set out	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	other organisations and the basis on which the HIA can place reliance on assurances from others.	within the Shared Services agreement. Assurance mapping exercises have been undertaken when preparing audit plans for 2014-15 to establish the nature of assurances provided by other agencies and have been factored into audit plans reviewed by the Joint Audit and Standards Committee and approved by the Executive Board.			
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g. risk management, corporate planning, anti-fraud and corruption and whistleblowing.	Key governance documents include the Code of Corporate Governance, scheme of delegation, arrangements for anti-fraud and corruption, financial regulations and procurement regulations. Risk management arrangements are in place and the corporate risk register for each organisation is reported to the Joint Audit and Standards Committee and Executive Board.	✓		
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion. This report is presented to the Joint Audit and Standards Committee by the Head of Internal Audit for review prior to approval by the Executive Board.	✓		
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report	The framework of assurance that supports the annual governance statement is documented within the Statement itself and the accompanying Code of Corporate Governance. Both documents set out the role of audit. The documents are prepared by the respective Chief Finance Officers of both entities.	✓		
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	IA is no longer required to produce a strategy. This was a requirement of the CIPFA Code of Practice for IA (2006) which has been replaced by the Public Sector Internal Audit Standards (PSIAS) which now require the annual internal audit plan to contain a high level statement of how the service is to be delivered. This is included within the Internal Audit annual plan for 2014-15.	✓		
	Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.				
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Audit Manager is the designated HIA for the OPCC.	✓		
3.2	Ensure that where the HIA is an employee that they are	N/A			

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.				
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	The arrangements for management of the shared service are set out within shared service agreement and operate through a shared service board attended by the CFO. The HIA reports into the board.	✓		
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a joint Audit and Standards Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately.	✓		
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		
3.6	Ensure that the organisation's governance arrangements allow the HIA: <ul style="list-style-type: none"> ▪ to bring influence to bear on material decisions 	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately and these are set out in the Internal Audit Charter.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	reflecting governance; <ul style="list-style-type: none"> ▪ direct access to the Chief Executive, other Leadership Team members, the Audit Committee and ▪ external audit; and ▪ to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate. 				
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HIA responsibilities are defined within the approved audit charter.	✓		
Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is considered to be adequately resourced to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	The performance management framework for internal audit has been developed and there is a range of performance measures for reporting to The Joint Audit & Standards Committee.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	Internal audit is subject to regular review by the Council's external auditor, Grant Thornton. The latest review took place during 2013-14.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	The Shared Internal Audit Service does not provide the external audit service.	✓		
Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other principles in this Statement and ensure that these are properly understood throughout the organisation.	HIA is ACCA qualified. HIA responsibilities are defined within the role profile for the post. The Internal Audit Charter supports the organisational understanding of the HIA role.	✓		
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HIA has 18 years' internal audit experience within Local Government and undertakes CPD to keep her skills up to date.	✓		

Appendix C – Update on agreed actions from Grant Thornton review of Internal Audit Effectiveness

Recommendation		Progress at 30 th April 2014	Status
Planning			
1	The Group Audit Manager should work with the Audit Managers to develop a uniform, risk-based approach to internal audit planning.	<p>The Group Audit Manager and Audit Managers have adopted a risk based audit planning methodology for the 2014/15 internal audit plans. Planning methodology includes:</p> <ul style="list-style-type: none"> ▪ consultation with senior management to identify priorities for audit plans ▪ review of corporate risk registers ▪ identification of Annual Governance Statement issues ▪ internal audit knowledge and experience <p>A risk assessment methodology is being used to identify respective priorities for internal audit taking into account factors including;</p> <ul style="list-style-type: none"> ▪ legal and reputational risk ▪ financial risk ▪ any known issues ▪ time since last audit review <p>In line with recommendation 3 below, longer term rolling programmes of financial system audits are being developed in conjunction with each organisation.</p> <p>All audit plans across the Shared service have been approved.</p>	Completed
2	The Group Audit Manager should present to Audit Committees on the coverage of key risks annually and over a longer term.	Audit plans are being developed to include the longer term programmes of financial system reviews to give audit committees an indication of when these reviews will take place within the cycle.	Completed
3	Under the risk-based internal audit approach, the Service should consider the	The audit planning process has taken into account the requirements of each participating organisation and formulated longer term plans for the financial system audit reviews over a	Completed

Recommendation		Progress at 30 th April 2014	Status
	need to audit financial systems annually, potentially releasing days to focus on areas of greater risk.	three year period. This has allowed for a higher proportion of the audit plans to focus on more strategic risks and governance arrangements.	
4	The Internal Audit Plan should clearly identify the key risks that each audit review is designed to address. In addition, the rationale for each audit should be clearly articulated including management and / or Audit Committee Members' concerns.	Internal audit plans for 2014/15 incorporate the rationale for inclusion in the audit plan (e.g. management or internal audit priority, inclusion in corporate risk register, AGS issue etc.). Plans are also being developed to include a brief description of the key areas the review is designed to cover in line with the management consultation and risk assessment methodology.	Completed
5	The benchmarking information provided by CIPFA should be reviewed and used to direct internal audit resources more effectively.	CIPFA benchmarking information has been reviewed and where this identified that internal audit resources were not in line with comparator organisations (e.g. financial systems audits), this has been factored into planning for 2014/15. This resulted in reductions in both computer audit work and financial systems audits and an increase in directorate risk-based audit reviews and corporate reviews.	Completed
6	Management should work with the Group Audit Manager to develop Integrated Assurance Framework for each client this facilitating the identification of gaps or duplication in assurance provision.	Internal audit has been collating information as part of the 2014/15 planning process, to identify where other sources of assurance are in place. This information has been used to avoid duplication and ensure the most appropriate use of internal audit resources. Further work will be undertaken during 2014/15 to fully document the various sources of assurance available.	In progress
Performance			
7	An Internal Audit Manual should be	A number of service development projects have been undertaken and the outputs from these	In progress

Recommendation		Progress at 30 th April 2014	Status
	developed and introduced following the review of the internal audit approach, standardisation of working papers and reporting format. Training should then be provided to all staff to ensure that they fully understand the requirements within the manual. The Manual should be followed by all staff and used to provide feedback in terms of compliance with agreed standards and practices thus driving improvements in quality.	<p>have included documented procedures which will be incorporated into the Audit Manual for the service.</p> <p>Some service development projects are due to commence during 2014/15 and these will also contribute to the updated audit manual.</p> <p>All audit staff will be trained in the new approach, working papers and audit reporting arrangements.</p> <p>A Quality Assurance and Improvement Programme is being developed for the service and this will help us monitor compliance with agreed processes and identify areas for improvement.</p>	
8	<p>Shared Service Internal Audit performance measures should be developed, discussed and agreed with management and the Audit Committees, e.g.</p> <ul style="list-style-type: none"> ▪ Issue of audit scoping within an agreed number of days prior to start on site; ▪ 100% of scoping documents to be agreed; ▪ Draft reports to be issued within an agreed number of days following debrief meeting; and 	<p>A set of proposed performance measures has been prepared for the service and discussed with the Shared Service Operations Board.</p> <p>The agreed performance measures will be monitored by the audit management team on a monthly basis and will be used to manage and develop the team.</p> <p>Performance will be reported to the Audit Committees on a quarterly (annual for certain measures) basis.</p>	Completed

Recommendation		Progress at 30 th April 2014	Status
	<ul style="list-style-type: none"> Draft reports to be finalised within an agreed number of days following issue to management. <p>Actual performance should be reported to management and the Audit Committees on a regular basis.</p>		
People			
9	<p>More opportunity should be provided for staff, where appropriate, to work across the various clients using the Shared Service in order to start to realise one of the main benefits perceived from the creation of the Service.</p>	<p>Work plans have now been developed for the shared service as a whole and work allocated across the team for the year.</p> <p>Work allocations have taken into account various factors including the need for greater opportunity for staff to work across all clients of the shared service.</p> <p>The current restructure and impending relocation of the audit will team will help us further address this recommendation.</p>	Completed
10	<p>The results of the staff survey should be reviewed by the team to collectively identify appropriate outcomes which address both personal development and improved service delivery opportunities</p>	<p>The results of the staff survey will be fed into the annual performance appraisals to ensure that the issues identified are picked up and addressed as appropriate.</p>	Outstanding
Profile			
11	<p>The Group Audit Manager should agree a plan to raise the profile of the service, agreeing measures of success with key stakeholders.</p>	<p>Work on raising the profile of internal audit has been ongoing during 2013/14.</p> <p>Audit Managers have attended Audit Committees and Senior Management team meetings to discuss audit plans, the approach to audit planning and delivery of audit work.</p> <p>A communications plan will be developed in 2014/15.</p>	Ongoing

Recommendation		Progress at 30 th April 2014	Status
<i>Products</i>			
12	<p>The standard format for internal audit reports should be developed for the Shared Service. These should include an Executive Summary which clearly and succinctly articulates:</p> <ul style="list-style-type: none"> ▪ The conclusion / assurance level; ▪ Audit objectives and scope; ▪ Background to the review; ▪ Areas of good practice, i.e. what is working well; ▪ Areas for improvement, i.e. what is not working well; ▪ Summary of recommendations; and ▪ Conclusion from any follow up work. 	<p>A new draft report template has been created for the shared service which addresses the recommendations from the Grant Thornton report as well as the Public sector Internal Audit Standards. The report has been approved by the Shared Services Operations Board for implementation from 1st April 2014.</p>	Completed
13	<p>The Group Audit Manager should meet with S151 officers and the Audit Committees to discuss and agree a criteria for determining the rating for audit recommendations.</p>	<p>Grading's for audit recommendations have been considered within the review of the audit report template. A standard approach has been developed for use across the shared service with defined criteria for each grading.</p>	Completed
14	<p>The Shared Service should use the audit recommendation tracking exercise to identify:</p>	<p>This is already in place in some areas of the Shared service through the use of the Covalent system.</p> <p>Consideration is now being given to how this can be developed across the shared service, whilst</p>	In progress

Recommendation		Progress at 30 th April 2014	Status
	<ul style="list-style-type: none"> ▪ Directorates where implementation is particularly slow or not in accordance with the agreed timescales; ▪ Senior managers who do not implement recommendations and provide the Audit Committees with the opportunity to require their attendance before the Committee; and ▪ Recommendations which are not implemented and therefore might identify themes which can be followed up by internal audit. 	ensuring that the implementation and monitoring of audit recommendations remains clearly with the management of the organisations.	
15	All audit scoping documents should be agreed with the relevant senior manager responsible for the audit area prior to the commencement of the fieldwork.	A new approach has been developed and rolled out across the team. A scoping meeting is now held at the start of all audit reviews to ensure that the scope takes into account management requirements of the audit and a scope is agreed.	Completed
16	The Shared Service should develop and agree objectives with the respective Service users in relation to their requirement from internal audit. This must have clear regard to the requirements of the PSIAS.	Draft objectives have been prepared and shared with the Shared Services Operations Board. These now need to be formalised and approved as appropriate.	In progress

Recommendation		Progress at 30 th April 2014	Status
17	The Group Audit Manager should ideally attend the Audit Committees of all the Shared Service users at least once a year. As a minimum, we would recommend that attendance coincides with the presentation of the Head of Internal Audit's Annual Internal Audit Report which includes the opinion.	The Group Audit Manager has attended the Audit Committee of each Shared Service participant and continues to do so as appropriate. The Audit Managers have delegated 'Head of Audit' responsibility for the participants of the Shared Service.	Completed



Joint Audit and Standards Committee
Annual Report 2013-14



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Joint Audit and Standards Committee Annual Report

Foreword of the Committee Chair

Welcome to the 2013-4 Annual Report of the Joint Audit and Standards Committee. The Committee is an independent body that provides assurance to the Commissioner and Chief Constable on their arrangements for governance. The Committee achieves this by undertaking a wide range of reviews against an annual work programme. Through providing support and challenge the Committee aims to improve and add value to those areas of governance within its remit.

This is the first report of the Committee that reflects its operations for a full financial year and against new CIPFA guidance¹ that supports a review of the Committee's effectiveness. During the course of that year, Committee members in carrying out their role have considered over 60 reports covering matters of governance. This has included 17 internal audit reports, 5 reports from the external auditors and the single entity and group accounts of the Commissioner and Chief Constable. Within that work members have played a significant contribution to the development of arrangements for governance. This has included undertaking a substantive review of the governance framework, challenging and monitoring the response to recommendations from audit and inspection and supporting the development of internal audit, including the introduction of a new internal audit charter.

This annual report of the Committee provides more detail on these activities. The report is structured using the CIPFA

guidance as a basis for assessing effectiveness. It sets out the key elements of the guidance, evaluates the work of the Committee against a set of assessment criteria and forms a conclusion that supports an assessment score. For areas of work not achieving the full score, development actions are also included in the report. The CIPFA framework is comprehensive and detailed. As such, the Annual Report of the Committee is a substantial document. The Executive Summary to this report aims to provide a more accessible overview of the key elements of the guidance. It provides a summary and key highlights of the Committee's performance in support of the conclusions and assessment score.

In presenting this annual report, the Committee wishes to thank the Commissioner and Chief Constable's officers and appointed auditors for their support. I hope you will find this report informative, and that the information it provides supports a wider understanding of the contribution made by the Committee to the Commissioner and Chief Constable's arrangements for governance.

Patrick Everingham

Joint Audit and Standards Committee Chair

During 2013-14 Committee members have received 68 reports covering matters of governance including 17 internal audit reviews and the Commissioner and Chief Constable's Statement of Accounts.

¹ Chartered Institute of Public Finance and Accountancy (CIPFA): audit committees\Practical Guidance for Local Authorities and Police 2013.

Executive Summary

The purpose of an audit committee is to provide those charged with governance² independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's guidance document, Audit Committee's\ Practical Guidance for Local Authorities and Police, recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

The review covers four areas, Core Committee Functions, Wider Functions, Independence and Accountability and Membership and Effectiveness. For each area under review, the overall conclusions are assessed against an evaluation key with a score of 1-5, with 5 indicating the highest level of effectiveness.

The overall conclusions from the assessment is that the committee is extremely effective in its operation.

The key messages arising from the review are that:

- The arrangements for the Committee were put in place promptly at the inception of the OPCC and Constabulary as separate statutory entities.
- Members were recruited appropriately.
- The Committee's remit complied with best practice at the time, extended beyond the minimum requirements and there was a detailed plan of activity in place
- Audit and Standards Committee members have carried out their duties diligently, attended all meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have kept up to date with training and developments and adjusted their remit accordingly.

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

Core Functions

- Promoting Good Governance (5)
- Supporting Internal Audit and Internal Control (4)
- Supporting Risk Management (4)
- Assurance Frameworks and Planning (5)
- Supporting Value for Money (4)
- Values & Countering Fraud and Corruption (4)
- External Audit and Inspection (4)
- Promoting Reporting and Accountability (4)

The committee achieves a consistent grade of 4 or 5 across all areas of the assessment against the Core Functions and a grade 4 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a

² The Commissioner and the Chief Constable

grade 5, being evidenced as fully compliant with best practice requirements.

In areas where the Committee has not achieved a grade 5, there are plans to improve and develop the arrangements. The Committee's plans for 2014-15 include:

- Strengthening monitoring activity in respect of the arrangements for managing anti-fraud and corruption and risk management
- Receiving new reports and analysis to scrutinise the delivery of value for money
- Monitoring the activities and effectiveness of the arrangements for standards in respect of the code of conduct and Commissioner/officer protocol.

In carrying out the review Committee members have been able to evidence numerous examples of their impact. This has included:

- Improvements to the quality of the Audit Charter through the inclusion of internal audit performance measures and targets
- Being instrumental in driving forward a review of resources and capacity within the finance function
- Improving the quality, accessibility and transparency of key public governance

documents, including the 2013 Annual Governance Statement and financial and procurement regulations.

- Championing the importance of strengthening the understanding of and access to arrangements for whistle-blowing, resulting in a management decision to develop promotional materials
- Improving the quality of financial reporting by identifying the need for an amendment between the group and single entity financial statements
- Influencing a management decision to include the Commissioner's Support Arrangements as a new strategic risk following the impact of stage 2 transfer.

The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness. This is a significant achievement in the first full year of the Committee's operation.

The Committee's full Annual Report provides further information on the assessment process and CIPFA standards, including the Committee's Terms and Reference and detailed work programme for 2013-14. Further information on the Joint Audit and Standards Committee, including public meetings, Committee papers and audit reports are all available on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>

**Are You
Concerned
About Anything?**

To report any concerns about fraud or corruption, please ring one of the following numbers:

**Audit Commission
Whistle Blowers
03034 448346**

**Chief Executive OPCC
01768 217734**

twitter.com/cumbriapcc facebook.com/cumbriapcc

Joint Audit and Standards Committee Annual Report 2013-14

Introduction

The purpose of an audit committee is to provide those charged with governance³ independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's document, *Audit Committee's Practical Guidance for Local Authorities and Police*, recommends that audit committees review annually their effectiveness. This Annual Report sets out for the Commissioner and Chief Constable's Joint Audit and Standards Committee the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2013-14 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

Score	Assessment Key
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvements across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. This is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

³ The Commissioner and the Chief Constable

Overall Conclusions and Assessment

The overall conclusion and assessment is that the Audit and Standards Committee is extremely effective in its operation.

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 4 or 5 across all areas of the assessment against the Core Functions and a grade 4 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements. The key messages arising from the review are that:

- The arrangements for the Committee were put in place promptly at the inception of the OPCC and Constabulary as separate statutory entities.
- Members were recruited appropriately.
- The Committee's remit complied with best practice at the time, extended beyond the minimum requirements and there was a detailed plan of activity in place
- Audit and Standards Committee members have carried out their duties diligently, attended all meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have kept up to date with training and developments and adjusted their remit accordingly.

The rest of this report sets out the requirements of the CIPFA guidance, the arrangements for the Committee and the evidence and conclusions of the review. It is set out in four sections with supporting appendices:

- | | |
|---|------------|
| ▪ Section One: Core Committee Functions and the Effectiveness Checklist | page 8-23 |
| ▪ Section Two: Possible Wider Functions of an Audit Committee | page 24 |
| ▪ Section Three: Independence and Accountability | page 25-26 |
| ▪ Section Four: Membership and Effectiveness | page 27-29 |
| ▪ Appendix A: Committee Activities 2013-14 | page 30-32 |
| ▪ Appendix B: Committee Terms of Reference Assurance Framework | page 33-39 |
| ▪ Appendix C: Committee Attendance | page 40 |
| ▪ Appendix D: Committee Member Role Profiles | page 41-44 |
| ▪ Appendix E: CIPFA Good Practice Checklist | page 45 |

Section One: Core Committee Functions and the Effectiveness Checklist

Promoting the Principles of Good Governance/Annual Governance Statement

CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.

CIPFA guidance makes clear that Audit Committees should address governance principles in the course of its regular business rather than governance being limited to a once a year reporting process.

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the AGS of both the Commissioner and the Chief Constable prior to approval. The CIPFA guidance provides that to meaningfully review the Annual Governance Statement (AGS), the

Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

Over the course of the year the Committee should receive reports and assurances over the application of the governance framework, monitor action plans and recommendations and consider the application of governance principles to other agenda items. CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what happened in the past.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme includes an independent review of the Commissioner and Chief Constable's governance framework and all material governance arrangements (financial regulations, codes of practice, procurement regulations, and anti-fraud and risk management arrangements), in addition to a review of the Code of Corporate Governance and AGS undertaken at meetings held between December and September each year. This means that within three of the four scheduled annual meetings, review of governance arrangements form a substantial part of the Committee's agenda. In addition:

- The Committee receives at every regular meeting audit reports from the internal auditor that provide assurance with regard to the application of governance arrangements in specific activities and a monitoring report on the implementation of recommendations.
- The scope of the audit plan has been developed over the last 18 months to ensure it provides wider governance assurance beyond financial systems and financial governance e.g. data quality audits have been

carried out across a number of areas of the business to inform the effectiveness of performance management arrangements and the forthcoming year's plan includes an allocation for a review of risk management arrangements.

- Internal audit provides members with an annual audit opinion and an audit report on the Annual Governance Statement
- Members receive further assurance at each meeting through reports from the external auditors including their audit opinion and Annual Governance Report.
- In line with CIPFA recommendations, the Committee reviews the AGS in June, prior to the publication of the statement and again in September prior to publication alongside the audited accounts. This facilitates changes to the AGS following members' comments.

Through these arrangements and their prior experience and skills, members develop a robust understanding of governance across the OPCC and Constabulary and the extent to which those arrangements are well embedded. This provides the basis on which Committee members can provide assurance and add value with regard to governance. Specifically, during 2013-14, the Committee has been instrumental in:

- Providing support and challenge in respect of the specific review of those matters of governance pertaining to the findings of the South Wales inspection report. Members have been robust in securing that sufficient information has been provided to the Committee to support an effective understanding of the issues arising and actions being undertaken. As part of this work members are actively monitoring the implementation of recommendations and have provided specific input to improving the procedures for corporate cards.
- Providing support and challenge to the arrangements for governance in preparation for stage 2 staff transfer from the Commissioner to the Chief Constable, resulting in a special meeting of the Committee in February 2014. Member review has resulted in a number of changes to governance documents to improve their quality and accessibility.
- Agreement by management to strengthen arrangements for governance through reviewing the approach to the Code Corporate Governance and Annual Governance Statement during 2014-15 and developing a schematic/assurance framework to improve understanding of the overall governance arrangements.
- In respect of the review of the 2012-13 AGS, in addition to providing assurance, members have improved transparency and the quality of the statement. This has been achieved by providing feedback that wider consideration be given to the disclosures pertaining to the suspension of the then Temporary Chief Constable Mr. Hyde and recommending changes were made to the language and presentation of the document prior to publication.

In respect of the review of the 2012-13 AGS, in addition to providing assurance, members have improved the transparency and the quality of the statement by recommending increased disclosures and changes to the language and presentation of the document.

Members have also self-assessed their own contributions to governance through a review of the new CIPFA Audit Committee guidance. This has facilitated the adoption of a new terms of reference and work programme that will strengthen The Audit Committee's engagement in matters pertaining to risk management, fraud and corruption, value for money and the performance of internal audit.

Conclusion and Overall Assessment: Assessment Grade 5.

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Contributing to the development of an effective control environment & supporting the quality and independence of Internal Audit

The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.

CIPFA guidance makes clear that the Audit Committee has a clear role in relation to oversight of the internal audit function.

Within policing, the advisory role of the Committee means that this responsibility is managed through support and review of the arrangements for internal audit. These arrangements are set out under the requirements of the Public Sector Internal Audit Standard (PSIAS) and the supporting Local Government Application Note (LGAN) within an Audit Charter.

The Audit Charter sets out the functional reporting arrangements between Internal Audit, the Board⁴ and the Joint Audit and Standards Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.

Self-evaluation, examples, areas of strength and weakness

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS. The Audit Plan is developed in conjunction with senior managers.

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor on the adequacy and effectiveness of governance, risk management and internal control. The report includes a summary of the audit work on which the opinion is based. This is

⁴ The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

supported by a report from the Chief Finance Officer on the overall effectiveness of the arrangements for internal audit including the opinion of the external auditor. The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The terms of reference of the Committee and associated annual work programme fully complies with the detailed CIPFA guidance. Collectively these arrangements ensure members are able to make effective judgements on the effectiveness of internal controls and Internal Audit provision, making recommendations with regards to improvement. Further to this, during 2013-14 the Committee has:

- Received 2 reports setting out the requirements of the PSIAS, ensuring members remain up to date with the changes in standards for internal audit and effective in their review.
- Received an external review, undertaken by Grant Thornton, of the arrangements for internal audit. The report provided a basis for members' challenge of elements of the audit function, specifically with regards the quality of reports, performance standards and underlying arrangements for developing the audit plan. Arrangements for audit planning have been significantly strengthened for 2014-15 and a new format is being developed for internal audit reports to support more effective reporting and assurance.
- Made a recommendation that the Audit Charter could be improved through the inclusion of measures and targets against which Internal Audit performance will be monitored for the following financial year. The recommendation has been agreed and the Charter is being further developed in respect of arrangements for Internal Audit Performance. This has been further supported through the strengthening of the Committee's own arrangements for the review of internal audit performance through the inclusion with the annual work programme of quarterly and annual performance reporting.
- Determined to receive audit reports directly on completion with formal Committee presentation being reserved for reports where there are significant or material issues. This will support Internal Audit at Committee in demonstrating the value and impact of audit work whilst ensuring committee members make the most effective use of their time and contribution.
- Challenged the audit grade in relation to a budget management and accounting audit recommendation, determining to monitor the implementation of the recommendation irrespective of the grade falling below the monitoring threshold for the Committee, on the basis that the recommendation grade was borderline with an implication for internal control.
- Challenged robustly audit findings that have raised significant concerns with regard to weaknesses in internal control, encouraging an effective and timely implementation of recommendations. This has included Audit reporting covering the areas of data quality and seized property.

Members have been instrumental in driving forward a review of resources and capacity within the finance function that has resulted in additional capacity within the team

- Made formal recommendations to the Commissioner and Chief Constable with regard to the insufficiency of finance staffing resource identified through recurrent capacity issues impacting on the implementation of audit recommendations. This supported a formal decision to review the staffing structure and provide for additional capacity within the team.

Conclusion and Overall Assessment: **Assessment Grade 4.**

The Committee is fully compliant with the CIPFA guidance but has yet to receive any performance measures or targets with regard to Internal Audit. The Committee needs to have the opportunity to receive, review and provide challenge against performance information to enable it to be fully effective in supporting improvements across all aspects of this area. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Supporting arrangements for the governance of risk and effective arrangements to manage risk

CIPFA guidance references that Police Audit Committees are directed in the Home Office Financial Management Code of Practice to advise the Commissioner and Chief Constable on the adoption of appropriate risk management arrangements.

The Risk Management Strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed.

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. Effective arrangements to manage risk include:

- those for reviewing risks,
- arrangements that secure the ownership and management of strategic, operational and project risks,
- assurance arrangements for risk assessing strategies and policies,
- the arrangements for monitoring effectiveness and supporting the development and embedding of good practice in risk management.

Self-evaluation, examples, areas of strength and weakness

The Committee has nominated a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the full Committee

In accordance with the CIPFA guidance, specific actions undertaken by the Committee include review of the Commissioner's annual Risk Management Strategy and a quarterly review of the strategic risk registers. The Risk Management Strategy sets out for review by Committee members the overall approach to risk management including risk management objectives, a framework that sets out how the objectives will be achieved, a methodology for reviewing and managing risks and risk management responsibilities. The strategy sets out how risk management is embedded into arrangements for strategic planning, project management and decision making in addition to specific information on the approach to fraud risk assessment. The strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and

managed.

This is supported by a quarterly review of strategic risk registers that set out the most significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and

can hold risk managers to account. In addition to the above, during 2013-14 members have supported the adoption of appropriate risk management arrangements by:

- Nominating a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the Committee
- Raising awareness of the opportunity to develop risk management arrangements through the consideration of risk appetite. This has resulted in a management decision to engage a wider group of the Commissioner's staff in developing OPCC risk management arrangements through a supported workshop.
- Providing challenge to the scoring of risks within the strategic risk register, encouraging further consideration of the impact and likelihood of strategic risks, the appropriateness of risk mitigations and a management decision to undertake more frequent review of the register
- Identifying the absence of monitoring information to support the assurance on arrangements for managing risk in any specific year, including those between the Commissioner and the Chief Constable. This has resulted in the development of the Committee's work programme to receive an annual monitoring report on risk management.
- Receiving a specific report on the risks pertaining to the handling and management of an operational incident in relation to the Appleby fair
- Influencing a management decision to include Support Arrangements as a new strategic risk on the Commissioner's risk register in view of the impact of stage 2 transfer being to effectively 'outsource' support provision
- Requesting that the 2014/15 internal audit plan includes a review of the risk management arrangements
- Compiling and maintaining a separate, dedicated risk register to manage risks relating to the Committee's own activities.

Conclusion and Overall Assessment: **Assessment Grade 4.**

The Committee is fully compliant with the CIPFA guidance but has yet to receive its first annual report that monitors the arrangements for risk management. The Committee needs to have the opportunity to receive, review and provide challenge to risk management monitoring information to enable it to be fully effective in supporting improvements across all aspects of this area. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Assurance Frameworks and Assurance Planning

CIPFA guidance explains assurance frameworks as a description that typically outlines the key areas of assurance required by the Audit and Standards Committee that supports the AGS and is available to enable the Committee to meet its terms of reference.

A framework will support the ability to ensure that assurance is planned and delivered efficiently and effectively, avoiding duplication and with independence across a range of assurance providers. It also ensures that the Committee is clear on the extent to which assurance is reliant on the arrangements for Internal Audit.

The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference

Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework is set out at appendix B and includes assurances from management, Chief Officers, Internal and external audit and external inspectorates. During 2013-14 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Reviewed the arrangements for assurance and determined to improve assurance in relation to a number of areas within the work programme. This includes assurance in respect of risk management monitoring, anti-fraud and corruption monitoring, internal audit performance and monitoring the effectiveness of the Commissioner's code of conduct and PCC/Officer protocol.
- Determined to improve the efficiency and focus of assurance gathering at formal meetings of the Committee by excluding from the agenda audit reports where there are no significant/material issues arising.

Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

Supporting the development of robust arrangements for value for money and best value

The CIPFA guidance notes that in the Police sector it is the Chief Constable that has statutory responsibility for securing value for money and that the Commissioner's responsibility is to hold the Chief Constable to account for this duty.

The Audit and Standards Committee role is to support both the Commissioner and Chief Constable to fulfil their responsibilities through the assurance process. This should focus on arrangements to ensure value for money and the progress in achieving value for money. This includes how performance in value for money is evaluated as part of the AGS and the Committee's consideration of the external audit opinion on value for money. The AGS should be focused on outcomes and value for money. The Committee should also consider what other assurances are available.

The Chief Constable's AGS provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews which aim to secure maximum value from the resources available to it.

Self-evaluation, examples, areas of strength and weakness

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2012-13 was positive.

The Commissioner's AGS sets out the arrangements for securing the achievement of the goals and objectives set out within the Police and Crime Plan. This includes a performance framework that supports the Commissioner in holding the Chief Constable to account for VFM. The AGS also references the receipt annually of HMIC value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's AGS provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The AGS references that the strategy utilises HMIC Value for Money profiles and Police Objective Analysis data, to identify service areas where there is potential to achieve savings.

The work of the Committee further supports value for money in providing an overview of the treasury management strategy and activities that helps to promote value in the treasury function. This will have greater impact in future years, when decisions will need to be made in respect of borrowing. The timing of decisions will be instrumental to the value for money achieved from the balance between borrowing costs and investment returns.

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2012-13 was positive and based on the arrangements for transition and financial resilience.

The review of assurance undertaken by the Committee in relation to the annual work programme and the 2013 CIPFA guidance has identified that there are limited 'other' sources of assurance with regard to value for money and securing best value. This has resulted in consideration of additional assurance, these being:

- | | |
|---|---|
| <ul style="list-style-type: none"> ■ Receipt by the Committee of an annual report on the HMIC value for money profile and arrangements for securing value for money. ■ Receipt by the Committee of relevant HMIC value for money inspection reports ■ Internal Audit Reports: Improvements to the format of reports and incorporation of the | <p>assurances required within the PSIAS. Audit work from 2014-15 will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes.' Specific audit recommendations will be categorised within audit reports under this heading.</p> |
|---|---|

Conclusion and Overall Assessment: **Assessment Grade 4**

The Committee is compliant with the CIPFA guidance with regard to the AGS and external audit value for money opinion but has identified gaps in wider sources of assurance. The Committee needs to have the opportunity to receive, review and provide challenge to VFM on the basis of this wider assurance to enable it to be fully effective in supporting improvements across all aspects of this area. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

Helping to implement values of good governance & countering fraud and corruption

CIPFA guidance states that the role of the Audit and Standards Committee is to have oversight of counter-fraud strategy, assessing whether it meets recommended practice, governance standards and complies with legislation.

The Audit and Standards Committee has undertaken a review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents.

The Committee should understand the level of fraud risk to which the organisation is exposed and the implications for the wider control environment. The guidance also recognises the link to ethical standards and the role of the committee in championing good counter-fraud practice. The committee should also monitor performance on counter fraud activity including monitoring action plans and overseeing any major areas of fraud.

Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee has undertaken a review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents. This provides an opportunity for members to consider the approach to counter-fraud within the context of the wider governance arrangements and internal controls that support the anti-fraud approach. These arrangements include those covering codes of conduct and ethical behaviour.

Members further support their understanding of the control environment through receipt of audit reports. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports. The Committee operates as a Standards Committee for the Commissioner. Terms of reference for the Committee include monitoring the effectiveness of the Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards.

Specifically, during 2013-14 members have

- Received audit reports with judgements of good or satisfactory on audits across the major financial systems including payroll and pensions.
- Received audit reports on the arrangements for integrity for both the Constabulary and OPCC, and had oversight of the incorporation of recommendations within those reports into a comprehensive plan including the recommendations from the South Wales investigation report. Members have overseen the implementation of actions within the plan.

- Robustly challenged the differences in approach to counter-fraud arrangements for the Commissioner and Chief Constable, providing assurance that the differences were appropriate to the differences and fraud risks within each entity.
- Provided feedback that has supported improvements in the governance documents setting out the arrangements for anti-fraud and corruption. This has included changes to incorporate reference to the Police and Crime Panel's role in supporting anti-fraud and corruption through effective scrutiny and changes to further improve the robustness of disclosures on gifts and hospitality.
- Championed the importance of strengthening the understanding and accessibility of arrangements for whistleblowing for staff, resulting in a management decision to develop promotional materials to support anti-fraud arrangements.
- Undertaken a review of the assurance in relation to the annual work programme and the 2013 CIPFA guidance that has identified a gap in monitoring anti-fraud activity. This has resulted in the Committee strengthening its work programme to incorporate an annual report from the Chief Executive. This will set out activity in line with the anti-fraud arrangements including an annual fraud risk assessment, information and action taken in respect of incidents of fraud and the outcome from participation in the Audit Commission National Fraud Initiative.
- Strengthened the Committee's annual work programme to include monitoring reports from the Chief Executive in respect of the effectiveness of the Code of Conduct and PCC/Officer protocol
- Undertaken training delivered by the Commissioner's Monitoring Officer to better understand their role as a standards committee in respect of appeal hearings.

Members have championed the importance of strengthening understanding and accessibility of arrangements for whistleblowing for staff, resulting in a management decision to develop promotional materials to support anti-fraud arrangements.

Conclusion and Overall Assessment: Assessment Grade 4

The Committee is compliant with the CIPFA guidance but has identified that the area of monitoring could be strengthened. The Committee has determined to receive annual monitoring reports setting out anti-fraud activity and the effectiveness of arrangements for standards. The Committee needs to have the opportunity to receive, review and provide challenge against the information presented in these reports to enable it to be fully effective in supporting improvements across all aspects of this area. The conclusion is that

there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.



To report any concerns about fraud or corruption, please ring one of the following numbers:

Audit Commission
Whistle Blowers

03034 448346

Chief Executive OPCC

01768 217734

twitter.com/cambridge facebook.com/cambridge

External Audit & Inspection

CIPFA guidance states that the Audit Committee's role should include receiving and considering the work of the external auditor.

This includes receiving the planned work programme and reports following completion of the audit work such that the committee is able to make judgements on audit resources, assess the effectiveness and quality of the audit (this may include feedback from key people e.g. CFO) and report to the Commissioner or Chief Constable where appropriate. The Committee should also support the implementation of external audit recommendations, review any non-audit work undertaken and have the opportunity to meet separately and privately with the external auditors. The guidance also recognises the assurance that can be provided from reports about financial management and governance from wider inspection agencies.

Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee receive all reports of the External Auditors. The External Auditors have attended all Committee meetings other than the special meeting held in February 2014. The Committee's terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee's functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee. Membership of the Audit and Standards Committee includes the skills and experience of a former district auditor and former S151 officer, in addition to members who have significant experience of committees fulfilling an audit function. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2013/14 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the level of reliance and dependency between internal and external audit work
 - Received a disclosure from the external auditors in respect of their successful tender to provide a tax and VAT helpline to the
- Commissioner and Constabulary. This was not considered to create any conflicts.
 - Received a written summary supported by verbal information from the Chief Executive in respect of the external South Wales investigation report.

Conclusion⁵ : Assessment Grade 4

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

⁵ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Promoting effective public reporting, partnership governance & accountability

The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

The guidance from CIFPA on the core functions of an audit committee focuses primarily on the role of the Committee in relation to financial reporting and governance and specifically on the work of the Committee in relation to the statement of accounts.

This is recommended to include reviewing consistency between the foreword to the accounts, the financial statements and the committee's own understanding of financial challenges and risks, reviewing the sustainability of policies, areas of judgment and changes in accounting policies/treatment. The guidance also notes that the Committee should give consideration to the accessibility of the statements

to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

The guidance also considers how the Committee supports transparency and public accessibility in relation to decision making taken through partnership arrangements, specifically where these involve stewardship of public funds. The guidance identifies these arrangements as strategic relationships, shared services, commercial relationships and third sector. The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

Self-evaluation, examples, areas of strength and weakness

Financial reporting: The statement of accounts is presented to the Audit and Standards Committee prior to formal approval and at a joint meeting of the Committee and the Executive Board. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This has been particularly important for the 2012-13 accounts as a consequence of the changes to policing governance and the statutory status of the Commissioner and Chief Constable.

The skills and experience of members support effective review of the statements and has resulted in an amendment to the financial statements resulting from the identifying of a discrepancy between the note in the group accounts and the note in the Chief Constable's single entity statements.

The financial statements are supported by a report that consolidates all key areas of assurance and details significant areas of risk and the basis of material judgments.

Whilst best practice dictates that the statements would be presented to the Committee prior to the commencement of the audit, there is a resource cost to delivering this. This is particularly the case given the requirement to move from one to three statement of accounts following the changes to governance.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for review as part of their review of governance. Significantly, during 2013-14, members have received, reviewed and contributed to the development of:

- Financial regulations that include the overall governance requirements in respect of partnerships⁶
- Procurement regulations incorporating a Code of Business Conduct and the requirements in respect of collaborative procurement
- Grant regulations that provide a framework for working with partners and the third sector
- A Constabulary report concluding on a review of value for money in respect of significant and statutory partnership arrangements
- The AGS for the Commissioner and Chief Constable setting out partnership arrangements

Conclusion and Overall Assessment: **Assessment Grade 4**

The Committee is compliant with the CIPFA guidance but would need to receive the statement of accounts prior to audit in order to fully meet best practice standards in respect of the contribution to financial reporting. This is unlikely to be achievable at least in the short term as a result of resource constraints. In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

⁶ This includes arrangements for joint working including partnerships, collaboration and consortium.

Section Two: Possible Wider Functions of an Audit Committee

Ethical Values and Treasury Management

The Committee has received and reviewed the Treasury Management Strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices

The Audit and Standards Committee undertake two areas of work that CIPFA guidance acknowledges are appropriate to the role of the Committee but not a core function. These areas are Ethical Values and Treasury Management.

In relation to ethical values the guidance acknowledges the role of the Committee in promoting high standards and that it may take on the role and responsibilities of a standards committee.

With regards to Treasury Management the Committee may be nominated as the responsible body for ensuring effective scrutiny of the Treasury Management Strategy and policies. The guidance is clear that this excludes executive and decision making roles in relation to this function. Scrutiny involves developing an understanding of treasury matters and receiving treasury activity reports to support this, reviewing policies and procedures, treasury risks and assurances.

Self-evaluation, examples, areas of strength and weakness

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruption⁷. In respect of treasury management the Committee has received and reviewed the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices. To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to the Committee at every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

Conclusion⁸ : Assessment Grade 4

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

⁷ The conclusion and assessment of that review is a grade 4 based on the CIPFA requirements being met but in recognition that the Committee has the capacity to strengthen the arrangements in respect of monitoring.

⁸ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance⁹ and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Executive Board¹⁰, meets at least 4 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with the external auditors and the internal auditors as part of its annual agenda.
- The Chief Officers¹¹ or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. Committee attendance for 2013/14 is set out at Appendix C.
- Committee minutes are reported to the Police and Crime Panel. This report constitutes the Annual Report on the assessment of the Committee's performance.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision making or approval powers from the Commissioner or Chief Constable.
- Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in

⁹ The Commissioner and the Chief Constable

¹⁰ The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

¹¹ Chief Finance Officers, Chief Executive, Deputy Chief Constable

March and developed from the assurances needed to fulfil the Committee's terms of reference.

- The relationship between the Committee and Commissioner and Chief Constable's respective Chief Finance Officers is one of reciprocal support.
- The Committee receives full audit reports at the point in which they are agreed, determining those that will be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged

the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.

- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

Conclusion¹² : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of independence and accountability. This is based on the arrangements for the Committee that ensures independence, compliance with regulatory requirements and public accountability.

¹² This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Section Four: Membership and Effectiveness

CIPFA guidance recognises that the membership, composition and operation of the audit committee is a key factor in achieving the characteristics of a good audit committee.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable

These are defined as:

- Membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable. Recruitment should be publically advertised with a job description that sets out requirements for knowledge and expertise. Candidates should be able to demonstrate their political independence. Appointments should be for a fixed term and formally approved by the Commissioner and Chief Constable and members should follow a Code of Conduct. The guidance acknowledges that the role of Chair may be advertised specifically and will need to take into account the characteristics required by an effective Chair. Induction training and other briefing and training updates should form part of a programme informed by a review of knowledge and skills.

Self-evaluation, examples, areas of strength and weakness

Membership, composition and operation of the Audit and Standards Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of Local Authorities and/or similar bodies
- Former members/officers of Local Authorities and/or similar bodies (time restricted to 3 years)
- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/Commissioner
- Individuals who have close relationships with any of the above including immediate family members.

In addition, standard disqualifications apply to ensure the avoidance of any reputational embarrassment, for example individuals who have been removed from a trusteeship of a charity, anyone under a disqualification order under the Company Directors Disqualification Act.

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members are set out at appendix D.

Essential Experience and Knowledge	Special aptitudes, intelligence and skills	Desirable Experience and Knowledge
Experience in Chairing at Committee/Board level. ¹³	Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair. ¹³	Practical experience in the financial and/or general management of businesses or public sector organisations.
Sound experience of strategic planning, risk management and performance management.	Ability and confidence to challenge and hold to account.	Experience of a Local Government Environment.
Ability to assure financial and statistical information	Treat auditors, executives and management equally and with respect.	Audit Committee/Standards Committee (or equivalent) experience.
Experience of leading or conducting or reviewing audit activity.	To maintain an up to date knowledge and awareness of national and local policing and crime issues.	Professional Financial Qualification (CCAB or Audit based)
Experience of scrutinising financial information and processes.	To have high ethical standards	
Knowledge of best practices in governance and internal control	Good communication skills, both written and oral, with the ability to actively contribute to discussion and debate	
Good understanding of the roles of Internal and External Audit.		

¹³ Relevant only to the committee chair

Members were recruited independently of the Commissioner and Chief Constable but were subject to their approval. The first meeting of the Committee was held in December 2012 preceded by an induction that specifically focused on the unique governance arrangements within the statutory entities of the Commissioner and Chief Constable. Members have the opportunity to undertake development seminars prior to each Committee meeting and one of the members has represented the Committee at a regional police audit committee workshop. Members are required to abide by a Code of Conduct.

Conclusion¹⁴ : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles.

¹⁴ This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

Joint Audit & Standards Committee 2013-14 Activities

24 JUNE 2013	23 SEPTEMBER 2013	2 DECEMBER 2013	25 FEBRUARY 2014	31 MARCH 2014
<p>PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the internal auditors</p> <p>ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE: To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance.</p> <p>EXTERNAL AUDIT FEES 2012/13: To receive from the external auditors the audit fees for 2012/13</p> <p>EXTERNAL AUDIT PLAN 2012/13: To receive from the external auditors a draft audit plan for 2012/13</p> <p>ARRANGEMENTS FOR GOVERNANCE 2012/13</p> <ul style="list-style-type: none"> ▪ Effectiveness of Internal Audit: To consider a report reviewing the effectiveness of Internal Audit, for the year ending 31 March 2013 	<p>PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors</p> <p>ANNUAL GOVERNANCE REPORT To receive from the external auditors the Annual Governance Report</p> <p>STATEMENT OF ACCOUNTS 2012/13: To receive the audited Statement of Accounts and a copy of a summarised non-statutory version of the accounts for the 2012-13 financial year.</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Management Audit</p>	<p>ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter</p> <p>SOUTH WALES ACTION PLAN: To receive a report from the Chief Executive</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Management Audit Unit regarding the progress of the Internal Audit Plan</p> <p>INTERNAL AUDIT REPORTS: To receive reports from the Management Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p> <ul style="list-style-type: none"> ▪ Integrity – OPCC ▪ Integrity - Constabulary 	<p>TERMS OF REFERENCE: To review and approve the terms of reference of the Committee</p> <p>ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three year plan covering:</p> <ul style="list-style-type: none"> ▪ Local Code of Governance ▪ Scheme of Delegation ▪ Financial Regulations ▪ Procurement Regulations ▪ Arrangements for Anti-Fraud & Corruption 	<p>ANNUAL WORK PROGRAMME: To review and agree the Committee's annual work programme</p> <p>CORPORATE CREDIT CARD POLICIES: To review amended corporate credit card policies</p> <p>EXTERNAL AUDIT PLAN: To receive from the external auditors the Audit Plan for the audit work in respect of 2012/13</p> <p>EXTERNAL AUDIT JOINT AUDIT AND STANDARDS COMMITTEE UPDATE: To receive an update</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>INTERNAL AUDIT CHARTER: To receive a draft internal audit charter</p>

<ul style="list-style-type: none"> ▪ Local Code of Corporate Governance: To consider the Annual Governance Statement for the year ending on 31 March 2013 and for the period to this meeting ▪ Local Code of Corporate Governance: To consider a report from the Internal Auditor reviewing the Annual Governance Statement for 2012-13 and to the date of this meeting <p>TREASURY MANAGEMENT ACTIVITIES & ANNUAL REPORT : To scrutinise an annual report regarding Treasury Management Activities</p> <p>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p>MANAGEMENT AUDIT UNIT ANNUAL REPORT: To receive an annual report from the Management Audit Unit including the progress of the Internal Audit Plan</p>	<p>Unit regarding the progress of the Internal Audit Plan</p> <p>INTERNAL AUDIT REPORTS: To receive reports from the Management Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p> <ul style="list-style-type: none"> ▪ Data Quality ▪ Territorial Policing Areas ▪ Treasury Management ▪ Police Appleby incident <p>TREASURY MANAGEMENT ACTIVITIES: To scrutinise a report on Treasury Management Activity</p> <p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference</p> <p>PART 2 – ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</p> <p>STATEMENT OF ACCOUNTS 2012-13: The Letter of Management Representation in support of the Statement of Accounts 2012-13</p>	<p>TREASURY MANAGEMENT ACTIVITIES: To scrutinise a report on Treasury Management Activity</p> <p>STRATEGIC RISK REGISTER: To consider the COPCC strategic risk register – risks subject to cyclical review</p> <p>PART 2: ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</p> <p>STRATEGIC RISK REGISTER: To consider the Constabulary strategic risk register – risks subject to cyclical review</p> <p>FINANCIAL SERVICES TEAM STRUCTURE: To receive a report from the Financial Services Manager</p>		<p>EXTERNAL AUDIT REVIEW OF INTERNAL AUDIT: To receive a review completed by the External Auditors on the performance of Internal Audit</p> <p>INTERNAL AUDIT – PROGRESS REPORT: To receive a report from the Management Audit Unit regarding the progress of the Internal Audit Plan</p> <p>INTERNAL AUDIT REPORTS: To receive reports from the Management Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p> <ul style="list-style-type: none"> ▪ Payroll ▪ OPCC Payroll ▪ Police Pensions ▪ Capital programme & asset register ▪ Data Quality – Anti-social behaviour ▪ Seized/held property handling & claims <p>PROPOSED INTERNAL AUDIT PLAN FOR 2014/15: To receive a report from the Cumbria Shared Internal Audit Service on the proposed audit plan for 2014-15</p> <p>TREASURY MANAGEMENT STRATEGY & TREASURY MANAGEMENT PRACTICES: To</p>
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<p>INTERNAL AUDIT REPORTS: To receive reports from the Management Audit Unit in respect of specific audits conducted since the last meeting of the Committee</p> <ul style="list-style-type: none"> ▪ Budget Management & Main Accounting system ▪ Debtors & income ▪ Oracle Financials system ▪ Allowances & special payments – Winsor review <p>INTERNAL AUDIT – ANNUAL GOVERNANCE STATEMENT: To receive from the Management Audit Unit reports regarding the Annual Governance Statement</p> <p>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee’s terms of reference</p> <p>PART 2: ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</p> <p>STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk registers – risks subject to cyclical review</p>	<p>STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk registers – risks subject to cyclical review</p>			<p>receive a report the strategy and practices for 2014-15</p> <p>TREASURY MANAGEMENT ACTIVITIES: To scrutinise a report on Treasury Management Activity</p> <p>RISK MANAGEMENT STRATEGY: To provide the annual review of the COPCC and Constabulary Risk Management Strategies</p> <p>STRATEGIC RISK REGISTERS: To consider the COPCC & Constabulary strategic risk registers – risks subject to cyclical review</p> <p>SOUTH WALES RECOMMENDATIONS – UPDATE: To receive a report giving an update of how the recommendations in the South Wales report have been implemented</p> <p>PART 2 – ITEMS TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</p> <p>REPORT ON PARTNERSHIP VFM: To receive a report as requested by members</p>
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Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference: Governance, risk and control	Meeting	Work Programme Assurance Activity
Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances	December June (Code of Corporate Governance)	ANNUAL REVIEW OF GOVERNANCE: To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering: Code of Corporate Governance Scheme of Delegation Scheme of Consent Financial Regulations Procurement Regulations Arrangements for Anti-Fraud and Corruption Arrangements for Integrity including Codes of Conduct, Complaints and Integrity protocols
Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	June	ANNUAL GOVERNANCE STATEMENT Effectiveness of Governance Arrangements: To receive a report from the PCCCFO/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance Code of Corporate Governance: To consider the PCC/CC Code of Corporate Governance Annual Governance Statement: To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting Report of the Internal Auditor: Annual Governance Statement: To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting
Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee <i>(NB audit work from 2014/15 in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.)</i>

	September	ANNUAL GOVERNANCE REPORT: To receive from the external auditors the Annual Governance Report incorporating the External Auditor's Value for Money Conclusion.
	December/Ad-hoc	HMIC REPORTS: To receive an annual report on the HMIC Value for Money Profile and arrangements for securing value for money & HMIC value for Money inspection reports.
Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	September	FRAMEWORK OF ASSURANCE: To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	March Every meeting June	RISK MANAGEMENT STRATEGY: To provide the annual review of the COPCC and Constabulary Risk Management Strategies. STRATEGIC RISK REGISTER: To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. RISK MANAGEMENT MONITORING: To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Every meeting	INTERNAL AUDIT REPORT: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS: To receive an updated summary of actions implemented in response to audit and inspection recommendations.
Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	December – cyclically when updated June	ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION: To receive the COPCC and Constabulary strategy, policy and fraud response plan. ANTI-FRAUD AND CORRUPTION ACTIVITIES: To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption including the annual fraud risk assessment, information and action taken in respect of actual incidents of fraud and the outcomes from participation in the Audit Commission National Fraud Initiative.

Terms of Reference: Internal Audit	Meeting	Work Programme Assurance Activity
Annually review the internal audit charter and resources	March	INTERNAL AUDIT CHARTER: To receive a copy of the internal audit charter from the Internal Auditors.
Review the internal audit plan and any proposed revisions to the internal audit plan	March/Ad-hoc	PROPOSED INTERNAL AUDIT PLAN FOR 2014/15: To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	June June June	EFFECTIVENESS OF INTERNAL AUDIT: To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit. INTERNAL AUDIT PERFORMANCE: To receive from the Internal Auditors quarterly and annual reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i> PRIVATE INTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the Internal Auditors
Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	June Every meeting	INTERNAL AUDIT –ANNUAL REPORT: To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion. INTERNAL AUDIT – PROGRES REPORT: To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.
Consider internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised	Every meeting	INTERNAL AUDIT REPORTS: To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.

or recommendations made by the internal audit service, management response and progress with agreed actions		
Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	June	EFFECTIVENESS OF INTERNAL AUDIT: To consider a report of the Commissioner's Chief Finance Officer reviewing the effectiveness of Internal Audit.
Terms of Reference: External Audit	Meeting	Work Programme Assurance Activity
Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March	EXTERNAL AUDIT PLAN: To receive from the external auditors the Annual External Audit Plan
Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	December/Ad-hoc	ANNUAL AUDIT LETTER: To receive from the External Auditors the Annual Audit Letter and reports
Consider specific reports as agreed with the external auditors	Every meeting (where appropriate)	ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference
Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	September	PRIVATE EXTERNAL AUDIT MEETING: Confidential meeting of Committee members only and the external auditors
Terms of Reference: Financial Reporting	Meeting	Work Programme Assurance Activity
Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been	September	ANNUAL STATEMENT OF ACCOUNTS: REPORT OF THE CHIEF FINANCE OFFICER: To receive an annual report from the PCCCFO and CCCFO setting out the arrangements

followed and whether there are concerns arising from the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable		<p>for governance and audit relevant to the Committee's review of the Commissioner's accounts and the Chief Constable's accounts.</p> <p>ANNUAL STATEMENT OF ACCOUNTS: To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts</p>
Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	September	ANNUAL GOVERNANCE REPORT: To receive from the external auditors the Annual Governance Report
Terms of Reference: Accountability Arrangements	Meeting	Work Programme Assurance Activity
On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.

Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable	June	ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE: To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of arrangements for governance
Terms of Reference: Treasury Management	Meeting	Work Programme Assurance Activity
Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory Review the Treasury risk profile and adequacy of treasury risk management processes	March	TREASURY MANAGEMENT STRATEGY: To review the annual the Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting Annually	TREASURY MANAGEMENT ACTIVITIES: To receive for information reports on Treasury Management Activity TREASURY MANAGEMENT ADVISORS: To receive briefings/training from the Commissioner's Treasury Management advisors.
Review assurances on Treasury Management	Every meeting (where applicable)	INTERNAL AUDIT REPORT: To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION: To consider any other reports falling within the remit of the Committee's terms of reference

Terms of Reference: Standards Activity	Meeting	Work Programme Assurance Activity
Monitoring the operation and effectiveness of the PCC's Code of Conduct	June	MONITORING AND EFFECTIVENESS OF THE CODE OF CONDUCT: To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the Code of Conduct
Monitoring the operation and effectiveness of the PCC's/ Officer Protocol	June	MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL: To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol
To hear and determine appeals in relation to the OPCC's personnel policies and decisions of the Chief Executive where appropriate	n/a	As and when required, to act as an "Appeal Board"
To hear and determine appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decisions of the Chief Executive	n/a	As and when required, to act as an "Appeal Board"

Attendance Listing for Joint Audit & Standards Committee Meetings 2013-14

	24 th Jun 2013	23 rd Sep 2013	2 nd Dec 2013	25 th Feb 2014	31 st Mar 2014
Attendance of Governance/Audit and Standards Committee					
Mr Patrick Everingham	✓	✓	✓	✓	✓
Mrs Fiona Daley	✓	✓	✓	✓	✓
Mr Andy Hampshire	✓	✓	✓	✓	✓
Mr Jack Jones	✓	✓	✓	✓	✓
Commissioner's Officers					
Police & Crime Commissioner for Cumbria (Richard Rhodes)		✓			
Chief Executive (Stuart Edwards)			✓		
Chief Finance Officer /Deputy Chief Executive (Ruth Hunter)	✓	✓		✓	✓
Governance Manager (Joanne Head)	✓				
Budget and Finance Assistant (Dawn Cowperthwaite)	✓	✓	✓	✓	✓
Constabulary Officers					
Temporary Chief Constable (Bernard Lawson)		✓			
Deputy Chief Constable (Jeremy Graham)				✓	✓
Deputy Chief Constable (Michelle Skeer)			✓		
Constabulary Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Deputy Chief Finance Officer (Michelle Bellis)	✓	✓	✓	✓	✓
Internal Audit					
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓		✓
External Audit					
Appointed Auditor, Grant Thornton (Gina Martlew)	✓	✓			
Appointed Auditor, Grant Thornton (Fiona Blatcher)			✓		✓
Appointed Auditor, Grant Thornton (Richard McGahon)	✓		✓		✓

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Chair

JOB PURPOSE / KEY RESPONSIBILITIES

1 Chair

The Chair of the Committee is responsible for providing leadership to the Committee in effectively discharging its duties and responsibilities as set out in the Committee terms of reference.

Ensuring that the Committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC.
Ensuring the Committee fulfils its responsibilities as a Standards Committee.

The Chair must create and manage effective working relationships among the Committee, Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

Meet separately with the Section 151 officers and District Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.

Act as the committee's spokesman, using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

2 Conduct of Committee Meetings

Act as the chairman of each Committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.

Conduct the business of each Committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.

Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.

Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.

In any case where a member of the Committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the Committee discussion.

3 Committee Culture

Provide leadership in promoting and supporting a Committee culture characterised by:

- i) The willingness of each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The Committee's insistence on the highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;
- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices and standards practices.

4 Miscellaneous Matters

Assist the Committee and management to understand and respect the responsibilities of each.

Whenever necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.

Joint Audit & Standards Committee - Role Profile

Job Title: Committee Members

1. Job purpose / key responsibilities

To contribute to the effective discharge of the duties and responsibilities of the Committee as set out in the Committee terms of reference.

To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary

2 Conduct of Committee Meetings

Contribute to the business of each Committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.

Address the Committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.

Advise the Committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

3 Committee Culture

As a member of the committee, contribute to a culture that supports.

- i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;
- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;

v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and

vi) A commitment to best governance practices.

4 Miscellaneous Matters

When necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees.

Appendix E

CIPFA Self-assessment of Good Practice

Good Practice Questions	Yes	Partly	No
Audit committee purpose and governance			
Does the Commissioner/Chief Constable have a dedicated audit committee?	✓		
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
Is the role and purpose of the audit committee understood and accepted within the OPCC & Constabulary?	✓		
Does the audit committee provide support to the OPCC & Constabulary in meeting the requirements of good governance?	✓		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓		
Functions of the committee			
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓		
good governance	✓		
assurance framework	✓		
internal audit	✓		
external audit	✓		
financial reporting	✓		
risk management	✓		
value for money or best value	✓		

Good Practice Questions	Yes	Partly	No
counter-fraud and corruption	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
Membership and support			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		

Good Practice Questions	Yes	Partly	No
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		
Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		



Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee
23rd June 2014
Agenda Item No 5c

Effectiveness of Governance Arrangements 2013-14

Report of the Chief Executive and Chief Finance Officer

1. Introduction and background

1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2011 Accounts and Audit Regulations place a requirement on those bodies to publish an Annual Governance Statement in accordance with the CIPFA/SOLACE framework and guidance. The CIPFA/SOLACE framework defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.

1.2 The Police and Crime Commissioner approved a Code of Corporate Governance on 22nd November 2012. That Code was reviewed and amended in March 2013 in preparation for the changes in Governance following from the stage 2 transfer. The Code has been subject to further review and update as part of the review of the effectiveness of governance arrangements. It is presented to the Joint Audit and Standards Committee for independent review prior to presentation to the Executive Board for final endorsement. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2014 Annual Governance Statement.

2. Governance Framework & Effectiveness

2.1 The Governance Statement for the Police and Crime Commissioner has been prepared by the Commissioner's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2012. The guidance supports the application of the CIPFA/SOLACE framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act. The review of the arrangements for governance and their effectiveness support the production of the Statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure the Commissioner's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices in place to comply with the Code. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the statement sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Governance Statement setting out the review of governance arrangements for 2013-14 and to the date of this meeting, supported by an independent report and opinion from the Head of Internal Audit, is presented to the Joint Audit and Standards Committee for review, prior to being received by the Executive Board for endorsement and publication alongside the Statement of Accounts.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, the changes to policing governance arising from stage 2 transfer and the Anti-Social Behaviour, Crime and Policing Act 2014 have resulted in a further review of a number of key elements of the governance framework during 2013-14. This has resulted in the development of new regulations for issuing grants and a fundamental review and update to the scheme of delegation, financial regulations, procurement regulations, and arrangements for anti-fraud and corruption. The introduction of the Public Sector Internal Audit Standards during 2013-14 and updated guidance from CIPFA in respect of Audit Committees, with specific guidance for policing, have also driven more fundamental reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. These requirement, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda. The report is supported by the Annual Report of the Joint Audit and Standards Committee of the Commissioner and Chief Constable, and includes an assessment of the effectiveness of the internal audit function. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

4. Recommendations

Members of the Joint Audit and Standards Committee are asked to:

- (i) Review the Code of Corporate Governance
- (ii) Review the Annual Governance Statement
- (iii) Make any recommendations with regard to the Code, Statement, or the arrangements for Governance, for consideration by the Commissioner prior to publication of the documents alongside the Statement of Accounts.

Stuart Edwards	Ruth Hunter
Chief Executive	Chief Finance Officer/Deputy Chief Executive

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications: The Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner discharges his respective responsibilities.

Contact points for additional information

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SHARED INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

**A REPORT FOR:
CUMBRIA OFFICE OF THE POLICE AND CRIME
COMMISSIONER**

**A REPORT ON:
Police and Crime Commissioner for Cumbria
Annual Governance Statement
2013/14**

Report issued: 11 June 2014

1.0 INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2011 require the Police and Crime Commissioner to produce an Annual Governance Statement (AGS) explaining how the Code of Corporate Governance has been complied with. The AGS must accompany the statement of accounts.
- 1.2 A Code of Corporate Governance for the Cumbria Office of the Police and Crime Commissioner has been in place for the 2013/14 financial year. The 2013/14 Code is concise and has been substantially revised for 2014/15 to provide a more comprehensive Code. The Code is consistent with the CIPFA/SOLACE Framework.
- 1.3 This report reviews the Police and Crime Commissioner's Annual Governance Statement for 2013/14. Evidence and explanations have been sought as required.

2 AUDIT SCOPE

- 2.1 The scope of this audit is as follows:
 - Confirm that the Annual Governance Statement has been prepared in accordance with statutory guidance as set out in "Delivering Good Governance in Local Government : guidance note for Police";
 - Review evidence for any major new content in the Annual Governance Statement and ensure the Annual Governance Statement accurately reflects any issues identified by Internal Audit, in particular the existence of any significant governance issues;
 - Confirm that there is a due process for the review and approval of the Annual Governance Statement.

3 OVERALL EVALUATION, CONCLUSION & RECOMMENDATIONS

3.1 EVALUATION AND CONCLUSIONS

- 3.1.1 From the areas examined and tested as part of this audit review, we consider the current controls for preparing the Annual Governance Statement provide Satisfactory assurance. We are not aware of any matters that should be declared within the Statement as significant governance issues.
- 3.1.2 The Annual Governance Statement has been drafted in accordance with the relevant guidance – Delivering Good Governance in Local Government: Guidance: Note for Police and incorporates the key elements identified in the December 2012 Addendum.
- 3.1.3 The internal audit annual report summarised our work during 2013/14 and information provided in the Annual Governance Statement is consistent with our findings.
- 3.1.4 Where changes or new content has been included in the AGS supporting evidence has been reviewed by Internal Audit. The AGS contains an update on the action plan arising from the 2012/13 Statement.
- 3.1.5 The Police and Crime Commissioner's Annual Governance Statement has been prepared by statutory and senior officers and a draft will be taken to Joint Audit and Standards Committee on 23 June 2014. The Annual Governance Statement will be

signed by the Police and Crime Commissioner, Chief Executive and Chief Finance Officer. The Statement will then be considered by the Joint Audit and Standards Committee before it is published alongside the statutory accounts. A logical process of review and approval has been followed.



Cumbria Office of the Police and Crime Commissioner
Code of Corporate Governance 2014-2015

Foreword



Welcome and thank you for taking the time to read the Police and Crime Commissioner for Cumbria's Code of Corporate Governance. I am pleased to introduce this Code, which sets out the Commissioner's commitment to continue to uphold the highest possible standards of good governance. This document clearly demonstrates his drive to ensure that this is in place. Good governance is about how the Commissioner will ensure that he is doing the right things, in the right way, for the communities he serves, in a timely, inclusive, open, honest and accountable way.

The Code provides clarity about how the Commissioner and Chief Constable will govern their organisations both jointly and separately, in accordance with their statutory responsibilities. It will do this by highlighting the key enablers for ensuring good governance. The Code sets out how the organisations will govern, using the six good governance core principles as the structure for setting out the statutory framework and local arrangements.

Robust governance enables the Commissioner to pursue his vision effectively as well as underpinning that vision with mechanisms for control and management of risk.

A handwritten signature in black ink, which appears to read 'St Edwards'.

Stuart Edwards

Chief Executive and Monitoring Officer

Office of the Police and Crime Commissioner

Introduction

The Police Reform and Social Responsibility Act 2011 (PR&SRA) established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. Those responsibilities include: setting the strategic direction and objectives for policing and crime and disorder reduction in their area; maintaining the police force; and holding the Chief Constable to account. Police and Crime Commissioner's also have wider responsibility for community safety, enhancing criminal justice and supporting victims.

The statutory and regulatory framework setting out the responsibilities, powers and duties of Police and Crime Commissioners is continually developing. The PR&SRA is supported by the Policing Protocol Order 2011, the Home Office Strategic Policing Requirement 2011 and the Home Office Financial Management Code of Practice 2012. The Anti-Social Behaviour, Crime and Policing Act 2014 has developed and conferred further powers in respect of the wider responsibilities of Police and Crime Commissioners.

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring that business is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Commissioner approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for the Cumbria Office of the Police and Crime Commissioner (COPCC). The Code is based on the core principles of governance set out within the CIPFA/SOLACE good governance standard for public services which has 'proper practices' status. The Code is appended with a schematic that sets out diagrammatically all the key elements of the governance framework.

On an annual basis the Commissioner will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

The Code of Corporate Governance

This code of corporate governance sets out how the Police and Crime Commissioner will govern. It is based on the six good governance core principles highlighted by the good governance standard for public service. This code uses those principles as the structure for setting out the statutory framework and local arrangements that are in place to achieve them. Those principles are:

1. Focusing on the purpose of the Commissioner and the Force and on outcomes for the community, creating and implementing a vision for the local area
2. Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of the Commissioner and officers of the Commissioner to be effective
6. Engaging with local people and other stakeholders to ensure robust public accountability



Governance Principle 1: Focusing upon the purpose of the Commissioner and the Constabulary, and on outcomes for local people, and creating a vision for the local area

The Commissioner's Police and Crime Plan can be found on our website at www.cumbria-pcc.gov.uk

The Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the duties and responsibilities of Police and Crime Commissioners. These include the requirement to issue a Police and Crime Plan. The plan sets out the vision and strategic direction for policing and reducing crime for the local area. It outlines police and crime objectives, priorities and outcomes that the Commissioner will focus on in carrying out his

The Strategic Policing Requirement sets out the capabilities we are expected to have to support national policing objectives.

functions. In developing the plan the Commissioner must have regard to the strategic policing requirement set by the Home Office and the priorities of the responsible authorities.¹ The responsible authorities have a duty to co-operate in preventing crime and disorder and to participate in the development of

crime and disorder strategies.

The Police and Crime Plan is subject to scrutiny by the Police and Crime Panel and subject to consultation with the public and partners, including the Constabulary. Consultation processes support decision making on objectives and priorities prior to the formal approval and publication of the plan on the Commissioner's website.

Key performance indicators are set to support the objectives within the Police and Crime Plan. This is supported by a comprehensive performance management framework. The performance framework and HMIC inspection and value for money reports support the Commissioner in holding the Chief Constable to account for the performance of the force and its efficiency and effectiveness. User Satisfaction Performance measures are included in the Performance Management Framework. A procedure for complaints enables the public to raise concerns about services.

An Executive Board structure comprising the Commissioner, Chief Constable, Chief Executive and Chief Finance Officer supports joint working and facilitates the arrangements for accountability and performance monitoring. The board provides a mechanism through which the Chief Constable provides briefings on matters or investigations over which the PCC may need to provide public assurance. A media and communication strategy governs the management of all aspects of communication both pro-active and reactive.

The Police and Crime Plan is developed alongside a medium term financial forecast that ensures funding is aligned to the resources need to deliver

¹ The District and County Councils are the responsible authorities defined within the 1988 Crime and Disorder Act.

priorities and outcomes. The forecast supports the Commissioner in setting a robust budget and in the duty to maintain the force for the Cumbria police area. The budget provided to the Constabulary is supported by a detailed funding agreement that sets out a financial framework and conditions of funding in line with the requirements of the Home Office Financial Management Code. The medium term financial strategy and financial governance is supported through financial policies, regulations and detailed financial rules.

A Commissioning Strategy and framework supports the delivery of the Commissioner's wider duties and responsibilities and the objectives and outcomes within the Police and Crime Plan. The strategy sets out how the Commissioner will work with partners, including community and voluntary sector groups, to deliver activity and interventions that will support victims, improve community safety, reduce crime and enhance criminal justice. The strategy is underpinned by a commissioned services budget and programme.

Grant regulations provide a framework for governance through which grant agreements can be

put in place with partners to provide funding. Each agreement clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on activities that support the priorities and outcomes within the Police and Crime Plan.

The Commissioner's arrangements for governance are based on the requirement for openness and transparency, supporting members of the community to feel empowered to influence local policing solutions and ensuring that the correct governance procedures are in place at a strategic level.

The Office of Public Engagement is instrumental in giving the people of Cumbria the ability to communicate with the Commissioner. A complaints process provides clarity over the arrangements to respond to the breadth of concerns raised by local people.

The Office of Victims Services has also been established, supported by a Victims advocate to commission and promote effective support services that will help victims to cope and recover.



Principle 2: Working together to achieve a common purpose with clearly defined functions and roles

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The PRSA and the PPO also set out the function and roles of statutory officers, namely the Monitoring Officer and the Chief Finance Officer (CFO). Both the Commissioner and Chief Constable must appoint a CFO and further guidance on their roles and functions is provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in a statement on the Role of the Chief Finance Officer (the CIPFA statement).

Key functions and role of the Commissioner

Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report

Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.

Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force

Provides the link between the police and communities; publishes information on Commissioner and force performance

Responsible for the delivery of community safety, crime reduction, the enhancement of criminal justice and victim support

Key functions and role of the Chief Constable

Maintaining the Queen's Peace and the exercise of police powers; politically and operationally independent

Leading the force, planning police functions; appointing officers and staff; managing complaints

Accountable to the Commissioner for efficient and effective policing, management of resources and expenditure

Being the operational voice of policing, publically explaining the actions of officers/staff under their command

Supporting the Commissioner in the delivery of the Plan and in accessing information, officers and staff as required

The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation. This provides the Commissioner's staff with the legal power to carry out duties on behalf of the Commissioner, other than those functions for which legislation prohibits delegation. The scheme includes a number of general principles of delegation that ensures staff carrying out duties under delegation do so within an appropriate set of standards and guidelines. The Commissioner may appoint a deputy who will be a member of his staff as highlighted in the PRSA Act 2011 (section 18). The functions that may be delegated to a deputy are also set out within the scheme of delegation.

The Commissioner is statutorily required to appoint a Chief Executive and a Chief Finance Officer. The Chief Executive is the Commissioner's statutory Head of Staff and Monitoring Officer with responsibility for management of the Commissioner's office. Under the scheme of delegation the Chief Executive will provide support to ensure the Commissioner's functions are carried out. He also has specific legal, financial and governance duties in addition to those which derive from statutory responsibilities.

The Home Office Financial Management Code of Practice and CIPFA 2014 Statement on the Role of the Commissioner's Chief Finance Officer sets out the responsibilities of the Commissioner's Chief Financial Officer. The job profile for this role is based on the CIPFA Statement. The Chief Finance Officer is the financial advisor to the Commissioner and has statutory responsibility to ensure that the financial affairs of the Commissioner are properly administered, having regard to their probity, legality and appropriate standards. The CFO provides all financial advice, provides a statutory report on the

robustness of the budget and ensures systems of internal financial control are effective.

Section 51 of the Police Reform Act (as amended) requires Police and Crime Commissioners to make arrangements for detainees in Police Custody to be visited by volunteers from the local community who are appointed as Independent Custody Visitors (ICV's). The Commissioner's scheme sets out the role of ICV's, providing for volunteers to make weekly unannounced visits, in pairs, to each of the Police Stations in Cumbria which have designated 24/7 Custody facilities. ICV's also visit other non-designated Police Stations whenever the Constabulary notifies that the cells at those stations are in use (e.g. Appleby Police Station during the Annual Horse Fair).

The wider governance framework further details specific responsibilities of key officers in relation to areas of governance. This includes financial regulations, procurement regulations, grant regulations, arrangements for anti-fraud and corruption, decision making and codes of conduct. These documents ensure all staff have a shared understanding of the roles and responsibilities within the Commissioner's office. A funding agreement between the Commissioner and Constabulary sets out the arrangements for governance between the Commissioner and Chief Constable, including specific governance arrangements in respect of financial management of the Constabulary budget.

A protocol document further sets out the roles of political office holders (the Commissioner/Deputy Commissioner) and non-political office holders (staff employees) to provide clarification on respective responsibilities and expectations around how

relationships are anticipated to work. All officers have clearly defined job roles and reporting lines based on the roles and the functions for which they are accountable.

The Police and Crime Plan recognises the importance of partnership working between the Commissioner and the Chief Constable in developing the future direction of policing and taking account of public priorities. The Police and Crime Plan sets out a Pan-Cumbrian vision. The vision recognises that in preventing crime commitment is needed from a range of organisations involved in policing, community safety and criminal justice.

The Commissioner works in partnership with a number of public and third sector partners to do this and has statutory powers to bring together Community Safety Partnerships (CSP's) within the Policing Area of Cumbria. The Plan commits to utilising the existing partnership structures across the County to do this wherever possible. Grant agreements are in place for services and projects commissioned from partners. These set out the shared outcomes which that funding is planned to deliver.

The Commissioner is part of the Cumbria Leadership Board of Council and other key partnerships, as well as Chair of the Safer Cumbria Partnership's Direction Group, which brings together key partners across community safety and criminal justice. This enables the Commissioner and partners to build commitment to shared priorities and to exercise oversight of the delivery of shared outcomes.

The Commissioner's Chief Executive is a member of the Cumbria Chief Executives' Group and the Safer Cumbria Action Group, whose role is to facilitate delivery of shared priorities and address areas of concern.

The broader prevention agenda within The Police and Crime Plan supports the Commissioner's statutory duty to reduce crime. To support the delivery of this, the Commissioner is a member of

the county Health and Well-Being Board and is engaged with the Local Children's Safeguarding Board and the Youth Offending Service. In addition, the Commissioner works with a range of individual partners in the fields of victim services, criminal justice and crime and disorder.

The Police and Crime Panel provide support and scrutiny to the Commissioner in fulfilling his role. Panel members received training provided jointly between the County Council and the Commissioner's office

A Joint Audit and Standards Committee operates in line with the CIPFA Audit Committee Guidance² and within the guidance of the Home Office Financial Management Code of Practice. In line with the Home Office Code, the Committee fulfils the functions of an Audit Committee, for both the Commissioner and the Chief Constable.

**Partnership Working:
Restorative Justice**

Restorative justice is an example of one of the priorities within the 2013/14 Police and Crime Plan. Getting criminals to understand the consequences of what they have done and the impact on victims is an important way of reducing re-offending. There is a commitment to partnership working to achieve this, based on a joined up approach to community resolutions across all agencies by 2015.

² Audit Committee's: Practical Guidance for Local Authorities and Police 2013

Principle 3: Promoting the values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Policing Protocol Order 2011 requires the Commissioner to abide by the seven Nolan principles (standards in public life 2005). The order places an expectation on the Commissioner, the Chief Constable, the Police and Crime Panel and the staff and constables of the Commissioner and Constabulary, that they will establish and maintain effective working relationships. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

The standards of conduct and personal behaviour expected in the Commissioner's office are set out in a Code of Conduct. The Code of Conduct commits to the 7 Nolan Principles of Public Life. The Code sets out commitments with regard to how people will be treated, the use of resources, disclosure and conflicts of interest, disclosure of information and transparency. The Commissioner and all staff are required to sign up to an anti-discrimination Code that sets out commitments and standards with regard to the prevention of discrimination, harassment and bullying.

A protocol exists to define the relationship between political (Commissioner and Deputy Commissioner) and appointed office holders (Audit and Standards Committee Members) and staff employees. The protocol sets out the expectations that each party can have, of the other, within their working relationships. The Commissioner and Joint Audit and Standards Committee Members must sign and operate within the protocol.

SEVEN PRINCIPLES OF PUBLIC LIFE

***SELFLESSNESS:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.*

***INTEGRITY:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.*

***OBJECTIVITY:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.*

***ACCOUNTABILITY:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.*

***OPENNESS:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict.*

***HONESTY:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.*

***LEADERSHIP:** Holders of public office should promote and support these principles by leadership and example.*

The Commissioner's arrangements for anti-fraud and corruption set out clear definitions of fraud, corruption, theft and irregularity. They make clear the duty everyone has with regard to their own conduct and those of others, to protect the organisation against fraudulent and corrupt acts. The arrangements include procedures that provide contact information for confidential reporting (whistleblowing) and guidance for managers and the public with regard to how any reporting will be responded to.

The procedure includes guidance for integrity in respect of gifts and hospitality, completion of a register of interests, supplier contact and declarations of related party transactions. These ensure staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships. The arrangements incorporate an anti-fraud and corruption policy and plan covering the culture expected within the organisation, what is in place to prevent fraud and corruption and how it will be detected and investigated.

The Commissioner's Procurement Regulations incorporate a Business Code of Conduct, re-enforcing the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity and interactions with commercial suppliers. They provide a guide to staff and suppliers in respect of the principles that will be followed in the conduct of business and the processes we expect staff to comply with when buying goods and services. The Business Code of Conduct requires that staff shall always seek to uphold and enhance the reputation of the organisation and act professionally.

Business Code of Conduct: Staff shall:

- *Maintain the highest possible standards of probity in all commercial relationships;*
- *Reject business practice which might reasonably be deemed improper and never use authority for personal gain;*
- *Enhance the proficiency and stature of the organisation by acquiring and maintaining technical knowledge and the highest standards of behaviour;*
- *Ensure the highest possible standards of professional competence, including technical and commercial knowledge;*
- *Optimise the use of resources to provide the maximum benefit to the organisation.*

The Home Office Financial Management Code of Practice requires the Police and Crime Commissioner to ensure that the good governance principles are embedded within the way the organisation operates. The Commissioner's financial regulations set out the internal framework and procedures for financial regulation and administration. They set out the arrangements for the proper administration of financial affairs ensuring these are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity.

The Commissioner's Grant regulations set out the governance framework for the award of grants in support of crime and disorder reduction and victims. The regulations are based on a framework that

supports open award grant processes and make clear the Commissioner's commitment to the principles with the Cumbria Compact, an agreement between public and third sector organisations. They provide minimum standards and terms and conditions for the grant award process that seek to protect public money and ensure activity is targeted towards delivery of the Police and Crime Plan.

All key decisions made by the Commissioner are taken at public meetings of the Commissioner's Executive Board. Decisions are subject to scrutiny by the Police and Crime Panel and members of the public are able to ask questions of the Commissioner at the Executive Board meetings.

A complaints procedure sets out the Commissioner's commitment to take all complaints seriously and to support those wishing to make complaints. It explains how to do this, the help available and what to do if anyone is unhappy with how a complaint is handled. The procedure reinforces the commitment to upholding the highest ethical standards.

The Police and Crime Panel will manage complaints against the Commissioner and provides information on a website explaining how to complain. The Commissioner's Office will refer any complaints received within the remit of the Panel to the County Council's Monitoring Officer who has authority to manage this work on the Panel's behalf. The complaints process provides for a sub-committee of the Panel to hear complaints where it has not been possible to reach local resolution. The full complaints process is available on the Panel's website.

The leadership values for the organisation and staff are set out in the Police and Crime Plan. Objectives

within the plan are translated into targets and action feeding through to staff performance appraisal. The appraisal identifies development needs and provides an opportunity to feedback on staff performance, including behaviour and conduct.

The Audit and Standards Committee operates within Standing Orders for the regulation of its business. The orders include expectations in respect of the conduct of members and how any conflicts of interest should be managed. Members of the Committee are independent and will scrutinise and monitor the operation and effectiveness of the arrangements for governance including the Code of Corporate Governance and framework. The Audit and Standards Committee has responsibility for all standards matters. The terms of reference of the Committee include:

- Monitoring the operation and effectiveness of the Commissioner's Code of Conduct
- Monitoring the operation and effectiveness of the Commissioner/Officer Protocol
- Granting dispensation to the PCC from requirements relating to interests set out in the Commissioner's Code of Conduct
- Hearing and determining appeals in relation to the Commissioners personal policies and decisions of the Chief Executive where appropriate
- Hearing and determining appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decision of the Chief Executive

Collectively these arrangements aim to support good governance, supporting values that advocate high standards of conduct and behaviour.

Principle 4: Taking informed and transparent decisions, which are subject to scrutiny and managing risk

A decision making process is in place to govern how decisions will be taken by the Commissioner. All decision making operates within the specific legislative and regulatory frameworks that confer on the Commissioner duties, powers and responsibility. The significant elements of the statutory framework for decision making comprise:

- The Police Reform and Social Responsibility Act 2011 (PR&SRA) providing the legal framework for decision-making and the function of the Police and Crime Panel to review and scrutinise decisions made by the Commissioner;
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012 requiring the office to be served without fear or favour and with a public commitment to tackling the role with integrity, impartiality and fairness;
- The Policing Protocol Order 2011 setting out the framework within which the PCC & CC should work and requiring all parties to abide by the Nolan Principles;
- The Home Office Financial Management Code of Practice for the Police Service embedding the principles of good governance into the way the Commissioner operates;
- The Elected Local Policing Bodies (Specified Information) Order 2011 and The Elected Local Policing Bodies (Specified Information) (Amendment) Order 2012 specifying the information that must be published by the Commissioner and including both the time scales and requirements for recording and publication of decision and related policies.

Principles of Decision Making

- *Decision-making will be well informed*
- *The decision-making process will be open and transparent*
- *To have 'due regard' within the decision making process*
- *Be rigorous and transparent about how the decisions are taken*
- *All decisions of significant public interest will be recorded and published.*
- *The PCC will uphold the highest standards of integrity and honesty when taking decisions, as set out in the Nolan Principles.*

Challenge and scrutiny contribute to good governance by being part of accountable decision making, policy making and review. The implementation of a robust decision making process ensures that the right decisions are taken for the right reason at the right time.

The Commissioner adopts rigorous standards in his decision-making and all decisions are taken solely in the public interest. This is achieved by adherence to a decision making policy that sets out the parameters and the application of a set of principles that guide decision making. The approach within the policy adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2.

All key decisions are taken at public meetings of the Commissioner's Executive Board and are subject to scrutiny by the Police and Crime Panel. The Commissioner's decision making policy sets out the decision making process and how decisions will be recorded and published to ensure transparency of all decisions taken. A forward plan provides public notification of all key decisions. Reports for decision are based on a template that ensures the implications of any recommendations are clearly understood. This includes relevant financial, legal, human resources, equality, procurement, IT and risk management advice. All decisions are recorded on a decision making template that is available for public scrutiny on the Commissioners' website.

The Chief Executive will instruct external legal advisers on decisions where there are significant legal complexities or legal risk. The Commissioner's arrangements for the Executive Board provide an opportunity for the Chief Constable, Chief Executive and Chief Finance Officer to offer challenge and scrutiny to any reports and recommendations. Relevant officers of the Commissioner and the Chief Constable provide professional advice and expertise. All decision making reports must be submitted 7 days in advance of the meeting other than for urgent items that meet very specific criteria. Decisions for financial investment are subject to a fully developed business case that provides a clear justification for the expenditure.

The Chief Executive is the Commissioners Monitoring Officer and together with the Chief Finance Officer has responsibility for the lawfulness of decision making. The responsibilities of both statutory officers are codified within the Commissioner's scheme of delegation and financial regulations. This includes parameters for officer

decision making, including the delegations, consents and financial limits for specific matters. The Office structure provides for responsibilities in respect of a deputy Monitoring Officer and deputy Chief Finance Officer to ensure resilience of advice in respect of decision making.

Communication and engagement strategies set out how the Police and Crime Commissioner will ensure that local people are involved in decision making. An Office of Public Engagement has responsibility for keeping people informed and ensuring that activities and decisions are transparent. The Office of Public Engagement covers a cross-section of activity including media, e-communications, public engagement and complaints. The Office of Public Engagement plays a key role in ensuring public opinion can influence the Commissioner's decision making. Furthermore an information publication scheme ensures that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational and legal constraints exist.

The Police and Crime Panel oversee the performance of the Commissioner and can call in for further scrutiny any decisions made. The Panel has a veto in respect of the Commissioner's precept decision and decisions on the appointment of the Chief Constable and Statutory Officers. There is also a requirement for the Commissioner to consult with the Panel on the Police and Crime Plan and present to them the Annual Report. The Panel's annual work programme provides cyclical scrutiny to key areas of the Commissioner's business.

Arrangements for governance, internal control and risk management, including the arrangements for

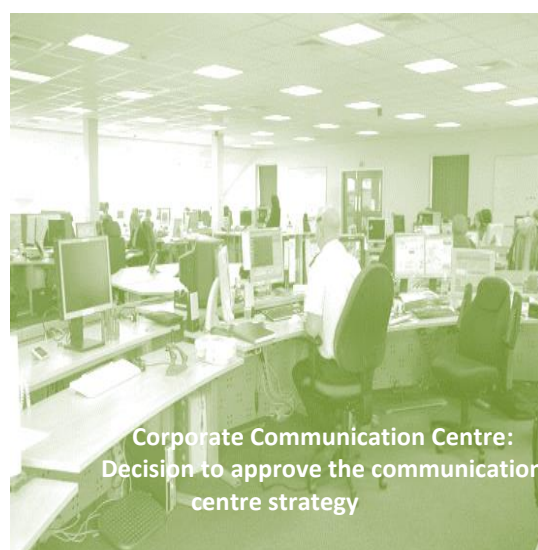
anti-fraud and corruption and whistle-blowing, are subject to review by the Joint Audit and Standards Committee, in accordance with their terms of reference. The Committee operates as an advisory body prior to formal decision making. Meetings of the Committee are public with published notifications. Agendas and papers are available to the public on the Commissioner's website to aid transparency.

A risk management strategy establishes how risk is embedded throughout the various elements of corporate governance of the COPCC, whether operating solely or jointly with the Constabulary. The Commissioner's Risk Management Strategy sets out the overall arrangements for managing risk including those for holding to account the Chief Constable in respect of those risks that fall within his functions. The strategy incorporates a clear framework of objectives, designates roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks to support decision making in respect of mitigating action.

Identified risks are logged on a risk register with clear ownership and are reviewed cyclically based on a score that denotes the severity and impact of the risk should it occur. Arrangements for risk and the management of strategic risks are subject to review by the Joint Audit and Standards Committee. The strategic risk register is presented to the Committee at each quarterly meeting.

An annually developed internal audit plan uses risk as the basis of developing an audit programme to assess the sufficiency of internal controls and their operational effectiveness. The Chief Internal Auditor (CIA) reports to the Joint Audit and

Standards Committee on its findings including recommendations for improvement. The Committee monitors the implementation of audit recommendations. Internal audit makes an annual assessment and reports on the overall arrangements for risk management.



Principle 5: Developing the capacity and capability of all to be effective in their roles

The Police and Crime Commissioner subscribes as a member of the Association of Police and Crime Commissioners (APCC). The APCC delivers daily written briefings received by the Commissioner and office staff, covering press and parliamentary reporting on those areas within the Commissioner's responsibilities. The APCC delivers national events to ensure Commissioners and their staff remain informed and have the opportunity to discuss significant issues and develop collective approaches. APCC events are supplemented by events run by the Home Office, Ministry of Justice, Grant Thornton (the Commissioner's external auditors) and the Chartered Institute of Public Finance and Accountancy (CIPFA). These national and regional arrangements support the capability of the Commissioner and his staff to be effective in their roles.

The Commissioner is required to appoint a Chief Executive and Chief Finance Officer, statutory officers. The Chief Executive and Monitoring Office is the Commissioner's lead advisor. The Chief Executive has overall responsibility for the strategic direction, planning and management of the Commissioner's office in accordance with professional standards and the legislative and fiduciary responsibilities of the statutory office. Key responsibilities include working with the Commissioner to enable delivery against his vision, strategy and identified priorities and facilitating the accurate and appropriate scrutiny of the Constabulary's activities.

The Chief Executive is a member of the Association of Chartered Secretaries and Administrators (ICSA) and the Association of Police and Crime Chief Executives

(APACCE). The Chief Executive operates within the APACCE statement on the role of the Chief Executive and Monitoring Officers for Police and Crime Commissioners. The Chief Executive's job profile is based on the APACCE model.

The structure and arrangements for staffing ensures the Chief Executive has management of overall staffing resources and provides for effective succession planning and resilience on matters of business within a small team.

The Commissioner's Chief Finance Officer (CFO) is a member of CIPFA. The CFO reports to the Chief Executive as Head of the Commissioner's staff and in the capacity of Deputy Chief Executive. The CFO has a direct line of reporting to the Commissioner for all CFO functions.

The CFO operates within the CIPFA guidance set out in the CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner. The institute issues Codes of Practice, guidance and annual updates in addition to setting professional standards and continual professional development requirements. The Commissioner's financial and governance arrangements comply with the relevant CIPFA codes. The job profile for the CFO is based on the CIPFA statement and the CFO is a member of the Commissioner's Executive Board. The job profile includes specific requirements in respect of scrutiny and challenge in line with the CIPFA statement and supporting the Commissioner in holding the Chief Constable to account.

The CFO subscribes to the Police and Crime Commissioners' Treasurers' Society (PaCCTS). The

society holds regular seminars and provides a technical information service to support financial analysis of funding settlements and other key Government funding announcements. External advice is commissioned to support specialist services for treasury management, taxation and insurance brokerage. Regular meetings take place with these advisors to ensure all relevant finance staff have the necessary technical and professional skills to be effective. A deputy CFO role provides for succession planning arrangements.

All staff are engaged in an annual performance and development review process to assess the support, training and development they need to carry out their duties and responsibilities. Professional staff undertake continued professional development in line with the requirements of their professional bodies. The budget setting process provides for training and development budgets to support mandatory and discretionary training requirements.

Professional body subscriptions ensure access to up to date Codes of Practice, guidance and professional standards. Business is carried out supported by policies and procedures that support a wide range of human resource management responsibilities by providing guidance to staff on how to carry out their roles and the wider responsibilities they should take account of.

Members of the Joint Audit and Standards Committee are recruited for the specific skills and experience requirements to fulfil the role of the Committee. Role profiles include a rigorous person specification that requires applicants to demonstrate a sound understanding and relevant professional experience across the fields of finance, internal control and risk management. The Committee has a clear terms of reference and membership that is

consistent with the requirements of the Home Office Financial Management Code of practice, CIPFA guidance and the HM Treasury Audit Committee Handbook. Seminar briefings ahead of Committee meetings and access to relevant CIPFA publications and external audit briefing papers support members continued development.

The Cumbria ICV Scheme comprises four panels of Custody Visitors, one for each of the four designated Custody sites. Each panel elects its own Chair and Vice-Chair who operate the panel with the support of a dedicated part-time resource provided by the Office of the Police and Crime Commissioner. Every new volunteer is required to undertake a half-day basic induction course, followed by an accompanied observation visit, normally undertaken at a weekend on the night shift, to observe an entire shift. Thereafter, new visitors are trained “on the job” by attending visits in the company of a more experienced colleague for the first six months.

On-going ICV training is provided at the regular panel meetings, which take place three times a year, in February, June and an Annual General Meeting in October, when the Chair and Vice-Chair are elected by the members. The Police and Crime Commissioner organises an Annual Conference for all the Cumbria ICVs, which is held in April. The six Police and Crime Commissioners in the North West of England and North Wales organise a joint Regional Conference, usually held in September.

The Commissioner through his Office of Public Engagement is constantly working with partners to ensure capability and effectiveness. The office of Public Engagement works with partners to ensure engagement takes place across a wide range of functions and using existing networks.

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

The Policing Protocol Order 2011 highlights that the Police and Crime Commissioner is accountable to local people and that he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable. The Police Reform and Social Responsibility Act 2011 (PRSRA 2011) established a Police and Crime Panel for each police area as the statutory body that provides the public accountability checks and balances in relation to the performance of the Commissioner. The panel ensures the Commissioner is accountable for the exercise of his/her functions but must also operate in a way that supports the Commissioner in being effective. The Panel membership comprises Councillors from each of the District Council's in Cumbria, the County Council and 2 independent members.

The Panel agrees an annual work programme with specific areas of activity that will be subject to review in addition to the receipt of cyclical information and reports in line with the Panel functions. The Commissioner provides an annual report to the Panel setting out the activities that have been undertaken to fulfil the Commissioner's functions and that of the Chief Constable and the force. The annual report presents the performance outcomes achieved by the Constabulary against an agreed framework of targets and measures. Where data is available performance is benchmarked against statistical neighbours.

The Commissioner is subject to the Accounts and Audit (England) Regulations 2011 and prepares a set of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting that are subject to audit. The statements include a

Police and Crime Panel Functions

- *To review the draft police and crime plan*
- *To publically scrutinise the annual report*
- *To review the proposed precept*
- *To receive relevant reports and information and require the Commissioner to attend meetings and answer questions*
- *To review and confirm appointments (Chief Constable, Deputy Commissioner, Chief Executive & CFO) and dismissal (Chief Constable)*
- *To respond to complaints and conduct, passing serious matters to the Independent Police Complaints Commission (IPCC)*

comprehensive income and expenditure statement and the Police Objective Analysis (POA), a methodology for reporting expenditure on policing to help readers better understand policing activities and their cost.

The Commissioner is required to comply with the Elected Local Policing Bodies (Specified Information) Orders 2011 & 2012 and the guidance provided by the Information Commissioner in respect of an information publication scheme. This ensures key information to ensure public accountability is available through the Commissioner's website. This includes information in respect of the Commissioner, his staff, income and expenditure, property, decisions, policies and the independent custody visitors scheme. The Commissioner's Monitoring

Officer has overall responsibility for ensuring compliance with the Orders and Scheme.

The PRSRA 2011 places a duty on the Commissioner to make arrangements for obtaining the views of the community on policing and for obtaining the views of victims of crime. A community engagement strategy sets out how this will be achieved and aims to ensure clear channels of communication are in place with all section of the community and other stakeholders. This is achieved through an Office of Public Engagement that ensures a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria as an integral part of his decision making. The Office of Public Engagement reports to the Executive Board on a quarterly basis.

As part of the community engagement strategy the Commissioner undertakes formal consultation with the public and other stakeholders in respect of the Police and Crime Plan and the budget. The Commissioner continues to develop arrangements for effective engagement with key stakeholders, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction.

The Office of Cumbria Police & Crime Commissioner is responsible for investigating complaints about the Chief Constable, the Police & Crime Commissioner,

any appointed Deputy, the Office of Cumbria Police & Crime Commissioner's own staff and Independent Custody Visitors. A formal process exists for dealing with complaints should they arise. The arrangements are clearly set out, including the role of the Police and Crime Panel, on the 'contact us' section within the Commissioner's website. The protocol for managing complaints is set out in the Commissioner's complaints Policy. The Executive Board receives regular reports for scrutiny that detail all complaints received and any quality of service issues. The report details the nature of the complaint/issue and how the matter has been resolved. Complaints falling within the remit of the Chief Constable are subject to dip sampling on a quarterly basis for assurance purposes, the results of which are presented to the Executive Board in its report.

The Commissioner has adopted joint personnel policies with the Constabulary to provide a framework for all issues related to employee management, terms and conditions and this includes policies on how staff and staff associations will be engaged in any change processes. Trade union and staff association representatives are consulted during any reviews of personnel policies. There is a general principle for on-going consultation and engagement during any areas of business change.

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Code of Corporate Governance. You can do this by using the contact information below:

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Statutory & Strategic Framework

External Frameworks	Arrangements for Corporate Governance	Arrangements for Delivery Strategies and Performance	Arrangements for Chief Constable Accountability	Financial Governance	Arrangements for Public Accountability
Police Reform and Social Responsibility Act 2011	Statutory Monitoring Officer	Police and Crime Plan	Executive Board	Statutory Chief Finance Officer	Engagement and Communication Strategy
Policing Protocol Order 2011	Deputy Monitoring Officer	Delivery Strategies e.g. Rural Crime, Alcohol Strategy	Independent Custody Visitors Scheme (ICV)	Medium Term Financial Strategy	
Anti-Social Behaviour Crime and Policing Act 2014	Scheme of Delegation	Office of Victim Support		Treasury Management Strategy	Office of Public Engagement
Strategic Policing Requirement	Internal Audit Function	Commissioning Strategy	Work Programme	MRP/Reserves Policy	
	Risk Management Strategy				

Regulatory & Policy Framework

External Frameworks	Arrangements for Corporate Governance	Arrangements for Delivery Strategies and Performance	Arrangements for Chief Constable Accountability	Financial Governance	Arrangements for Public Accountability
Home Office Financial Management Code 2014	Internal Audit Charter	Policies and Procedures	Independent Custody Visitors	Chief Finance Officer Role	Publication Scheme
Public Contracts Regulations 2006	Codes of Conduct			Statement of Accounts	Budget/Police and Crime Plan Consultation
CIPFA Code of Practice/ Guidance	PCC/Officer Protocol			Financial Regulations	Complaints Procedure
Accounts and Audit Regulations 2011	Arrangements for Anti-Fraud and Corruption	Grant Regulations		Procurement Regulations Business Code	Decision Making Protocol
Standards in Public Life 2005	Register of Interests/Gifts & Hospitality				
Elected Local Policing Bodies Information Order	Register of Supplier Contact				
Police and Crime Commissioner Elections Order 2012	Related Party Transactions				

Accountability Framework

External Frameworks	Arrangements for Corporate Governance	Arrangements for Delivery Strategies and Performance	Arrangements for Chief Constable Accountability	Financial Governance	Arrangements for Public Accountability
Police and Crime Panel	Monitoring and Effectiveness Reports	Police and Crime Plan Update Reports	Performance Framework	Revenue and Capital Budget Monitoring Reports	Forward Plan
Joint Audit and Standards Committee	Joint Audit and Standards Committee Annual Report		Chief Constable Funding Arrangement	Treasury Management Activities Reporting	Annual Report
External Audit Plans and Reports	Risk Management Activities Report/Risk Registers		Chief Constable Code of Governance/ AGS	Website/ Newsletters	
HMIC/Other Inspection Reports	Audit Reports/Head of Internal Audit Annual Reports	Grant Agreement Monitoring Returns	Chief Constable Audit Reports	Financial Outturn Report	Complaints Reporting

Advisory Framework

External Frameworks	Arrangements for Corporate Governance	Arrangements for Delivery Strategies and Performance	Arrangements for Chief Constable Accountability	Financial Governance	Arrangements for Public Accountability
Chartered Institute of Public Finance and Accountancy	North West Employers	Head of Partnerships and Commissioning Job Role	Chief Executive/ Head of Paid Service Job Role	Chief Finance Officer Job Role	Head of Communications Job Role
Association of Police and Crime Commissioner Chief Executives		Partnerships and Strategy Manager Job Role	Assistant Policy Officer Job Role	Insurance Brokerage	
Association of Police and Crime Commissioners	Monitoring Officer Job Role	Victims Advocate Job Role	ICV Scheme Administrator Job Role	Taxation and Treasury Commissioned Services	Communication and Engagement Officer Job Role
Police and Crime Commissioners Treasurers Society	Deputy Monitoring Office Job Role			Technical Information Service	



Police and Crime Commissioner for Cumbria
Annual Governance Statement 2013-14

The Police and Crime Commissioner for Cumbria

Annual Governance Statement 2013-14

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The Commissioner has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for fulfilling the Commissioner's functions. This statement explains how the Commissioner has complied with The Code. It also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement (AGS) which must accompany the statement of accounts.

PURPOSE OF THE GOVERNANCE STATEMENT

The governance framework comprises the systems, processes, culture and values by which the

Commissioner is directed and controlled and the activities through which the Commissioner accounts to and engages with the community. The framework enables the Commissioner to monitor the achievement of strategic Police and Crime objectives and to consider whether those objectives have led to the delivery of appropriate efficient and effective police and community safety services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks 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 effectively, efficiently and economically.

The findings of the review of the system of internal control are reviewed by the Audit and Standards Committee (23 June 2014) and reported to the Commissioner's Executive Board (24 June 2014).

THE GOVERNANCE FRAMEWORK AND ITS EFFECTIVENESS

The key elements of the system and processes that comprise the Commissioner's governance arrangements are detailed in this section. The elements are based on the six core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

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 Chief Officers and senior managers who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, the annual report of the Joint Audit and Standards Committee, the view of the external auditor through their annual governance statement and other review inspectorates. As part of the review process, the annual governance statement is prepared, setting out how the Commissioner has complied with The Code over the previous financial year and to the date that the statement of accounts are published.

The Commissioner's Joint Audit and Standards Committee has specific responsibility for providing an independent assurance function in respect of the arrangements for Governance including Risk Management. The work of the Joint Audit and Standards Committee over the period of the Governance Statement contributes to the review process by providing evidence in support of the effectiveness of arrangements.

Six Core Principles of Governance

1. *Focusing on the purpose of the Commissioner and the Force and on outcomes for the community, creating and implementing a vision for the local area*
2. *Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of the Commissioner and officers of the Commissioner to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability*

The Joint Audit and Standards Committee will also receive and scrutinise the report of the Chief Finance Office reviewing the effectiveness of the arrangements for internal audit. A report of the work of the Committee is produced annually, as part of that review, and submitted to the Commissioner's Executive Board and the Police and Crime Panel. The report assesses the effectiveness of the Committee against Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, and as a contribution to the effectiveness of overall governance arrangements.

Internal audit perform a range of reviews based on an agreed audit plan. The plan has regard to risks and recognises that key financial systems and other areas of wider business risk need to be reviewed on a cyclical basis to provide assurance with regard to internal controls and systems for governance. The work of internal audit contributes to the review of the effectiveness of governance by identifying the effectiveness of internal controls and providing an overall opinion annually on the control environment. The internal audit annual report for 2013-14 concludes that the Commissioner's frameworks for governance, risk and internal control are reasonable and that audit testing has confirmed that controls are generally working effectively in practice.

*Richard Rhodes
Police and Crime Commissioner for Cumbria

*Stuart Edwards
Chief Executive

The effectiveness of the internal audit function is assessed annually against Public Sector Internal Audit Standards and the Internal Audit Charter, to support a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control.

The following paragraphs detail how the Commissioner has complied with the governance framework set out within The Code to meet each of the six governance principles. Each section of the statement includes a commentary on areas for development and improvement as part of the review process. These are collated into an action plan at the end of the statement. This AGS also includes an update on the implementation of planned actions from 2012-13.

The Governance Statement is submitted for examination by the Commissioner's Internal Auditors who will report to the Commissioner's Executive Board and the Joint Audit and Standards Committee. The Commissioner will formally approve any changes to the Code of Corporate Governance and framework on an annual basis as part of the governance review. The Code of Corporate Governance detailing the framework arrangements is published alongside this statement.

*Ruth Hunter
Chief Finance Officer/ Deputy Chief Executive

*Signatures have been removed for the purposes of Publication on the website

Core principle 1: Focusing on the purpose of the Commissioner and the Force, and on outcomes for the community, and creating and implementing a vision for the local area

The Police and Crime Plan Vision is that "Cumbria remains a safe place to live, work and visit, where the public has a say in policing and organisations and community groups work together to address the causes of crime, as well as the consequences"

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. The Commissioner's first Police and Crime Plan was

scrutinised by the Police and Crime Panel and subject to consultation with the public and our partners before the priorities were finalised and the plan approved on March 11th 2013. The Plan was refreshed and re-launched in March 2014 following further consultation and review. The priorities within the plan are to:

- Ensure Cumbria remains a safe place to live, work and visit by keeping crime at low levels, particularly violent crime and thefts;
- Reduce the impact antisocial behaviour has on our communities;
- Reduce the impact of alcohol misuse on our communities;
- Tackle the problem of drug supply in the county;
- Reduce the impact irresponsible driving has on our communities;

- Keep our rural communities safe by tackling crime and disorder in rural areas;
- Provide justice for the victims by detecting crime and bringing criminals to justice;
- Address offender behaviour to reduce adult and youth offending and reoffending;
- Establish a collaborative approach to providing support and assistance to vulnerable veterans to assist them to remain clear of criminal activity;
- Reduce harm by targeting domestic abuse and sexual violence;
- Reduce the harm caused by hate crime;
- Give due consideration to public opinion in policing matters;
- Ensure victims of crime have access to support and redress;
- Tackle the increasing incidence of cyber-crime;
- Deliver a county wide CCTV initiative.

Key performance indicators were set with the Chief Constable at the start of the financial year in support of the objectives within the Police and Crime Plan. The performance indicators are supported by a detailed work programme of actions. During the year crime levels, public satisfaction and police performance have been regularly monitored and publically challenged through the Commissioner's Executive Board, regular performance review meetings and alongside audits and visits to

departments. During the course of 2013-14 the Commissioner's Executive Board received Constabulary reports covering a range of areas of performance including crime levels, disposals, roads policing, public complaints, integrity, police officer and police staff numbers and overtime. These reports enable the Commissioner to hold the Chief Constable to account for the delivery of the priorities set out in the Police and Crime Plan and Constabulary performance in general. They also help inform the amendment of those priorities to ensure they are achieving their aims and the setting of new priorities to meet emerging trends.

The OPCC has chaired a newly established multi-agency panel which scrutinises police use of out-of-court disposals. This has provided an effective framework for identifying good practice and checking on the appropriateness of the use of out-

of-court resolutions, which support the reduction of reoffending and take account of victims' views. It has supported the improvement of processes and policies within the Constabulary.

During 2013-14 the Commissioner commissioned a number of reviews to identify the areas of focus for his own and partners' work in key areas of the Police and Crime Plan: support for victims, domestic abuse, sexual violence and youth justice. Working with a wide range of partners, these reviews identified areas for improvement in services and developed an evidence base to support future commissioning activity. This was further supported by two multi-agency conferences in September and December 2013 that facilitated key partners working together to explore the issues and help identify solutions.

The resulting action plans have identified clear responsibilities for making improvements in identified areas and governance processes have been put in place through partnership groups alongside the OPCC, to ensure their delivery. They have already resulted, amongst other areas, to improvements in service for domestic abuse victims through changes in the service commissioned during the early part of 2014 and to the firm commitment of partners to the delivery of a holistic service to victims of sexual violence, which will have a significant impact on reducing the harm caused by such crimes.

At the Executive Board meeting of 22nd February 2013 the Commissioner set his first annual budget and precept in the context of a 4 year medium term financial forecast (MTFF). During 2013-14 further work was undertaken to extend and refine the medium term position in the light of the 2013

The Police and Crime Plan makes a clear commitment to the local priority of 'visible policing'. The medium term financial forecast supports this commitment by providing funding to maintain an establishment of 1134 police officers and 95 police and community support officers during 2013-14 and 2014-15.

The Commissioner's Police and Crime Plan can be found on our website at www.cumbriapcc.gov.uk

Spending Round that announced departmental budget allocations for 2014-15 and 2015-16. In line with his duty to maintain the police force, the Commissioner provided the Chief Constable with a funding agreement setting out a budget of £102.5m for the 2013/14 financial year.

The MTFF included over £3m funding for 2013-14 within a commissioned services budget for community safety and crime reduction in partnership with the District and County Councils, Community Safety Partnerships and wider community and voluntary Sector groups. Funding was also provided for Police Innovation, supporting investment for more efficient and effective working within the Constabulary. Total funding increased to over £4m in year as a result of prior year underspend.

During 2013-14 the commissioned services budget supported a range of partnership working to support services and initiatives to reduce anti-social behaviour and youth offending. Funding was also provided to support sexual and domestic violence services. £50k of funding was awarded to 8 community groups through the Commissioner's community fund and over £1m has been committed to a partnership initiative for a county wide CCTV scheme. A further £2m of funding was agreed to support the Constabulary Business Plan, providing investment in ICT and other initiatives that will support the police to maintain visibility and services from 2015 when officer numbers will have to reduce. The Commissioner's funds and the process for allocation of grants within them has been developed to encourage and support the delivery of

projects and services addressing issues identified in the Police and Crime Plan.

A funding or grant agreement is in place with all partners that have been supported through the commissioned services budget. Each agreement clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on the agreed activities that support the priorities and outcomes within the Police and Crime Plan. The arrangements for Commissioning and the issue of grants have been codified within a Commissioning Strategy approved by the Commissioner at his Executive Board on 27 March 2014. The strategy is supported by a set of accompanying grant regulations

To promote openness and transparency, all Executive Board meetings have been advertised to allow members of the press and public to attend with agendas and papers published on the Commissioner's website.

Following the launch of the Office of Victim Support, the Commissioner continues to develop his arrangements in preparation for the transfer of commissioning responsibilities for victims support services from October 2014. The approved commissioning strategy and budget sets out funding for victims services over a four year timeframe. The strategy and accompanying grant regulations provide authority to enter into partnership arrangements, issue grants and procure services for the provision of support to victims of crime and anti-social behaviour. A Victims' Advocate has been appointed with responsibility for the overall arrangements for victims including the establishment of a Victims' Charity. Work is on-

going on a collaborative basis to commission wider victim referral services from 2015 in partnership with North West of England Police and Crime Commissioners.

During 2013-14 and in line with legislative requirements, a stage 2 staff transfer scheme was agreed between the Commissioner and Chief Constable. The scheme was formally presented to the Home Office on 21 March 2014. This scheme had originally been submitted in draft in September 2013 and the scheme finally submitted was unchanged from the draft scheme that was approved by the Home Secretary. The supporting Constabulary budget and funding agreement taking account of the transfer was approved by the Commissioner on 27 March 2014.

From April 1st 2014 all staff, other than one vacant post and those within the Commissioner's office, transferred to the employment of the Chief Constable. To reflect the changes to governance arising from the transfer a fundamental review and update was undertaken of all key governance documents. A special meeting of the Joint Audit and Standards Committee was convened on February 7 2014 to review a revised governance framework

developed to support the new arrangements from April 2014.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT 2014/15

CP1/1: During 2014/15 the Home Office is undertaking a fundamental review of police funding. To ensure that the Commissioner is able to fully engage in the national funding debate, and understand the implications for future resources, work will be undertaken on the Medium Term Finance Forecast to model the impact of potential changes to grant income.

CP1/2: During 2014-15 the Victims Advocate will be tasked with establishing a charitable trust and putting in place the arrangements from April 2015 for local commissioning of victim referral and support services.



Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). The PRASA and the PPO also set out the function and roles of statutory officers, namely the Monitoring Officer and the Chief Finance Officer (CFO).

The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation. The scheme was initially approved on November 23 2012 and has been revised during 2013-14 to take into account the impact of the stage 2 staff transfer scheme. The impact of the scheme has been to transfer all staff to the Chief Constable, other than one vacant post and those within the Commissioner's office.

The statutory framework prohibits delegations from the Commissioner to staff of the Chief Constable. Revisions to the scheme of delegation have therefore removed any responsibilities delegated to former support staff who have been subject to the transfer scheme. Delegations from the Commissioner to his Chief Executive and Chief Finance Officer place responsibility with the roles of the statutory officers to secure the delivery of support services.

The new arrangements in respect of support have been codified within the funding agreement between the Commissioner and the Chief

Constable. The Commissioner's risk register has been updated on recommendation from the Joint Audit and Standards Committee to reflect the increased risk in relation to the effective 'outsourcing' of support services.

During the year, there have been reviews of the administration and operation of the Commissioner's ICV scheme. The review has supported the role of ICV's through in the introduction of a new version of the ICV Handbook, revised policies and procedures for dealing with appointments, termination of appointment, and complaints and appeals. A new standardised Report Form has been introduced, where the visitors report issues as they arise and these reports are collated, monitored and acted upon by the Office of the Police and Crime Commissioner in close co-operation with the Constabulary.

The wider governance framework further detailing specific roles and responsibilities has been updated to take into account the implications of the stage 2 transfer and the restructure of the Commissioner's office. In lieu of a formal constitution document, these arrangements have been consolidated within a substantially revised Code of Corporate Governance supported by a schematic that sets out the governance framework and inter-relationships between key elements of internal control. The full suite of revised documents including financial regulations, procurement regulations, grant

regulations and anti-fraud and corruption arrangements are available on the Commissioner's website.

During 2013/14 the Commissioner entered into secondment agreements in partnership with Probation, Victim Support and the Youth Offending Service to facilitate joint work on strategy and policy on victim services, domestic abuse, sexual violence and youth justice. Working with a wide range of partners, these reviews identified areas for improvement in services and developed an evidence base to support future commissioning activity. This was further supported by two multi-agency conferences in September and December 2013 that facilitated key partners working together to explore the issues and help identify solutions. The resulting action plans have identified clear responsibilities for making improvements in identified areas and governance processes have been put in place through partnership groups alongside the OPCC, to ensure their delivery. This has included the reestablishment of the Victims and Witnesses Group to facilitate accountability of the delivery of the Victims' Action Plan, through partners reviewing delivery and challenging progress.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime Plan, in addition to supporting and funding local agencies and groups to help tackle some of the priority areas. These activities have included:

- Continuing the role of Chair of the Safer Cumbria Partnership Direction Group, to tackle crime and disorder bringing together public services such as

councils, health, probation and voluntary groups working in fields such as domestic abuse support.

- Developing a partnership Cumbria Alcohol Strategy to tackle alcohol harm, alongside a Joint PCC- Constabulary strategy.
- Working with partners on an action plan to tackle hate crime.
- Working with leaders and chairs of the county's key public and voluntary sector agencies as a member of the Cumbria Leaders' Board
- Working to help address alcohol, drug and mental health issues, often contributing factors in crime, through membership of the Health and Well-Being Board.
- Providing funding for Cumbria's four Community Safety Partnerships, who are responsible for bringing together a range of organisations to identify and tackle local issues in relation to crime and disorder, focusing on domestic violence, local crime prevention, and anti-social behavior.
- Supporting community groups to reduce crime and tackle antisocial behavior through a Police and Crime Property Fund, Community Fund and Innovation Fund. Full details can be found on www.cumbria-pcc.gov.uk
- Signing up to 'Cumbria Compact', which is a set of principles and commitments that underpin good working relationships between the public sector and the community covering areas such as equality and diversity, public engagement and the allocating of resources.

The Commissioner is leading a number of multi-agency partner initiatives. In order to ensure that there is clear governance and public messages a communications strategy is defined which sets out the common vision/objectives, key messages, roles

and responsibilities. The strategies are regularly updated to take into account key milestones and to demonstrate the objectives within the Police and Crime Plan that are being achieved.

The purpose and role of the Joint Audit and Standards Committee has been subject to review during 2013-14 to take into account new guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The review has resulted in the Committee adopting a new terms of reference supported by a revised annual work programme. The terms of reference and work programme enhance the role of committee in reviewing and monitoring arrangements for value for money, anti-fraud and corruption, conduct and the PCC/officer protocol.

During the course of the year a review was undertaken of decision making by the Executive Board. This has resulted in meetings being held in public to increase the openness and transparency of the Commissioner's decision making and his holding to account of the Chief Constable. A facility has also been introduced to enable members of the public to ask questions of the Commissioner at meetings of the Executive Board. The local media have attended all meetings of the Executive Board since the changes were introduced.

During 2013-14 the Commissioner had responsibility for managing the process in respect of the decision of the former Police Authority to suspend the Temporary Chief Constable following allegations relating to serious misconduct. In respect of that process, and following the receipt of the report of the investigating officer, the Commissioner made a decision on 23rd August 2013

that there was a case to answer for misconduct. The decision determined that the matter would not be referred to a misconduct hearing on the grounds of public interest and that management action would be taken.

The Commissioner made a further decision on 23rd August 2013 to suspend TCC Mr Hyde under section 38 (2) of the Police Reform and Social Responsibility Act. This decision commenced procedures under section 38 (3) with a view to calling upon Mr Hyde, as Temporary Chief Constable, to resign or retire. Mr Hyde's appointment as Temporary Chief Constable came to an end on 30th August 2013. As a consequence, and after that date, Mr Hyde reverted to Deputy Chief Constable, at which point the Commissioner no longer had jurisdiction to consider these matters.

The Commissioner has made public the reasons for all decisions that have been taken. In addition, an executive summary of the investigation report into conduct matters, including all the recommendations of the investigating officer, has been made public to aid transparency.

The recommendations of the investigating officer have been presented in a report to the Joint Audit and Standards Committee. The Committee has received action plans from the Constabulary and Police and Crime Commissioner that responds to those recommendations and any wider governance implications. During the year, the Committee has monitored the implementation of the plans in line with their terms of reference.

To provide further assurance, the internal auditor undertook an audit of the integrity arrangements

within the Constabulary and OPCC. The audit included consideration of the extent to which the recommendations arising from Her Majesty's Inspectorate of Constabulary (HMIC) 2012 review of police integrity¹ had been implemented. The conclusion of the internal auditor is that the both the OPCC and Constabulary have satisfactory arrangements in place for managing integrity.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP2/1: The Commissioner is working with health and local government partners to improve services for victims of sexual assault in Cumbria. A jointly funded (OPCC, Constabulary and NHS) project manager has been appointed to an 11 month seconded post within the OPCC to work with partners to deliver a sexual assault referral centre and joined-up system of follow-up health and emotional support services.

CP2/2: Building on the work of the OPCC and partners during 2013-14 to develop a shared understanding of Restorative Justice, the OPCC will work with partners to increase the use of quality Restorative Justice through the development of a multi-agency approach.

CP2/3: During 2014-15 and thereafter, the OPCC will work with criminal justice partners to deliver improvements in services to victims in line with the Victims and Witnesses Action Plan and develop compliance with the Victims' Code of Practice, including specific improvements in relation to domestic and sexual violence identified in the 'Taking the Next Steps' review.

CP2/4: The OPCC will develop a prioritised plan for action and partnership working to make improvements in youth justice based on the findings of the review of youth justice.



¹HMIC Revisiting police relationships: progress report

Core Principle 3: Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

During 2013/14 the Commissioner and Chief Constable have implemented action plans addressing integrity issues arising from the South Wales investigation report. As part of these arrangements the anti-fraud and corruption strategies of both entities have been reviewed and subject to challenge from the Joint Audit and Standards Committee prior to being formally approved.

The revised arrangements on recommendation from the Committee have included a greater focus on raising awareness of whistle-blowing for staff. In support of the requirements for audit of the 2013-14 financial statements, the Commissioner has also submitted to the External Auditor a fraud risk assessment providing further assurances in respect of the arrangements to protect against fraud and corruption.

Procedures for the use of corporate credit cards have been substantially revised to provide more robust guidance and re-enforce the limited circumstances under which they will be authorised for use. The procedures have been reviewed by the Joint Audit and Standard Committee and amended to take on board members recommendations prior to being issued to relevant staff. Arrangements have also been put in place within the Constabulary, with OPCC oversight, to re-enforce staff awareness of

integrity matters within policies for procurement of hospitality and expenses.

Whilst fraud risk remains low within the OPCC office, matters of integrity have been re-enforced in support of the aim of ensuring a high degree of awareness amongst staff in respect of appropriate conduct and behaviours. The Deputy Monitoring Officer has issued a monthly reminder to staff in respect of recording gifts and hospitality and/or supplier contact. Completed registers are subsequently published on the Commissioner's website on a monthly basis. Guidance on gifts and hospitality has been strengthened to specify the value and circumstance of any such offer that would be deemed to be excessive.

The Commissioner and all staff are required to complete a register of interests form on an annual basis. The Commissioner's, Chief Executive and Chief Finance Officer's forms are published on the Commissioner's website for openness and transparency. Prior to considering decisions the Commissioner is required to declare any conflict of interests which are published along with the decision.

Staff have been asked, where appropriate, to complete disclosures of related party transactions. These have been subject to audit as part of the arrangements for the 2012-13 financial statements.

As leader of the local policing body the Commissioner is critical to setting the culture of transparency and ethical behaviour in which the public can have trust across the criminal justice system in their area. Since coming into office the Police and Crime Commissioner has agreed and signed up to a number of protocols and codes such as a Code of Conduct, which will enable him to carry out his role with integrity and transparency.

The Commissioner has approved a commissioning strategy and supporting set of grant regulations to support openness and accountability in respect of opportunities for grant funding. Other than for limited exemptions, the grant regulations commit to an open process for all grant schemes. The criteria against which bids will be awarded and the terms and conditions of funding must be clearly set out at the commencement of the process.

During the year the Commissioner has undertaken a review of the process for decision making through the Executive Board. That review has resulted in changes to the arrangements, including the facility for members of the public to ask questions of the Commissioner at meetings of the Board. The Executive Board Meeting Protocol was agreed by the Commissioner on 23 July 2013.

As part of his statutory responsibility the Commissioner maintains oversight of the Constabulary complaints process. This is achieved by a quarterly dip sampling process of Constabulary complaint files and reports are presented to the

public Executive Board for scrutiny of issues or trends. Complaints received by the Commissioner which relate to Constabulary issues or services are also monitored ensuring a satisfactory conclusion.

Members of the Joint Audit and Standards Committee have reviewed their role against guidance issued by CIPFA in December 2013². That review has resulted in the Committee's annual work programme being developed to include an annual report monitoring the Commissioner's work on anti-fraud and corruption. The Committee will also receive new annual reports from the Chief Executive monitoring the operation and effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol.

In respect of the period from 1st April 2013 to the date of issuing this statement, no issues have been raised with the Committee in respect of the operation of the Commissioner's Codes of Conduct/Protocols and the Committee has not received any standards appeals.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP3/1: During 2014/15 the Chief Executive will develop and present to the Joint Audit and Standards Committee new reports monitoring the operation and effectiveness of arrangements for anti-fraud and corruption, the code of conduct and the PCC/Officer protocol.

² CIPFA Audit Committees\Practical Guidance for Local Authorities and Police 2013 Edition

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

All decision making operates within the specific legislative and regulatory frameworks that confer on the Commissioner duties, powers and responsibility. The regulatory framework is implemented through the Commissioner's decision-making policy and process that adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2.

During the 2013-14 financial year the Commissioner made 49 decisions that have all been recorded and published on the Commissioner's website. Of those, in the interests of openness and transparency, only 13 (26%) were taken as non-public part two items. The range of decisions made included finance and budget, estate, policies, police and crime plan, annual report, policing services and commissioning.

The Joint Audit and Standards Committee has conducted 5 public meetings during the course of the year. As an advisory body, the Committee has undertaken a significant amount of work to review and make recommendations in respect of the Commissioner's arrangements for governance and management of risk. This has included a special meeting of the Committee in February to consider the revised stage 2 governance framework, prior to its adoption by the Commissioner. The Commissioner and the Chief Constable met jointly with the Committee in September in order to receive the views of members prior to authorising

the statement of accounts and 2012-13 Governance Statements for publication.

The Chief Executive has sought specialist legal advice with regards to the Commissioner's decision making in respect of the former Temporary Chief Constable. Specialist and independent advice was also taken with regards to decision making in respect of the Commissioner's appointment of a new Chief Constable. The appointment panel included representation from the College of Policing. The Deputy Commissioner of the Metropolitan Police acted in an advisory capacity. The appointment, in accordance with regulation, was subject to further scrutiny by the Police and Crime Panel before a formal decision and announcement was made on 9 May 2014.

The Office of Public Engagement is instrumental in influencing key decision making within the OPCC. At a recent round of surgeries it was raised a number of times that people and businesses were becoming increasingly concerned in regard to cyber-crime. As a result the Commissioner has included this within the revised Police and Crime Plan.

Another example of people's and partners views being listened to and actioned is the Cumbria CCTV project. The Constabulary and District Councils highlighted the potential future demise of the existing CCTV system and this together with a petition in the north of the county demonstrated

how people felt reassured by CCTV and the need to have a county wide solution. The Commissioner listened to these views and a new county wide CCTV system is to be launched in December 2014.

The Executive Board has received quarterly reports for scrutiny that detail all complaints received in respect of the Chief Constable, Cumbria Constabulary, and any quality of service issues. The types of quality of service issues raised include Anti-Social Behaviour, Driving/Traffic issues, the Policing Service provided, Case Handling and Police Response. In order for the Commissioner to deal with the matters the issues are raised with the Constabulary and an appropriate solution or response is provided either directly to the individual or to OPCC staff to deal with. All responses are monitored by OPCC staff to ensure they are dealt with in a timely manner and to a satisfactory conclusion.

Of the 21 complaints received by the Commissioner, 86% (18) were passed to the Constabulary to deal with as they did not fall within the Commissioner's statutory authority, i.e. they were regarding an officer below the rank of Chief Constable.

The Police and Crime Panel have met 5 times over the course of the year. Their role is to hold the Commissioner to account for providing policing services within Cumbria. They have scrutinised the Commissioner in relation to his Police and Crime Plan, Annual Report, and Budget & Finance decisions. Priority areas for scrutiny by the Panel are considered in accordance with a programme of reporting agreed between the Panel and the Commissioner. The Panel have also considered 9 complaints received regarding the Commissioner.

To enable the Commissioner to carry out his functions effectively they must monitor and react appropriately to risks. To ensure this a Risk Management Strategy was developed and approved; risks are reviewed on a quarterly basis and registers are monitored by the Joint Audit and Standards Committee. Risk management is embedded within all aspects of the Commissioner's work.

The Constabulary's strategic risk register is presented on a quarterly basis to the Executive Board to enable the Commissioner to have oversight and scrutiny of the risks facing the Constabulary.

An annually developed internal audit plan uses risk as the basis of developing an audit programme to assess the sufficiency of internal controls and their operational effectiveness. During 2013-14 internal audit have undertaken a substantial review of their approach to audit and risk in line with the new Public Sector Internal Audit Standards (PSIAS) that came into effect on April 1st 2013. The review has been supported by an external assessment by Grant Thornton with the outcome presented to the Joint Audit and Standards Committee on March 31 2014.

The impact of that review has been the development of a risk based audit planning process that has a significantly wider focus across the business than has previously been the case. The risk based focus recognises that the most significant areas of business risk can be within non-financial systems and processes.

The audit plan for 2014-15 developed using this approach has been subject to review by members of the Joint Audit and Standards Committee prior to

being signed off by the Commissioner and Chief Constable. Significantly the plan includes audit work covering:

- The adequacy and effectiveness of arrangements for data quality, call handling and dispatch within the new centralised communication center
- Audit work to provide assurances with regard to the adequacy and effectiveness of custody arrangements to minimise the risk of death in custody
- Audits of the arrangements for policy development and absence management
- Risk based cyclical audits of the financial systems based on a three year audit interval

Work during 2013-14 as part of this review has also resulted in the re-design of audit reports to improve the quality and accessibility of audit judgements. The reports include a specific section on risk exposure.

The 2013/14 audit plan provided assurance across a range of areas of audit work. This included the main financial systems, treasury management, budget management, payroll and pensions and the capital programme. In addition to the financial audits, work was undertaken to review the internal control frameworks in respect of integrity arrangements, two areas of data quality and seized/held property. Auditors also provided a report on a policing incident in respect of the Appleby Fair. Financial audits consistently achieve a good or satisfactory rating. Non-financial audits have received satisfactory, fair and weak assurance. Fair and weak audit assurance reports have been escalated to the

Commissioner's Executive Board to ensure the timely implementation of audit recommendations. The pattern of assurance across non-financial audits has supported the decision within the 2014-15 audit plan to place greater focus on wider business risk with cyclical reviews of the financial systems.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP4/1: During 2014-15, the Chief Executive plans to run a risk management seminar supported by the Commissioner's risk management advisors (RMP). The seminar aims to engage all OPCC staff in maintaining an up to date awareness of the approach to risk management. It will give consideration to risk appetite and seek to further develop the OPCC's understanding of the risks arising from responsibilities for victims' commissioning.

CP4/2: During 2014-15 the Chief Executive will develop and present to the Joint Audit and Standards Committee a new annual report monitoring the operation of arrangements for Risk Management.

CP4/3: During 2014-15 the internal audit shared service will continue to implement the remaining actions arising from the review of the service by Grant Thornton and against the new Public Sector Internal Audit Standards. Further detail of the actions can be found within the Chief Finance Officer's annual report on the effectiveness of arrangements for audit.

Core Principle 5: Developing the capacity and capability of the Commissioner and officers of the Commissioner to be effective.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

During 2013-14 the Commissioner and the Commissioner's officers have received daily APCC briefings in addition to a number of investigative and review reports and updated guidance from a range of national bodies and organisations. These include updated guidance and research papers from Grant Thornton and CIPFA in addition to HMIC inspection reports. Significant publications have included the NAO's report on Police Accountability, the Centre for Public Scrutiny (CfPS) research report on Police and Crime Panels, HMIC's State of Policing and the Home Affairs Committee series of reports on Police and Crime Commissioners.

The Chief Executive is further supported through the Association of Police and Crime Chief Executives (APACCE). During 2013-14, to strengthen the arrangements for providing peer support, Chief Executive Members of that group have worked to develop and circulate a directory setting out the specialist subject matter areas of each member. At their regular meetings APACCE have also provided a forum to deliberate on key issues for the developing role of Police and Crime Commissioners. APACCE has also arranged regular meetings for Chief Executives to meet Home Office officials and arranged a buddying system for Chief Executives

and senior civil servants. Advice and support is also available through the regional (North West and North Wales) Chief Executives Group, which meets on a quarterly basis.

The North West Joint Oversight Committee of Police and Crime Commissioners continues to meet regularly to take forward collaboration between forces and OPCCs in the region. Separate discussions have also taken place with the Lancashire OPCC with a view to exploring the possibility of collaborative working on restorative justice, support to victims and supporting the Transforming Rehabilitation process.

The Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service. This has included a number of briefing papers and events over the year focused on the funding formula review. Officers within the finance team have also attended a number of events run by CIPFA and Grant Thornton to ensure their understanding of the developing issues with regard to the Commissioner and Chief Constable's statement of accounts. In March 2014 CIPFA revised its guidance on the role of the CFO³

³ CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable

providing further guidance following stage 2 transfer.

Challenges with regard to capacity within the finance function have been addressed with support from members of the Joint Audit and Standards Committee. A re-structure has established a formal assistant CFO post reporting to the deputy CFO. In addition, a training plan has also been developed that provides support to and places on a formal basis arrangements for professional qualifications (Association of Accounting Technicians & CIPFA professional qualification). Both of these measures also aim to support staff development and succession planning in recognition of the growing challenges in the recruitment of suitably qualified and experienced staff within Cumbria.

During the year a tender process has been run to procure specialist taxation advice and specialist advice in respect of treasury management services. Qualitative bids were received from a number of firms, providing confidence that the successful tender proposal can provide effective specialist support. The specification for Treasury Management included a new requirement in respect of advice for borrowing. This is in recognition of the underlying need to borrow within the Commissioner's overall financial position and that consideration needs to be given to the timing and structure of future borrowing requirements.

Further specialist support has been provided to the office during 2013-14 through secondment agreements entered into with Victim Support, the Probation Service and the County Council Youth Offending Service. The agreements have provided additional temporary capacity to develop expertise

in support of the priorities within the Police and Crime plan and prepare for the statutory and regulatory responsibilities for victims and victim based restorative justice.

The capacity and skills needed to deliver support in respect of the Commissioner's wider responsibilities for community safety, enhancing criminal justice and supporting victims, has been recognised through an internal restructure of the Commissioner's office. The restructure has placed more emphasis on partnerships, victims support and victims advocacy. Job roles have been revised to make responsibilities clear and ensure staff resources are appropriately aligned. The structure has included the appointment of a Victims Advocate to support the transition from national to local victims support services and commission services locally.

All staff within the office have undertaken a personal development review process to ensure they have the skills to be effective in their roles. Specific training has been provided for staff in the areas of advanced Microsoft Word, Excel, freedom of Information, media management, coaching and fire safety.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. The overall conclusions from that review are that the Audit and Standards Committee is extremely effective in its operation. The review has demonstrated that within the areas of the CIPFA self-assessment the Committee can evidence substantial support, influence and persuasion in

carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness.

Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas. For those functions not included within the checklist, incorporating the wider functions of the committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements within the Committee's 2014-15 work programme. The full report of the Committee can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>.

During 2013-14 to date, four Induction Training Courses have been held for new Independent Custody Visitors (ICV's), in Penrith on 5 April 2013; Kendal on 22 November 2013; Workington on 28 February 2014 and Carlisle on 2 May 2014. 23 new ICVs in total were trained during 2013-14. At the time of writing, membership of each of the panels stands at: Barrow 11; Kendal 10; North Cumbria 12 and West Cumbria 12. Barrow and Kendal have decided not to fill their remaining vacancies at the present time as they feel they have sufficient members to give an appropriate balance between workload and resources.

The 2013 ICV Cumbria Conference was held on Saturday 27 April in Kendal and dealt with a range of subjects. This included the care and welfare of persons detained in Police Custody as a place of safety under Section 136 of the Mental Health Act and the use of restraint within Custody. The 2014

Conference was held on Saturday 26 April in Penrith and dealt with issues including Human Trafficking and Sexual and Domestic Violence.

In addition to the Cumbria Conferences, a number of ICV's attended the 2013 Regional Conference held on Saturday 21 September at Haydock Park Racecourse. The event covered a range of issues including Risk Management and the Prevention of Deaths in Custody; and regional perspectives on Human Trafficking and Mental Health.

During the year the Commissioner received additional one-off funding to enhance the capacity and capability of the voluntary, community and social enterprise sector to support victims of crime, enhance the capacity within the office to prepare for local commissioning of victim support and develop capacity within the arrangements for restorative justice. The funding has contributed to a number of schemes through providing grant support to third sector organisations to grow and train both volunteers and professional support for victims of domestic and sexual violence and hate crime. Capacity within the office to deliver longer term accessible information for victims has been supported through the appointment of a Victim's Advocate and the commissioning of a victims information portal.

AREAS FOR FURTHER DEVELOPMENT

CP5/1: Over the next financial year the Commissioner will receive support as a member of North West Employers to develop internal arrangements for human resource policies and procedures following from the stage 2 transfer.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. It sets out the Commissioner's legal power and duty to provide the local link between the police and communities, working to translate the legitimate desires and aspiration of the public into action. This responsibility is delivered through an Office of Public Engagement to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria and is accountable. During 2013-14, the Commissioner has:

- carried out more than 100 public engagement events, ranging from surgery style events, 'drop-ins' at supermarkets, walkabouts with Constabulary Neighbourhood Policing Teams, attendance at neighborhood forums, community meetings, parish councils, meetings with various groups i.e. disability, LGBT, and county shows. Attended numerous meetings with local councillors and MPs;
- Hosted two conferences, one on victims and one on sexual/domestic violence;
- Published online and circulated by email and community messaging, a monthly newsletter, and contributed to other newsletters;
- Taken part in a wide range of media activities and interviews;

- Conducted surveys on rural crime, and policing priorities, through a mixture of both online and face-to-face methods during themed engagement events;
- Promoted events and activity and maintain a presence using social media i.e. Twitter and Facebook;
- Launched three funds which invite applications from community groups for them to tackle priorities in the Police and Crime Plan: The Property Fund, the Community Fund and the Innovation Fund;
- Dealt with 112 'Quality of Service' complaints from members of the public;
- Hosted an on-line webchat about rural crime.

The Commissioner provided the Police and Crime Panel with his first annual report on 19 July 2013. The annual report, entitled "Making Cumbria an Even Safer Place", provided detail on crime and anti-social behaviour, the establishment within the OPCC of the Office of Victim Services and the Office of Public Engagement, policing within Cumbria, how the Commissioner had responded to issues raised during community engagement activity and future priorities. During the course of the year the Panel have scrutinised the Commissioner in relation to his Police and Crime Plan, Annual Report, and Budget & Finance decisions. The Panel have also developed jointly with the Commissioner a programme to enable the scrutiny of priority areas from within the Police and Crime Plan and some of the areas scrutinised have included Hate Crime, youth justice

and adult offending and veterans. The Panel have also considered 9 complaints received regarding the Commissioner. Communities in Cumbria have contacted the Commissioner to make complaints and raise quality of service issues. In the year 2013-14 the Commissioner received 112 quality of service complaints from members of the public. These issues were then raised with the Constabulary to deal with the issues and monitored by OPCC staff to ensure a timely and appropriate solution was found. Only 1 issue remains to be completed and mediation is taking place to resolve the matter.

Of the 21 complaints received by the Commissioner 18 (86%) were passed to the Constabulary to deal with in line with statutory legislation and authorities. Of the remaining 3 (14%) the complainant was seeking the Commissioner's intervention following the conclusion of the Constabulary dealing with their complaint. In these instances OPCC staff provided appropriate guidance and advice on appeal processes available to the individual.

The Commissioner's first set of audited accounts were signed on 23 September 2013 and published alongside the report of the independent auditors (Grant Thornton) on the financial statements. The auditors opinion was that the statements provided a true and fair view of the financial position of the commissioner as at 31 March 2013 and that they have been properly prepared in accordance with CIPFA/LASAAC⁴ Code of Practice on Local Authority

Accounting. The auditors further confirmed in their annual governance report on 23 September 2013 a positive conclusion with regards to securing value for money.

In compliance with the Elected Local Policing Bodies (Specified Information) Orders 2011 & 2012 and the guidance provided by the Information Commissioner a range of information has been made publically available through the Commissioners website over the course of the year. This has included agenda and reports for the public Executive Board meetings and the Joint Audit and Standards Committee, guidance and application packs for the Commissioner's three funds, Freedom of Information disclosure logs, financial information and strategies. The Commissioner's monthly Executive Board meetings have also been opened to attendance by the press and public, resulting in the decision making process becoming more open and transparent.

The Commissioner conducted a formal consultation with staff in respect of proposed change to the OPCC staffing structure. This included the opportunity for staff to feedback on the overall proposal and on changes and developments in job roles. The staffing structure and role profiles for the OPCC are publically available on the Commissioner's website.

⁴ The Chartered Institute of Public Finance and Accountancy and the Local Authority Scotland Accounts Advisory Committee

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP6/1: During 2013-14 CIPFA issued new guidance specifically aimed at making the statement of accounts more accessible for readers. During the process for preparing the 2013-14 financial statements work will be undertaken to consider the guidance and review the presentation and disclosure made in the statements. Work will also be undertaken on the summary financial statements to improve their accessibility to the wider public.

CP6/2: In line with requirements detailed within the Specified Information Order work will be undertaken with the Constabulary to enable the publication of contracts exceeding a value of £10,000.

APPENDIX A: 2014-15 DEVELOPMENT AND IMPROVEMENT PLAN

APPENDIX B: 2013-14 DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below:

Office of the Police & Crime Commissioner
Carleton Hall
Penrith
Cumbria CA10 2AU

Telephone: 01768 217734

E-mail: commissioner@cumbria-pcc.gov.uk



Are You Concerned About Anything?

To report any concerns about
fraud or corruption, please ring
one of the following numbers:

**Audit Commission
Whistle Blowers**

03034 448346

Chief Executive OPCC

01768 217734

twitter.com/cumbriapcc [facebook.com/cumbriapcc](https://www.facebook.com/cumbriapcc)

APPENDIX A: 2014-15 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Responsibility	Deadline
CP1	Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.		
CP1/1	Model the impact of potential changes to grant income arising from the review of the police funding formula.	Chief Finance Officer	31 March 2015
CP1/2	Establish a charitable trust and put in place the arrangements from April 2015 for local commissioning of victim referral and support services.	Chief Executive	31 March 2015
CP2	Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.		
CP2/1	Deliver a sexual assault referral centre and joined-up system of follow-up health and emotional support services.	Chief Executive	31 April 2015
CP2/2	Work with partners to increase the use of quality Restorative Justice through the development of a multi-agency approach.	Chief Executive	31 March 2015
CP2/3	Deliver improvements in services to victims in line with the Victims and Witnesses Action Plan and develop compliance with the Victims' Code of Practice, including specific improvements in relation to domestic and sexual violence identified in the 'Taking the Next Steps' review.	Chief Executive	31 March 2015
CP2/4	Develop a prioritised plan for action and partnership working to make improvements in youth justice based on the findings of the review of youth justice.	Chief Executive	31 March 2016
CP3	Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.		

CP3/1	Develop and present to the Joint Audit and Standards Committee new reports monitoring the operation and effectiveness of arrangements for anti-fraud and corruption, the code of conduct and the PCC/Officer protocol	Chief Executive	31 May 2015
CP4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.		
CP4/1	Implement a risk management development seminar for OPCC staff	Chief Executive	31 March 2015
CP4/2	Develop and present a report to the Joint Audit and Standards Committee on the operation and effectiveness of the arrangements for risk management	Chief Executive	31 March 2015
CP4/3	Implement actions arising from the review of internal audit by Grant Thornton and against the PSIAS	Chief Finance Officer	31 March 2015
CP5	Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.		
CP5/1	Develop the arrangements for human resource policies following stage 2 transfer	Head of Communications and Business services	31 March 2015
CP6	Engaging with local people and other stakeholders to ensure robust public accountability.		
CP6/1	Improve the presentation and accessibility of the statements of accounts and summary financial statements	Chief Finance Officer	31 Oct 2014
CP6/2	Work with the Constabulary to fully comply with information publication requirements for contracts	Chief Finance Officer	31 March 2015

Ref	Action	Responsibility	Deadline
CP1	Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.		
4.12	Review all governance documents and amend for the implications of stage 2 transfers. <i>Action Complete – documents reviewed and presented to JA&S on February 7 2014 & approved by the Commissioner on 27 March 2014</i>	Chief Finance Officer	31 March 2014
4.13	Review and amend the funding agreement between the Commissioner and Constabulary to reflect financial implications of stage 2 transfers. <i>Action Complete – Timescales were delayed due to late issue of precept determination. Funding agreement approved by the Commissioner on 27 March 2014</i>	Chief Finance Officer	31 December 2013
4.14	Develop arrangements for the Office of Victim Services. <i>The Office of Victim Services was launched in March 2013. An independent review of victim services has taken place and the feedback from victims has been that they wanted to be treated with dignity & respect. The Commissioner is now leading a multi-agency action plan to improve support to victims and this is being supported by a newly appointed Victims Advocate. Future funding for services to support victims will be dissolved to the Police and Crime Commissioner in April 2015 and this will enable future commissioning of services to be undertaken at a local level.</i>	Engagement & Media Executive	31 March 2014
4.15	Develop and implement Commissioning strategies / accountability frameworks. <i>Action complete but delivered across mixed deadlines due to capacity issues – Governance in respect of grant funding for the community fund and innovation fund were approved on the 6 Nov 13 and 4 Dec 13 respectively. The wider Commissioning Strategy was approved on the 27 March 2014 with supporting grant regulations approved on 7 May 2014.</i>	Chief Finance Officer	31 December 2013
CP2	Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.		
5.20	Consolidate all governance documents into a single constitution. <i>Action Complete – The wider governance framework has been updated to take into account the stage 2 transfer and the Commissioner's restructure. In lieu of a formal constitution document, these arrangements have been consolidated within a substantially revised Code of Corporate Governance supported by a schematic that sets out the governance framework and inter-relationships between key elements</i>	Chief Finance Officer	31 June 2014

	<i>of internal control. This was considered to be a more accessible format that a traditional constitution document. The revised Code and Schematic were approved on 24 June 2014.</i>		
5.21	Review arrangements for the Executive Board / decision making. <i>Action Complete - The Executive Board and the decision making process was reviewed in summer 2013. As a result Executive Board meetings are now held in public and the public and media are invited each month to attend. Executive board papers are placed on the website seven days in advance of the meeting and the link is sent to all the local media.</i>	Engagement & Media Executive	31 March 2014
5.22	Review Partnership arrangements for Community Safety Partnerships. <i>Action completed – A review of arrangements for supporting and engaging CSPs was undertaken and implemented in consultation with CSP Chairs, including the development of grant funding processes to support this.</i>	Chief Executive	31 December 2013
5.23	Develop Partnership strategies to progress Police and Crime Plan priorities. <i>Partnership strategies or actions plans have been developed through partnership groups in relation to alcohol harm, victims and witnesses, domestic abuse, sexual violence, hate crime. A partnership group is developing a strategy related to the Armed Forces Covenant and veterans. A Joint PCC-Constabulary Rural Crime Strategy has been developed, with support of many stakeholders. An Out of Court Disposal scrutiny strategy has been developed and implemented. Youth justice will be dealt with during 2014-15 and 2015-16 due to limited OPCC and partner capacity to drive significant change across a significant number of different issues. An action is set out in the 2014-15 AGS action plan.</i>	Chief Executive	31 March 2014
5.24	Develop and implement a joint action plan/undertake an integrity Audit <i>Action completed – Integrity Audit undertaken and recommendations actioned. Action Plans to address the recommendations arising from the South Wales Police investigation have been developed and largely implemented.</i>	Chief Executive	31 March 2014
CP3	Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.		
6.11	Audit Committee Review of effectiveness. <i>Action Complete – formal assessment of the effectiveness of the Committee undertaken against the CIPFA guidance and standards set out in the 2013 audit committees\practical guidance for local authorities and police was completed May 2014. The outcome of the review was formally reported to the Commissioner and Chief Constable as part of the arrangements for governance, on 24 June 2014.</i>	Chief Finance Officer / Audit Committee Chair	31 May 2014

CP4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.		
7.12	Review of decision making and risk management in the context of new responsibilities from 2014/15. <i>Action partially complete: Decision making complete – see 5.21. Risk management arrangements have been reviewed as part of the arrangements for reviewing governance and implementing a revised risk management strategy. Further development work will continue in 2014-15. An action has been included within the 2014-15 AGS action plan.</i>	Engagement & Media Executive	31 March 2014
CP5	Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.		
8.12	Review of arrangements for accessing development opportunities, skill and knowledge updates for the Commissioner. <i>Action Completed – Access to support regionally and nationally for the Commissioner and staff in place and subject to continued review.</i>	Chief Executive	31 March 2014
CP6	Engaging with local people and other stakeholders to ensure robust public accountability.		
9.9	Arrangements for communication / briefing staff on the policy framework and its application following review. <i>Action partially completed – Review of OPCC structure completed but work on the policy framework is still ongoing with support of North West Employers. Action included within the 2014-15 AGS action plan.</i>	Chief Executive	31 March 2014
9.10	Review publication scheme and public access to information / meetings. <i>Action Complete - The Publication Scheme has been reviewed on a number of occasions throughout the year to ensure that all the statutory obligations are met. There is just one area that the OPCC is unable to meet and this is the publication of all contracts over £10,000. This has been identified as a future piece of work. Public access to information has been significantly improved with the monthly Executive Boards now being held in public. The website is used as the main source of information for people and last figures show that more people are using this as a source of information however, we always ask people to contact the office directly if they do not have access to a computer. The Commissioner has a range of information publications such as the Police and Crime Plan and Annual Report when he attends any public meetings.</i>	Engagement & Media Executive	28 February 2014



Joint Audit & Standards Committee
Monday 23th June 2014
Agenda Item No 5(g)

The Chief Constable for Cumbria Constabulary Effectiveness of Governance Arrangements 2013/14

1. Introduction and background

1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2011 Accounts and Audit Regulations place a requirement on those bodies to publish an Annual Governance Statement in accordance with the CIPFA/SOLACE framework and guidance. The CIPFA/SOLACE framework defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an annual governance statement that makes those practices open and explicit.

1.2 Following the introduction of the Police and Crime Commissioner, the Chief Constable initially operated under the principles set out in the Commissioner's Local Code of Governance. Subsequently, the Chief Constable developed his own Code of Governance, reflecting arrangements within the Constabulary, which was approved in June 2013 and subject to further amendment to take account of Stage2 transfers in March 2014. The Chief Constable's Code has been subject to further review and update as part of the review of the effectiveness of the governance arrangements. It is presented to the Joint Audit and Standards Committee for independent review prior to final approval. It is compliance with this Code by the Chief Constable, together with an assessment of its effectiveness which is reflected in the 2013-14 Annual Governance Statement.

2. Governance Framework & Effectiveness

2.1 The annual review of the arrangements for governance and their effectiveness support the production of the annual governance statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives. The statement is prepared by the Chief Constable's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2012. The guidance supports the application of the CIPFA/SOLACE framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure that the Chief Constable's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices in place to comply with the framework. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the intended actions are outlined in the 'Areas for Further Development and Improvement' for each core principle. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Chief Constable's Governance Statement setting out the review of governance arrangements for 2013-14 and to the date of this meeting, supported by an independent report and opinion from the Head of Internal Audit is presented to the Joint Audit and Standards Committee for review, prior to being received by the Chief Officer Group and Commissioner's Executive Board for endorsement and publication alongside the Statement of Accounts.

2.3 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statements, the changes to policing governance arising from the stage 2 transfer, other changes to legislation and guidance and the practical experience of the first year of the Constabulary operating as a separate corporate sole have prompted a further review of a number of elements of the governance framework during 2013-14, including updates to key governance documents. The introduction of the Public Sector Internal Audit Standards during 2013-14 and updated guidance from CIPFA in respect of Audit Committees, with specific guidance for policing, have also driven more fundamental reviews of the arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. These requirements, whilst challenging, have enabled an approach that has sought to ensure that all arrangements take account of best practice, codes and guidance.

3. The Effectiveness of Internal Audit

3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda. It is supported by the Annual Report of the Joint Audit & Standards Committee of the Commissioner and Chief Constable, and includes an assessment of the effectiveness of the internal audit function. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

4. Recommendations

4.1 Members of the Joint Audit and Standards Committee are asked to:

1. Review the Code of Corporate Governance.
2. Review the Annual Governance Statement.
3. Make any recommendations with regard to the Code, Statement or arrangements for Governance, for consideration by the Chief Constable prior to publication of the documents alongside the Statement of Accounts.

Roger Marshall

Chief Finance Officer

Human Rights Implications: None Identified

Race Equality / Diversity Implications: None Identified

Personnel Implications: None Identified

Financial Implications: None Identified

Risk Management Implications: The Annual Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Chief Constable discharges his respective responsibilities.

Contact points for additional information

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SHARED INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

**A REPORT FOR:
CUMBRIA CONSTABULARY**

**A REPORT ON:
Chief Constable for Cumbria Constabulary
Annual Governance Statement
2013/14**

Report issued: 11 June 2014

1.0 INTRODUCTION

- 1.1 The Accounts and Audit Regulations 2011 require the Chief Constable to produce an Annual Governance Statement (AGS) explaining how the Code of Corporate Governance has been complied with. The AGS must accompany the statement of accounts.
- 1.2 A Code of Corporate Governance for the Chief Constable has been in place for the 2013/14 financial year. The 2013/14 Code is concise and has been substantially revised for 2014/15 to provide a more comprehensive Code. The Code is consistent with the CIPFA/SOLACE Framework.
- 1.3 This report reviews the Chief Constable's Annual Governance Statement for 2013/14. Evidence and explanations have been sought as required.

2 AUDIT SCOPE

- 2.1 The scope of this audit is as follows:
 - Confirm that the Annual Governance Statement has been prepared in accordance with statutory guidance as set out in "Delivering Good Governance in Local Government : guidance note for Police";
 - Review evidence for any major new content in the Annual Governance Statement and ensure the Annual Governance Statement accurately reflects any issues identified by Internal Audit, in particular the existence of any significant governance issues;
 - Confirm that there is a due process for the review and approval of the Annual Governance Statement.

3 OVERALL EVALUATION, CONCLUSION & RECOMMENDATIONS

3.1 EVALUATION AND CONCLUSIONS

- 3.1.1 From the areas examined and tested as part of this audit review, we consider the current controls for preparing the Annual Governance Statement provide Satisfactory assurance. We are not aware of any matters that should be declared within the Statement as significant governance issues.
- 3.1.2 The Annual Governance Statement has been drafted in accordance with the relevant guidance – Delivering Good Governance in Local Government: Guidance: Note for Police and incorporates the key elements identified in the December 2012 Addendum.
- 3.1.3 The internal audit annual report summarised our work during 2013/14 and information provided in the Annual Governance Statement is consistent with our findings.
- 3.1.4 Where changes or new content has been included in the AGS supporting evidence has been reviewed by Internal Audit. The AGS contains an update on the action plan arising from the 2012/13 Statement.
- 3.1.5 The Chief Constable's Annual Governance Statement has been prepared by statutory and senior officers and a draft will be taken to Joint Audit and Standards Committee on 23 June 2014. The Annual Governance Statement will be signed by the Chief

Constable and his Chief Finance Officer. The Statement will then be considered by the Joint Audit and Standards Committee before it is published alongside the statutory accounts. A logical process of review and approval has been followed.



The Chief Constable for Cumbria Constabulary

Code of Corporate Governance 2014/2015

Introduction

The statutory responsibilities of the Chief Constable 'to maintain the Queen's Peace' are outlined in various Police Acts. The Police and Social Responsibility Act 2011 (PR&SRA), which introduced Police and Crime Commissioners, re-enforced the operational independence of the Chief Constable and clarified his role in supporting the delivery of the Commissioner's Police and Crime Plan.

The PR&SRA also established the Chief Constable for Cumbria Constabulary (the Constabulary) as a separate corporate sole. Accordingly, the Chief Constable is responsible for ensuring that business of the Constabulary is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Chief Constable approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements for Cumbria Constabulary. The Code is based on the core principles of governance set out within the CIPFA/SOLACE good governance standard for public services which has 'proper practices' status.

On an annual basis the Chief Constable will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

The Code of Corporate Governance

This code of corporate governance sets out how the Chief Constable will govern. It is based on the six good governance principles highlighted by the good governance standard for the public service. This code uses those principles as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

Those principles are:

1. Focusing on the purpose of the Constabulary and on outcomes for the community, creating and implementing a vision for the local area.
2. Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
5. Developing the capacity and capability of the Chief Constable and officers / staff of the Constabulary to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

Core principle 1: Focusing on the purpose of the Chief Constable and on outcomes for the community, and creating and implementing a vision for the local area

The Chief Constable determines the strategic direction and objectives for the Constabulary. This supports the Police and Crime Commissioner in developing his Police and Crime Plan. The Commissioner approves policing objectives, which are incorporated into the plan, which is available on the Commissioners website at www.cumbria.pcc.gov.uk

In developing the Constabulary's vision and strategic priorities the Chief Constable take into consideration his statutory responsibilities for maintaining the Queen's Peace, the Home Secretary's Strategic Policing Requirement, the Constabulary's Strategic Assessment, based on operational intelligence, and the views of a range of stakeholders including the community, staff and partners. performance results, operational intelligence, strategic risks and the results of audits and inspections are also taken into consideration when setting strategic priorities.

The Constabulary develops a work programme to deliver its priorities. The work programme is based on

- The Strategic Assessment (a document which sets out the Chief Constable's operational priorities based upon performance and intelligence)
- The Change Strategy, which sets out how the Constabulary will improve and deliver savings to balance its budget.
- The Business Strategy, which describes what and how the Constabulary will deliver

essential support functions including ICT, HR, training, fleet and estates.

- The Workforce Plan, which describes how the Constabulary will provide the officers and staff required to deliver operational and other policing services.

The work programme supports and informs the Police and Crime Plan and is underpinned by a Medium Term Financial Forecast, which ensures that funding is aligned to the resources required to deliver policing priorities.

The Constabulary reviews its vision and strategic activities annually to ensure that they continue to support the Police and Crime Plan and the Constabulary's priorities. To support this process the strategic and financial planning within the Constabulary are co-ordinated to ensure that the Commissioner's reporting requirements and decision making processes form part of the overall planning cycle of the Constabulary.

The Constabulary reviews its governance arrangements on a regular basis to reflect development in the Police and Crime Plan and to support delivery of its own vision and priorities, making adjustments as necessary.

Key performance indicators are set to support the objectives within the Police and Crime Plan and the Constabulary's own priorities. This is supported by a comprehensive performance management framework, which is developed

jointly with the Commissioner. The performance framework supports the Commissioner in holding the Chief Constable to account for the performance of the Constabulary and is also used to direct and manage activity within the Constabulary through the work programme.

Clear lines of accountability and processes are in place within the Constabulary to monitor and manage delivery of operational and business objectives including :-

- An established board structure with clear terms of reference / areas of responsibility.
- Chief Officer's holding managers to account for delivery of the work programme in Performance Development Conferences.
- Performance management figures which are published on a dashboard available to all Constabulary officers and staff and the Commissioner, which are updated daily. These figures are subject to statistical analysis to identify areas where significant change is occurring.
- Monthly meetings between chief officers and their senior management to discuss progress on the work programme.
- Bi-monthly performance reports which are presented to the Chief Officer Group and the Commissioner's Public Executive Board.
- Thematic performance reports which are presented to the Chief Officer Group and the Commissioner's Executive Board and published on the Commissioner's website.
- An individual Officer Performance Dashboard has been developed and implemented. This enables sergeants to quickly view their officers' workload and will form the basis of

regular one to one performance meetings, improving supervision and productivity.

Her Majesty's Inspectorate of Constabulary (HMIC) also continuously monitors Constabulary performance against other forces and carries out inspections of the Constabulary for themes agreed with the Home Secretary.

User Satisfaction Performance measures are included in the Performance Management Framework. The Constabulary also pursues strategies to engage effectively with service users including crime surveys and community meetings, with the aim of better meeting the needs of users. A procedure for complaints enables the public to raise concerns about services.

The Constabulary has developed a Quality of Service Action Plan with the aim of improving service delivery and user satisfaction.

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The strategy utilises HMIC Value for Money profiles and Police Objective Analysis data, to identify service areas where there is potential to achieve savings.

A funding arrangement is in place between the Police and Crime Commissioner and the Constabulary, which clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is

targeted on activities that support the priorities

and outcomes within the Police and Crime Plan.

Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). The PRSA and the PPO also set out the function and roles of statutory officers. Both

the Commissioner and Chief Constable must appoint a CFO and further guidance on their roles and functions is provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) in a statement on the Role of the Chief Finance Officer (the CIPFA statement).

Key functions and role of the Commissioner	Key functions and role of the Chief Constable
Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report	Maintaining the Queen's Peace and the exercise of police powers; politically and operationally independent
Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.	Leading the force, planning police functions; appointing officers and staff; managing complaints
Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force	Accountable to the Commissioner for efficient and effective policing, management of resources and expenditure
Provides the link between the police and communities; publishes information on Commissioner and force performance	Being the operational voice of policing, publically explaining the actions of officers/staff under their command
Responsible for the delivery of community safety, crime reduction & the delivery of criminal justice	Supporting the Commissioner in the delivery of the Plan and in accessing information, officers and staff as required

The wider governance framework details specific responsibilities of key officers in relation to areas of governance. The scheme includes financial regulations, procurement regulations, anti-fraud and corruption policies, a scheme of delegation and codes of conduct. These documents ensure all officers and staff have a shared understanding of their roles and responsibilities.

The Chief Constable has developed a Scheme of Delegation which provides specific officers and staff employed by the Chief Constable with authority to carry out duties on behalf of the Chief Constable.

The Police and Crime Plan recognises the importance of partnership working between the Chief Constable and the Commissioner to develop the future direction of policing policy and strategy that takes account of public priorities. An Executive Board structure comprising the Commissioner, Chief Constable, Chief Executive and the Commissioner's Chief Finance Officer supports joint working and facilitates the arrangements for accountability and performance monitoring. The board provides a mechanism through which the Chief Constable provides briefings on matters or investigations over which the PCC may need to provide public assurance. The Constabulary has also agreed a media protocol with the Commissioner, setting out who is responsible for communicating information and clearly identifying whether there is a single lead organisation, a joint responsibility or a supporting responsibility.

The Constabulary has a Chief Officer Group, which is its strategic decision making body and this is supported by a clearly defined board structure. There are established terms of reference and clear reporting lines to the Chief Officer Group.

Task and Finish Groups and Steering Groups are set up to ensure that specific priorities are delivered. Members of these groups include police staff and officers from all ranks and level, representing decision makers and practitioners. The groups report into the permanent governance framework to ensure effective and co-ordinated decision making.

The Constabulary has a well-defined organisational structure with clear reporting lines. All officers and staff within the Constabulary have job profiles, which define their roles and include the policing professional framework.

There are national pay scales for police officers and police staff. Terms and conditions of employment are approved nationally for Police Officers, via Police Regulations and locally for police staff, in conjunction with employee representatives. The Constabulary operates an approved job evaluation scheme.

The Chief Constable is statutorily required to appoint a Chief Finance Officer (CFO). The Chief Finance Office is the financial advisor to the Chief Constable and has statutory responsibility to ensure that the financial affairs of the Chief Constable are properly administered, having regard to their probity, legality and appropriate standards. The CFO provides all financial advice

and ensures systems of internal financial control are effective.

The Chief Constable is supported by the Director of Legal Services, who is a qualified solicitor, member of the Law Society and member of the Solicitor's Regulatory Authority. The Director of Legal Services is a member of the Chief Officer Group and has responsibility for advising the Chief Constable on legal matters. As a member of the Chief Officer Group, the Director of Legal Services is able to scrutinise the legal implications of all strategic decisions.

The Police and Crime Plan sets out a Pan-Cumbrian vision. The vision recognises that, in preventing crime, commitment is needed from a range of organisations involved in policing, community safety and criminal justice. The Constabulary works in partnership with a number of public, private and third sector partners to do this. The

Chief Constable reports details of actual and planned collaborative ventures to the Commissioner on a regular basis.

The financial and procurement regulations, together with the Constabulary's financial rules provide for the regulation of partnership arrangements and to ensure that the purpose of such partnerships is evaluated and risks assessed, before the Constabulary agrees to participate. The Constabulary also undertakes a Value for Money assessment on its major strategic partnerships.

A Joint Audit and Standards Committee operates in line with Chartered Institute of Public Finance and Accountancy Code of Practice and the Home Office Financial Management Code of Practice. In line with the Home Office Code, the Committee fulfils the functions of an Audit Committee for both the Commissioner and the Chief Constable.

Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Officers and staff employed by the Constabulary are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document. The Constabulary has adopted the Code of Ethics produced by the College of Policing and all officers and staff are expected to abide by its provisions.

The Constabulary has an Anti-fraud and Corruption Policy and Procedures, which set out clear definitions of fraud and corruption. The policy embodies the 7 Nolan Principles for Public Life and make clear the duty of everyone with regard to their own actions and conduct and those of others to protect the organisation against fraudulent and corrupt acts. The procedure includes guidance for integrity in respect of gifts and hospitality, completion of a register of interests and declarations of related party transactions. These ensure that staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships.

The Constabulary maintains arrangements for confidential reporting (whistleblowing) and guidance for managers with regard to how any reporting will be responded to. These are

contained in the Anti- Fraud and Corruption Policy and Procedures and the Professional Standards Confidential Reporting Policy and Procedure. The confidential reporting policies and procedures are supported by a regularly publicised confidential phone line and e-mail reporting system on which individuals can leave anonymous information. The Constabulary also subscribes to and publicises 'Public Concern at Work' (PCaW), an independent authority on public interest whistleblowing to allow employees the facility to report externally to the Constabulary if required.

The Home Office Financial Management Code of Practice requires the Chief Constable to ensure that governance principles are embedded within the way the organisation operates. This is achieved through the Chief Constable's arrangements for corporate governance, which embody the principles of openness, accountability and integrity in the conduct of the Constabulary's business

The Constabulary has a Professional Standards Department whose role is to promote proper standards of conduct and monitor compliance with codes. The department actively liaises with management teams and other groups with the aim of maintaining high standards of conduct and produces regular reports which set out details of non-compliance with standards and codes. The Department has its own intranet site to facilitate demonstration of best practice and produces a newsletter highlighting areas of concern and

providing guidance. The Professional Standards Department also has an anti-corruption unit whose role is to investigate information and intelligence received concerning the conduct of officers and members of police staff.

The Professional Standards Department also oversees all complaints, local resolutions and appeals from the public, ensuring compliance with Police Reform Act 2002 and the Police (Complaints and Misconduct) Regulations 2012. These complaints are reported to and audited periodically by the Office of the Police and Crime Commissioner. The Chief Constable also has a procedure in place to receive and investigate complaints made to it about the conduct of Association of Chief Police Officers (with the exception of the Chief who is accountable to the Commissioner) under the relevant conduct regulations.

The Joint Financial Regulations set out the internal framework and procedures for financial regulation and administration. They set out the arrangements for the proper administration of financial affairs ensuring these are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity. The Financial Regulations also re-enforce the anti-

fraud and corruption policy, covering the culture expected within the organisation, responsibilities and measures in place to prevent fraud and corruption and how it will be detected and investigated.

The Joint Procurement Regulations, re-enforce the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity and interactions with commercial suppliers. They provide a guide to staff and suppliers in respect of the principles that will be followed in the conduct of business and the processes we expect staff to comply with when buying goods and services.

The Joint Audit and Standards Committee operates within Standing Orders for the regulation of its business. The orders include expectations in respect of the conduct of members and how any conflicts of interest should be managed. Members of the Committee are independent and will scrutinise and monitor the operation and effectiveness the arrangements for governance including the Local Code of Governance and framework. They will also hear and determine standards appeals.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

All decision making operates within the specific legislative and regulatory frameworks that confer on the Chief Constable duties, powers and responsibility. The significant elements of the statutory framework for decision making comprise:

- Various Police Acts, which outline the responsibilities of the Chief Constable and provide clarity on his operational independence.
- The Police Reform and Social Responsibility Act 2011 (PR&SRA) providing the legal framework for decision-making.
- The Policing Protocol Order 2011 setting out the framework within which the PCC & CC should work and requiring all parties to abide by the Nolan Principles.
- The Home Office Financial Management Code of Practice for the Police Service embedding the principles of good governance into the way the Chief Constable operates.

Challenge and scrutiny contribute to good governance by being part of accountable decision making, policy making and review. The implementation of a robust decision making process ensures that the right decisions are taken for the right reason at the right time. The Chief Constable adopts rigorous standards of probity, regularity and transparency in decision making and all decisions are taken solely in the public interest and to maintain the Queen's peace.

The Constabulary has a Chief Officer Group, which has responsibility for strategic decision making and is supported by an established structure of subsidiary boards with defined terms of reference. Formal Chief Officer Group meetings are minuted and decisions recorded. All significant strategic decisions are referred to the Chief Officer Group. A forward plan and standing items ensure that all significant areas of Constabulary business are considered on a regular and planned basis. Reports for decisions are prepared on a standard template, which ensures that the implications of all decisions are clearly understood. This includes a requirement to acquire relevant financial, legal, human resources, equality, procurement, ICT and risk management advice.

Items of Constabulary business falling under the remit of the Police and Crime Commissioner are referred to the Commissioner from the Chief Officer Group. Decisions are taken by an Executive Board providing an opportunity for the Commissioner, Chief Constable, Chief Executive and Chief Finance Officer to offer challenge and scrutiny to any reports and recommendations. Relevant officers of the Commissioner and the Chief Constable provide professional advice and expertise. All decision making reports must be submitted 7 days in advance of the meeting other than for urgent items that meet very specific criteria. Decisions for financial investment are subject to a fully developed business case that provides a clear justification for the expenditure. The Commissioner's decision making policy sets out the decision making process and how

decisions will be recorded and published to ensure transparency of all decisions taken.

In the operational environment the Constabulary utilises the National Decision Model (developed by the ACPO Ethics Portfolio and National Risk Co-ordination Group). This is a risk assessment framework and decision making process which is used by all police forces across the country. It provides a logical, evidence based approach to making policing decisions and is used by all police officers in their daily work.

The National Intelligence Model (NIM) is a business model for law enforcement and it takes an intelligence-led approach to policing. The tasking and co-ordination process within NIM provides police managers with a decision making mechanism to manage their business both strategically (national, regional and constabulary level) and tactically (territorial policing area level). Pro-active leadership is an essential requirement of the tasking and co-ordinating process. Management decisions are based on a full understanding of the problems faced and enable managers to prioritise the deployment of resources at their disposal.

The Constabulary's risk management policy sets out the overall arrangements for managing risk within the Constabulary and is based on good practice identified by the Institute of Risk Management. The policy incorporates a clear framework of objectives, designated roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks to support decision making in respect of mitigating action. Identified risks are logged on a risk register with clear ownership and reviewed regularly as a

standing item at strategic and management meetings. Individual boards, departments and commands each maintain risk registers, which are updated on a quarterly basis. Individual risks can be escalated to a strategic risk register for consideration by the Chief Officer Group.

The Constabulary has joint arrangements for internal audit in place in conjunction with the Commissioner. This service is provided by the Cumbria Shared Internal Audit Service. Central to this function is an annual risk based audit plan, which complies with the Public Sector Internal Audit Standard.

The arrangements for the Audit and Standards Committee are joint between the Constabulary and Crime Commissioner. The Committee has clear terms of reference and membership that is consistent with the requirements of the Home Office Financial Management Code of practice, CIPFA guidance and the HM Treasury Audit Committee Handbook. Included within the terms of reference of the Committee are review of the Constabulary's arrangements for governance, internal control and risk management. Meetings of the Committee are public with published notifications. Agendas and papers are available to the public on the Commissioner's website. Audit Committee members are selected based on a rigorous person specification that requires applicants to demonstrate a sound understanding and relevant professional experience across the fields of finance, internal control and risk management. Seminars are held prior to the Committee meeting to provide any necessary training and briefing.

Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.

The Constabulary is committed to ensuring that the capacity and capability of its officers and staff are developed to enable them to operate effectively.

The Constabulary's uniformed Statutory Officers are required to complete the Association of Chief Police Officers Strategic Command Course before they are permitted to undertake Chief Officer roles on a permanent basis. This course is designed to ensure that senior officers are equipped with the requisite leadership skills and competencies to undertake senior officer roles.

All Constabulary role profiles specify appropriate essential and desirable skills, experience and qualifications to ensure that employees are able to deliver their responsibilities effectively. Police Officer and Police Community Support Officer recruits are provided with rigorous initial training on operational policing and the values and standards of conduct expected of them.

The Chief Constable's Chief Finance Officer (CFO) is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The CFO operates within the guidance set out in the CIPFA Statement on the Role of the Chief Finance Officer of the Constabulary.

The Constabulary has an approved training plan, which is updated on a regular basis and aims to address the development needs of officers and

staff. The training programme also seeks to provide refresher courses, which ensure that specialist skills are maintained in accordance with relevant best practice.

The Constabulary fully utilises the College of Policing leadership programmes to develop its senior officers and staff. The Constabulary ensures that senior uniformed officers maintain their national accreditation to provide operational command for major and critical incidents.

Areas of corporate training and development need are addressed by a range of training solutions including e-learning, classroom and assessed qualifications, which can be accessed by all officers and staff.

The Constabulary's processes for officer and staff needs analysis enable training and development requirements to be identified and managed, which are aligned to the role or agreed objectives and actions

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

The Constabulary has a Community Engagement and Involvement Strategy, which is reported through the Operations Board. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is reviewed and refreshed on an annual basis to continually improve consultation arrangements.

The Constabulary engages with local communities through the work of its Neighbourhood Policing Teams, operating Engagement Plans, which use a range of methods that are specific to urban and rural community needs. The plans ensure that community priorities, concerns and areas for improvement are identified and dealt with. This includes:

- Safer and Stronger Community Meetings.
- Development of Key Individual Networks.
- Street safe Campaigns
- Residents' forums.
- Neighbourhood and Farm Watch.
- Multicultural centre visits.
- Meet and greet at public places, for example 'Cop in a Shop.'
- Newsletters for each geographical area, providing information on priorities, what has happened and publicising the next community engagement meeting or event. This is also available on the Constabulary website.
- On line discussion forums with expert practitioners available for the public to question

The Constabulary has a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community. This includes alternatives to traditional communication methods including the force website to warn and inform and undertake surveys. Social media and pro-active media coverage of events are used to provide accurate messages and re-assurance.

The Strategic Independent Advisory Group (IAG) meets regularly to discuss emerging issues of strategy and policy both nationally and locally.

The Constabulary meets its requirements under the Equality Act 2010 by setting equality objectives every four years and publishing equality information via its website every three months.

The Constabulary surveys victims of crime and anti-social behaviour to ensure that the Victims' Code of Practice is complied with and to use the feedback to improve the experience of victims and the services provided. Service recovery is part of this process.

Local crime data is published at community level via the Constabulary's website and nationally via police.uk to increase the transparency of crime and performance data. The Constabulary's Performance Reports are available to the public on the Commissioner's website.

The Constabulary is subject to the Accounts and Audit (England) Regulations 2011 and prepares a set of single entity accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and are subject to audit. The Constabulary's accounts set out the resources that have been utilised in delivering the performance achieved. The statements include comprehensive income and expenditure statement and the Police Objective Analysis (POA), a methodology for reporting expenditure on policing to help readers better understand policing activities and their cost.

The Chief Constable complies with guidance provided by the Information Commissioner in respect of an information publication scheme. This ensures key information to ensure public accountability is available through the Constabulary's website.



The Chief Constable for Cumbria Constabulary Annual Governance Statement 2013-14

INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable of Cumbria Constabulary (the Chief Constable) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief Constable's functions. This statement explains how the Chief Constable has complied with The Code. It also

meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement, which must accompany the statement of accounts.

PURPOSE OF THE GOVERNANCE STATEMENT

The governance framework comprises the systems, processes, culture and values by which the Constabulary is directed and controlled and the activities through which the organisation accounts to and engages with the community. The framework enables the Chief Constable to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate efficient and effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide

reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Chief Constable'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 effectively, efficiently and economically.

The findings of the review of the system of internal control are reviewed by the Audit and Standards Committee (23rd June 2014) and reported to the Constabulary Chief Officer Group (23rd June 2014) and the Commissioner's Executive Board (24th June 2014).

THE GOVERNANCE FRAMEWORK AND ITS EFFECTIVENESS

The key elements of the system and processes that comprise the Chief Constable's governance arrangements are detailed in this section. The elements are based on the six core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

The Chief Constable 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 Chief Officers and senior managers within the organisation who have responsibility for the development and maintenance of the governance environment, the annual report of the Joint Audit and Standards Committee, the Chief Internal Auditor's annual report, the view of the external auditor through their annual governance statement and other review inspectorates. As part of the review process, the annual governance statement is prepared, setting out how the Chief Constable has complied with The Code over the previous financial year and to the date that the statement of accounts are published.

The Joint Audit and Standards Committee, has specific responsibility for providing an independent assurance function in respect of the arrangements for governance including risk management. The work of the Audit and

Standards Committee over the period of the Governance Statement

contributes to the review process by providing evidence in support of the effectiveness of

Six Core Principles of Governance

1. *Focusing on the purpose of the Constabulary and on outcomes for the community, creating and implementing a vision for the local area*
2. *Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles*
3. *Promoting values for the Constabulary and demonstrating the values of good governance through upholding high standards of conduct and behaviour*
4. *Taking informed and transparent decisions which are subject to effective scrutiny and managing risk*
5. *Developing the capacity and capability of the Chief Constable and officers of the Chief Constable to be effective*
6. *Engaging with local people and other stakeholders to ensure robust public accountability*

arrangements.

The Joint Audit and Standards Committee will also receive and scrutinise the report of the Chief Finance Officer reviewing the effectiveness of internal audit and the Annual Governance Statement. An annual report of the work of the Committee is produced and submitted to the Executive Board and the Police and Crime Panel. The report assesses the effectiveness of the Committee against Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and as a contribution to the effectiveness of overall governance arrangements.

Internal audit perform a range of reviews based on an agreed audit plan. The plan has regard to risks and recognises that key financial systems and other areas of wider business risk need to be reviewed on a cyclical basis to provide assurance with regard to internal controls and systems of governance. The work of internal audit contributes to the review of the effectiveness of governance by identifying the effectiveness of internal controls and providing an overall opinion annually on the control environment. The internal audit report for 2013-14 concludes that the internal controls have operated satisfactorily in 2013-14.

The effectiveness of the internal audit function is assessed annually against Public Sector Internal

Audit Standards and the Internal Audit Charter, to support a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control.

The following paragraphs detail how the Chief Constable's has complied with the governance framework, set out within the Code to meet of each of the six governance principles. Each section of the statement includes a commentary on areas for development and improvement as part of the review process. These are collated into an action plan at the end of the statement. This AGS includes an update on the implementation of planned actions from 2013.

The Governance Statement is submitted for examination by the Chief Constable's Internal Auditors, who will report to the Commissioner's Executive Board and the Joint Audit and Standards Committee. The Chief Constable will approve any changes to the Code of Corporate Governance and framework on an annual basis as part of the review of governance. The Code of Corporate Governance is appended to this statement.

Bernard Lawson

Temporary Chief Constable

Signatures have been removed for the purposes of publication on the website.

Roger Marshall

Chief Finance Officer

Core principle 1: Focusing on the purpose of the Chief Constable and on outcomes for the community, and creating and implementing a vision for the local area

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Chief Constable determined the strategic direction for the Constabulary that 'Community Policing is Our Priority'. Following public consultation, the annual reviews of the Constabulary's Strategic Assessment (based on operational intelligence), performance results, recommendations from independent inspections and audits and a review of the organisations' strategic risks, the following objectives were identified as key in reducing 'threat, risk and harm' and tackling our communities' concerns :

- Reduce the harm caused by domestic abuse, sexual assault and child exploitation, encouraging people to report to the police
- Respond to vulnerable adults and children who go missing from home
- Deal with alcohol related crime and antisocial behaviour in our communities
- Tackle drug supply across the county
- Keep crime at the current low levels, especially burglary, theft and violent crime
- Deal with antisocial behaviour in our communities

The Commissioner approved these key objectives and incorporated them into his Policing Plan to complement his aims.

The Constabulary worked with the OPCC to develop the performance framework. This set of measures and targets supports delivery of the

Policing Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every two months at the public Executive Board.

The Constabulary reviewed performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity every month throughout the year to identify exceptions to expected performance and took corrective action to address the root causes. The statistical analysis and evaluation of performance is carried out according to Home Office standards. An example of corrective action taken during 2013/14 was the significant increase in thefts during first quarter of 2013/14. The analysis showed that one of the main causes was an increase in shoplifting and where it was occurring. Operational staff consulted with the retail trade and used operational tactics to reduce the number of incidents.

During 2013-14, performance management has been embedded within the Constabulary through use of:

- Monthly briefings from Corporate Improvement to the ACC and DCC and to Operations Board; these included detailed root cause analysis and recommended actions to take

- Performance discussions at all operational Senior Management Team Meetings as a standard agenda item
- Holding corporate Performance Development Conferences each quarter to discuss strategic performance issues and determine improvement actions, such as – violent crime, sickness and data quality.
- Further development of the sophisticated and comprehensive Performance Dashboard for crimes and incidents, user satisfaction, productivity and diversity measures which can be accessed by everyone
- Publication of daily performance figures for all officers and staff to use to monitor and manage delivery of operational activity
- Development and implementation of an individual Officer Performance Dashboard. This enables sergeants to quickly view their officers' workload and forms the basis of regular one to one performance meetings, improving supervision and productivity

The Constabulary performs well and has achieved a significant reduction in both crime and anti-social behaviour since 2009/2010 (falling by 13.8% and 35.8% respectively) and user satisfaction levels are consistently high. Although levels of recorded crime rose by 4.8% in 2013-14, this represents an increase of only 3 crimes per day as Cumbria has the 2nd lowest crime rate of all forces in England & Wales. The increase in crime in 2013-14 is partly attributed to better reporting of domestic violence and sexual offences etc.

Thematic reports for specific areas have also been published and discussed at the Public Executive Board; examples include: progress on reducing

adult re-offending, annual strategic assessment for equality and diversity, including actions taken to address minority issues crime and force performance on stop/search.

During 2013-14 the Constabulary submitted a formal budget proposal for 2014-15 to the Commissioner as part of a medium term financial forecast (MTFF) covering the four year period to 2017-18. The MTFF was based on planning assumptions consistent with those used by the Commissioner's Chief Financial Officer and incorporated latest information on government funding levels for 2014-15 and 2015-16.

The MTFF shows, that despite planned Change Programme savings plans totalling £5.9m over the next four years, a budget deficit emerges from 2016-17 onwards amounting to £4.5m by 2017-18. Future business planning has also been based on the assumption that the Constabulary is likely to faced continued funding pressures until at least 2020-21, as a result of Government austerity measures.

The Chief Constable, whilst continuing to examine all opportunities to reduce support department and non-staffing costs, has recognised that future savings are likely to require reductions in officer and PCSO numbers. Accordingly a number of strategic themes have been identified which help maintain performance whilst delivering a sustainable future including :-

- Understanding Demand
- Developing Leadership and Skills
- Maximising Assets (including staff)

The themes form the basis for a number of more detailed reviews which will be progressed in 2014-15. These work-streams will be managed through the Constabulary's Change Programme.

During 2013-14 the Constabulary also developed a detailed business plan which aims to make more pro-active use of reserves to invest in technology and training with the aim of increasing the productivity of officers and staff which will make the organisation sustainable with a smaller workforce. The business plan will also seek to address the longer term sustainability of the Constabulary's capital resource requirement.

The initial business plan was submitted to the Commissioner's Executive Board in June 2013. The Commissioner has earmarked resources from within the commissioned services budget to fund the plan and has released funding to allow more detailed business cases to be developed.

The business plan has also incorporated revised Estates and Fleet Strategies which were agreed by the Chief Officer Group and Commissioner's Executive Board in February 2014 and incorporated into the capital strategy agreed in February 2014. The fleet strategy was formulated by a new Strategic Vehicle Group, which includes both fleet specialists and operational representation, whose role is to determine and manage the force's fleet requirements. The fleet strategy includes investment in a single vehicle platform which will deliver operational efficiencies and economies of scale.

In response to difficulties in the recruitment of officers in the early part of 2013-14, which gave rise to a revenue budget underspend in 2013-14 the Constabulary has placed considerable emphasis on developing its workforce planning processes through the year. A detailed workforce plan covering the period of the MTFF to 2017-18 is now in place for officers, staff and PCSOs. The workforce plan is subject to scrutiny at both strategic and tactical levels on a monthly basis and is aligned to the financial planning and monitoring process.

Since 2011-12 the Constabulary's Change Programme has played a critical role in delivering savings required to balance the Constabulary's budget in the context of reductions in Government funding. During 2013-14 the Change Programme:-

- Delivered a saving of £2.1 million from the revenue budget that was planned for 2013 – 14
- Further reduced the number of senior directors to reduce management costs
- Improved the efficiency and effectiveness of the custody function. The programme implemented a centrally managed custody function, and changed management ratios and shift patterns to ensure that resources align with demand
- Delivered significant changes to the Crime Command which aligned the detective workforce to demand by standardising the structures and staffing across the CID functions and implemented a new shift pattern

- Streamlined or removed activity across the county to make the investigation process more efficient
- Realigned the intelligence analytical function to better deal with threat and risk
- Reduced the manual inputting requirement for intelligence processing
- Centralised the administration of the Public Protection Units and co-located the function with Social Services to improve services to vulnerable children
- Reconfigured specialist resources to ensure that service provision meets the realistic levels of threat, harm and risk which exist within Cumbria
- Uniformed Operational Support was restructured to support community policing by changing its operating practices and the shift pattern to align resources to demand
- Both the Crime and Operational Support reviews freed up police officer posts to deliver community policing
- Evaluated the Administration Review and the effectiveness of the transactional processes, making further recommendations to make efficiencies
- Reviewed and implemented changes to the procurement function to provide a better service so that the Constabulary can make further savings
- Reviewed the Occupational Health function to improve resilience within the function so that it can support the Constabulary in improving productivity

In addition, the Communications Centre has been moved to a single site at Police HQ so that

improvements to call handling can be delivered for the public and further efficiencies delivered.

The Constabulary has carried out Customer Journey Mapping, which involved interviewing individual service users and organisations representing specific groups about their actual experience of using police services. Recommendations were approved by senior operational staff and have led to the development of the Quality of Service Action Plan to improve services for all users, including diverse groups.

During 2013-14 the Constabulary has been inspected by HMIC and received reports on valuing the police, child sexual exploitation and domestic abuse. The reports have identified that

- Cumbria has made good progress in delivering savings and providing value for money
- A small number of areas for improvement have been identified from the other inspections and action plans have been developed.

Significant progress has also been made on the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy. The Constabulary has used HMIC Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting to secure maximum value from the resources available.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

During 2014-15 the Constabulary will :-

Evaluate the effectiveness of its revised governance arrangements including the board structure, making recommendations for improvement where appropriate.

Review the Constabulary's monthly performance management reports, improving the information provided to chief officers and senior managers so that it adds more value and better informs decision making.

Develop strategic resource management performance data to drive improvements in our use of resources and our productivity.

Review the Constabulary's Performance Development Conferences to inform, explore and discuss root causes of performance issues (good and bad) and drive action to deliver improvements in services to the public.

Further develop its Quality of Service Strategy to support operational policing, to improve service delivery and user satisfaction. This will include development of an over-arching action plan to co-ordinate all related actions from internal and external reviews.

Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The Chief Constable's statutory responsibilities for maintaining the Queen's Peace are set out in various Police Acts. The PRSA and the PPO also set out the function and roles of statutory officers, namely the Chief Constable's Chief Financial Officer.

During 2013 – 14, the Constabulary reviewed its governance arrangements and recommended a strategic governance framework and board structure that enables the Constabulary to deliver all of its objectives. Each board has clearly defined purpose, principles and identified responsibilities. The structure was developed to ensure:

- Working together to manage the major strands of work effectively, with interdependencies and conflicts being identified and resolved, risks managed and ensuring that benefits are delivered
- Clarity about what decisions are made by each governance board, and what needs to be escalated or devolved
- Clarity about what decisions are made by each level of senior management

- That the schedule of meetings supports the governance framework and are compatible with OPCC and PCP meeting schedules.

The review also delivered a strategy for effective communications of decisions and information so that practitioners have the material and authority they require to deliver on behalf of senior managers.

Task and Finish Groups have been set up when required to ensure that the Constabulary has the capacity to deliver specific major pieces of work. For example the Command and Control Steering Group was established to manage the merging of the Communication Centres onto one site - the approach ensured that the right people from the diverse functions were involved and the activity appropriately coordinated.

During 2013-14 the Constabulary has also reviewed its key governance documents consisting of

- Procurement Regulations
- Financial Regulations
- Anti-Fraud & Corruption Policy
- Code of Corporate Governance

Where appropriate joint for documents have been developed alongside the Office of the Police

and Crime Commissioner covering both organisations, examples of this include the Procurement and Financial Regulations. In revising the governance framework the effects of the stage 2 transfer of police staff to the Chief Constable, other action plans and external guidance and the practical experience of the first year of operating within the Police and Crime Commissioner framework have been incorporated.

The Joint Audit and Standards Committee scrutinised the governance documents and were able to provide feedback prior to their approval.

The Chief Constable also produced a draft Scheme of Delegation setting out the responsibilities and decision making authorities of officers and staff of the Constabulary acting on his behalf. This document is still being developed and will be formally completed in 2014-15.

To support working together, the Chief Officers, senior directors and Chief Finance Officer delivered roadshows across the county to officers and staff. The presentations described the Chief Constable's vision and strategic objectives, their rationale and how they would be achieved. The impact for officers on the frontline was also explained and opportunities for questions and answers provided and taken up. The approach was supported by a range of communications across the force.

The Constabulary has worked closely with the OPCC through formal mechanisms (such as Executive Board meetings, Accountability Board meetings) and informally through one to one

meetings with senior staff from both organisations. For example, the Constabulary and OPCC media staff meet every week to review each other's forward plan for communications, engagement and marketing to maximize opportunities, reduce duplication and provide clarity for the media and the public based on our agreed protocol.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly the Constabulary actively participates in a range of partnership activities and functions in collaboration with other agencies, both at a strategic and tactical level. Examples of multi-agency partnership working include

- Acting as operational chair for the Local Resilience Forum (a multiagency group which plans for and manages major incidents in the county that require a coordinated response to keep people safe) and leads on its media and communications.
- Chairing the county's CRASH partnership which has been established to improve road safety across the county.
- Chairing the Safer Cumbria Action Board
- Active participation in the Local Safeguarding Board and the Safeguarding Improvement Board, which deal with child protection issues.
- Working in Community Safety Partnerships
- Countering alcohol harm through the Constabulary's own strategy and as part of the Cumbria Alcohol Steering Group.

- Combating anti-social behaviour in partnership with various local authorities and housing associations.

With regard to human resources, during 2013-14, the Constabulary successfully negotiated with Unison to change Police Staff Terms and conditions which provided greater flexibility for the organisation to meet its business needs. The revised conditions included changes to overtime arrangements, job evaluation, pay protection, flexible contracts /locations and flexible working hours.

The Constabulary has also given consideration to and introduced those aspects of the Winsor Report, Parts 1 and 2 on Police Officer terms and conditions of employment for implementation. These include new arrangements for the delegation of authority to approve short notice work on public holidays; the determination of new pay scales and assimilation for new entrant police officers; the abolition of competency related threshold payments (CRTP) and introducing a higher level of on call payment for Federated Ranks.

The Constabulary has not taken up the option of introducing a Voluntary Exit Scheme for Police Officers. No further action has been taken to introduce direct entry to Superintendent ranks as neither feature has been thought necessary to aid workforce planning at the Constabulary”.

During 2013-14 the South Wales police investigation into the conduct of the Temporary Chief Constable was concluded. Following the receipt of the report the Commissioner was initially responsible for managing the process and

his actions in this respect are detailed in the Commissioner’s Annual Governance Statement.

Mr Hyde’s appointment as Temporary Chief Constable came to an end on 30th August 2013, at which point he reverted back to his substantive rank of Deputy Chief Constable and therefore came under the responsibility of the Office of the Chief Constable.

The Chief Constable very carefully considered the findings of the independent Executive Summary released by the Commissioner. The Chief Constable concluded that whilst Mr Hyde’s behaviour had fallen short of what the police service and the public should demand from a senior public servant, he believed that in his role as Deputy Chief Constable, Mr Hyde should return to work, albeit under a detailed plan to ensure lessons were learnt from what has been identified during the investigation.

On 9th September 2013 Mr Hyde commenced a managed return to the Constabulary having received management advice. On his return he conducted a strategic review of ICT developments.

Mr Hyde retired from Cumbria Constabulary on 31st December 2013.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

The Constabulary will update outstanding governance documents including its financial rules, budget and asset protocols and the Chief Constable’s Scheme of Delegation.

The Constabulary will undertake further development of business plans for non-operational policing functions to ensure that activity is directed to supporting delivery of policing services.

The Constabulary will develop schemes to carry out fitness testing of officers and to review the contribution of police officers on restricted duties to front line policing in line with the recommendations of the Winsor Review.

The Constabulary's current scheme of PDR has been suspended for 2014-15 with a view to incorporating Winsor changes and streamlining the process. A new scheme is anticipated to be designed and in place for 2015-16. The Constabulary is also developing a more streamlined assessment process for incremental progression for police officers linked to satisfactory performance in the PDR.

Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Constabulary takes a pro-active approach to strengthening its arrangements for ensuring the highest standards of integrity in all elements of its business. During 2013-14 the Chief Constable held corporate planning events attended by senior managers within the Constabulary on the subject of ethics and values. This resulted in the development of a Corporate Values Statement, which has been communicated to all officers and staff.

The adoption and implementation of the ACPO Integrity Action Plan, and Integrity Model, which arose from the HMIC 'Without Fear or Favour' inspections of all forces in 2011 and 2012, is central to the Constabulary's actions to improve its integrity arrangements. The core themes of the action plan are the :-

- Handling of media relations and information.
- Providing greater guidance and clarity regarding the acceptance of gifts and hospitality, business conduct in relation to procurement and secondary business interests.
- The identification, monitoring and management of integrity issues.

The action plan was largely implemented in 2013-14.

In addition, during 2013-14, a separate action plan which, covered similar issues, was produced in response to the South Wales Police enquiry into the conduct of the former Temporary Chief Constable. Again this action plan was principally completed in 2013-14. Progress on implementing the recommendations of the South Wales report was subject to scrutiny by the Joint Audit and Standards Committee.

A subsequent internal audit report on integrity within the Constabulary concluded that arrangements were satisfactory and highlighted 'many examples of good practice, such as improved clarity around the acceptance of gifts and hospitality and, updating of policies' a small number of recommendations for further improvement, including the establishment of a routine mechanism for cross checking procurement records with registers of business interests / secondary employment were made.

During 2013-14 the Constabulary's Anti-Fraud and Corruption Policy and Procedures have been updated and subject to scrutiny and challenge by the Joint Audit and Standards Committee prior to being formally approved. The revised arrangements, on recommendation from the Committee have included greater focus on raising awareness of whistle-blowing arrangements for staff. In support of the 2013-14 financial statements the Chief Constable has also submitted

to the District Auditor a fraud risk assessment providing further assurance to protect against fraud and corruption.

Procedures for the use of corporate credit cards have been substantially revised to provide more robust guidance and re-enforce the limited circumstances under which they will be authorised for use. The procedures have been reviewed by the Joint Audit and Standards Committee and amended to take on board members recommendations prior to being issued to relevant staff.

The role of the Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment which seeks to predict future risks as a basis developing a control strategy. The Strategic Assessment was refreshed in October 2013.

During 2013-14 the Professional Standards Department Anti-Corruption Unit have reported regularly to the Commissioner in relation to its work.

The Professional Standards Department have issued five PASS newsletters during the 2013-14 year to officers and staff in relation to issues of conduct and integrity. The newsletters have provided guidance on generic responsibilities such as use of force systems, use of the internet and e-mails and associations which could pose a vulnerability. Newsletters have also highlighted specific examples of misconduct which have led to disciplinary action. This is preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards.

The Professional Standards Department also oversees all complaints against the Constabulary. Complaints and the results of subsequent investigations are reported periodically to the Police and Crime Commissioner. Whilst the number of complaints increased in 2013-14, both the level of complaints, expressed per officer and the percentage of those complaints upheld remains well below the national average. Where trends in upheld complaints identify specific issues PASS newsletters are issued by Professional Standards providing additional guidance to officers and staff, for example guidance on procedures for Voluntary Searches was issued in 2013-14.

AREAS FOR FURTHER DEVELOPMENT

During 2013-14 the Constabulary will communicate and embed the National College of Policing Code of Ethics which has recently been issued. The Code of Ethics will also be incorporated into individual and organisational

performance meetings and the policy development and review process.

The Constabulary will consider the benefits of establishing Ethics and Integrity Regulation and Management Committees to strengthen its governance arrangements over the next year.

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

Chief Officer Group have made a significant number of strategic decisions over the past 12 months across operational and business functions - ranging from approving the digital and mobile strategy, identifying the right IT systems and approving the business plans that support delivery of police services for the public. All of these decisions have been informed by business cases or reports, which clearly specify the impacts on finance, HR, risk, diversity, legal, procurement and ICT and which also clearly justify any expenditure made. All professional expertise is represented at the governance boards. All decisions have been minuted and part 1 decisions made available on SharePoint.

The Commissioner has a statutory duty and electoral mandate to hold the police to account and to maintain an efficient and effective police force. In this role, he has scrutinised decisions made by the Constabulary throughout the year.

Every month, senior police officers carry out a full and robust assessment of operational risk, harm and threat to communities. These are discussed at monthly Tasking & Coordination meetings. This process systematically reviews vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups and threats to life. Action has been taken and resources tasked to deal with the operational issues raised.

Every day, officers in each Territorial Policing Areas have held a Daily Management Meeting which identifies the crimes, incidents that have occurred over the previous 24 hours, any vulnerable or high profile incident (such as a vulnerable missing child or known domestic abuser) and senior officers have allocated their resources based on this evidence and effective management of threat harm and risk.

The Joint Audit and Standards Committee has conducted 5 public meetings during the course of the year. As an advisory body, the Committee has undertaken a significant amount of work to review and make recommendations in respect of the Chief Constable's arrangements for governance and management of risk. This has included a special meeting of the Committee in February to consider the revised stage 2 governance framework, prior to its adoption by the Chief Constable. The Commissioner and the Chief Constable met jointly with the Committee in September in order to receive the views of members prior to authorising the statement of accounts and 2013 Governance Statements for publication.

Risk management is a standing agenda item on all boards, including programme and project management boards. Mitigating actions have been identified and tracked to ensure that risks are minimised.

The Constabulary commissioned an audit of the risk management arrangements using the organisation's insurer (Gallagher Bassett). The results were satisfactory, with some recommendations being made about determining the Constabulary's risk appetite, improved tracking risks and how risks are categorised. An Action plan has been developed.

An annually developed internal audit plan uses risk as the basis of developing an audit programme to assess the sufficiency of internal controls and their operational effectiveness. During 2013/14 internal audit have undertaken a substantial review of their approach to audit and risk in line with the new Public Sector Internal Audit Standards (PSIAS) that came into effect on April 1st 2013. The review has been supported by an external assessment by Grant Thornton with the outcome presented to the Audit and Standards Committee on March 31 2014.

The impact of that review has been the development of a risk based audit planning process that has a significantly wider focus across the business than has previously been the case. The risk based focus recognises that the most significant areas of business risk can be within non-financial systems and processes.

In relation to audits conducted in 2013-14, a total of seventeen audits were completed, of which 82%, including all financial audits were graded as either good or satisfactory. Where internal audit recommendations have been made a robust action plan is put place in response.

The audit plan for 2014-15 developed using this approach has been subject to review by members

of the Joint Audit and Standards Committee prior to being signed off by the Commissioner and Chief Constable. Significantly the plan includes audit work covering:

- The adequacy and effectiveness of arrangements for data quality, call handling and dispatch within the new centralised communication centre
- Audit work to provide assurances with regard to the adequacy and effectiveness of custody arrangements to minimise the risk of death in custody
- Audits of the arrangements for policy development and absence management
- Risk based cyclical audits of the financial systems based on a three year audit interval

Work during 2013-14 as part of this review has also resulted in the re-design of audit reports to improve the quality and accessibility of audit judgements. The reports include a specific section on risk exposure.

AREAS FOR FURTHER DEVELOPMENT

The Constabulary will continue to develop and improve its risk management processes. In 2014-15 the recommendations of the independent review by the Constabulary's insurers in relation to risk categorisation and consideration of risk appetite will be implemented.

The Constabulary's internal website will continue to be developed in particular to improve the access and search capability which will make it easier for officers and staff to access the information they need.

Decisions of Constabulary boards will be published on the intranet to improve communication and

understanding of officers and staff of the objectives we are trying to achieve.

Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

During 2013-14 the Constabulary received guidance from the Association of Chief Police Officers, which provided information on best practice in relation to a wide range of operational policing areas.

The Constabulary's annual training plan was developed in early 2013-14 in conjunction with Operational Leadership Teams. In developing the plan there was particular focus on ensuring that officers involved in the review of Operational Support were equipped with the requisite skills to perform the dual roads policing and firearms role which is now required of them. Additional resources were also directed to the probationer training to support the enhanced level of officer recruitment during the year.

The training plan was delivered for the first time through a strategic training collaboration with Lancashire Police. The collaboration is managed by a shared learning & development management team with oversight from a joint Governance Board which has representation from the Chief Officer teams of both forces. The Board met on three occasions over the year to scrutinise delivery of the plan. The collaboration has delivered benefits through :-

- Increased capacity to deliver training, which has been particularly beneficial to accommodate the increased level of recruitment in 2013-14.
- Reduced costs.
- Harmonisation of course content based on best practice across the forces.

During the year there has been particular focus on ensuring that command accreditation is in place in compliance with the National Policing Requirement. This ensures that senior officers are trained, evaluated and accredited to national standards to allow them to deal with public order, firearms and the handling of major and critical incidents.

A number of officers and staff have also attended the College of Policing Leadership Programme over the last year to develop their leadership skills within the policing environment.

For 2013-14 external training budgets have been devolved to local managers to encourage greater ownership and accountability for the allocation and management of training resources.

For police staff additional training resources have been directed towards developing specific ICT and

media skills in line with business priorities. The Finance Department has been re-structured to include an Assistant CFO post along with a training plan, to address challenges with regard to capacity within the function which was supported by the members of the Joint Audit & Standards Committee.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. The overall conclusions from that review are that the Audit and Standards Committee is extremely effective in its operation. The review has demonstrated that within the areas of the CIPFA self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness.

Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas. For those functions not included within the checklist, incorporating the wider functions of the committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. In areas where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements within the Committee's 2014-15 work programme. The full report of the Committee can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>.

AREAS FOR FURTHER DEVELOPMENT

The core skills and leadership programme which forms part of the Constabulary's business plan will continue to be developed and implemented in 2014-15. This programme will focus on developing the appropriate operational and technical skills needed by officers and staff at all levels together with an improved focus on developing leaders at all levels within the organisation.

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Constabulary has a Community Engagement and Involvement Strategy, which is reported via the Joint Operational Senior Management Meeting. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is regularly reviewed and refreshed on an annual basis to continually improve consultation arrangements. .

During the year, the Constabulary consulted with the public to find out their priorities, how safe they felt and what services they valued. These informed the development of the Constabulary's objectives for 2014-15.

The Constabulary commissions an external company to survey victims of crime and antisocial behaviour by telephone and has used the feedback to improve the services it provides, and has developed a process to fast track service recovery process to action issues raised directly.

The Constabulary has developed a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services. Access to information has been developed to include community messaging and all social media – the Constabulary's e-community has grown and is now at more than 36,000 followers. Online discussion forums have been introduced to supplement community meetings,

surveys and other public engagements to identify priorities, concerns and areas for improvement. An example of this relates to- specialist cybercrime advice to counter child exploitation.

The Strategic Independent Advisory Group has met regularly to discuss emerging issues of strategy and policy both nationally and locally. An annual report on Diversity and Equality setting out how objectives had been achieved was provide to the Commissioner and published on the website. Equality information is published every quarter on the Constabulary's website.

Throughout the year, Neighbourhood Policing Teams (NPTs) have engaged with the public through a variety of means which helps to reduce crime by encouraging respect for the law and fostering social responsibility and to determine local priorities.

The Constabulary has Community Engagement Plans written by each of the 10 NPTs. The plans detail how officers within the NPTs will engage with their community, and is specifically grouped around; Town and Parish Councils, local residents, businesses, schools and young people; and members of the community with Protected Characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief and Sexual orientation). The table below show the estimated hours spent engaging by NPTS across the county:

	Hours	%
Town / Parish Council Meetings	1,709	59
Local Residents (Surgeries & Drop Ins)	865	30
Businesses	220	7
Schools and Youth Clubs	68	3
Protected Characteristics	28	1
Total	2,890	100

Every month, local crime data has been published at community level on the Constabulary's website and via police.co.uk to increase the transparency of performance and crime data.

The Constabulary has responded to 805 freedom of Information requests in 2013 - 14.

The Chief Constable's first set of audited accounts were signed on 23 September 2013 and published alongside the report of the independent auditors (Grant Thornton) on the financial statements. The auditors opinion was that the statements provided a true and fair view of the financial position of the commissioner as at 31 March 2013 and that they have been properly prepared in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting. The auditors further confirmed in their annual governance report on 23 September 2013 a positive conclusion with regards to securing value for money.

AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.

The Constabulary will develop its Engagement Strategy to improve trust and confidence in policing services and to identify policing priorities which need to be addressed in their local area. This will include provision of police desks across the county.

REPORT ON THE 2013 – 14 GOVERNANCE DEVELOPMENT AND IMPROVEMENT PLAN

Area of Governance	Ref	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	4.12	<p>Review governance arrangements in the light of changes to the Police & Crime Plan and the Strategic Work Programme.</p> <p>The governance framework was reviewed, streamlined and improved to ensure effective delivery of significant change while maintaining operational and business performance to deliver police services for the public. The review ensured that interdependencies are identified and coordinated and that risk is managed effectively. In addition, the review identified improved transparency of decisions made across the whole Constabulary and improved communications to practitioners so that they can deliver what is required. The revised governance framework was effective from 1 April 2014.</p>	Deputy Chief Constable	Complete
	4.13	<p>Review all governance documents and amend for the implications of stage 2 transfers.</p> <p>The Constabulary's Governance framework was reviewed in the context of stage 2 transfers and presented to the Joint Audit and Standards Committee for comments prior to adoption. The financial and procurement regulations are joint with the OPCC. Work is on-going in relation to the Chief Constable's Scheme of Delegation and the financial rules.</p>	Deputy Chief Constable	Principal documents complete. Work is on-going on more detailed documents.
	4.14	Review and amend the funding agreement between the Commissioner and	Deputy Chief	Complete

		<p>Constabulary to reflect financial implications of stage 2 transfers.</p> <p>The revised funding agreement was produced and signed off by the Chief Officer Group subject to clarification of a small number of minor points.</p>	Constable	
	4.15	<p>Publish an Annual Report for the Constabulary.</p> <p>The Annual Report was written and approved by Chief officer Group and is available on request.</p> <p>The Annual Report was written and is available on request. Discussions will take place with Commissioner with regard to</p>	Director of Corporate Improvement	Complete
	4.16	<p>Create and Develop implement an Individual Officer Performance Dashboard</p> <p>An individual Officer Performance Dashboard was developed further during 2013 - 14. This has allowed sergeants to quickly view their officers' workload and forms the basis of regular one to one performance meetings, improving supervision and productivity. The dashboard will be further developed in 2014-15 and the process of regular performance monitoring embedded.</p>	Director of Corporate Improvement	Complete
	4.17	<p>Introduce Customer Journey Mapping</p> <p>Customer Journey Mapping was undertaken to improve the quality of service provided to all users and particularly diverse groups. This involved interviewing individual service users and organisations representing specific groups about their actual experience of using police services. This was fed back to senior management to inform improvements in services and is the basis of our Quality of Service Action Plan.</p>	Director of Corporate Improvement	Complete

Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	5.13	Review all governance documents and develop the Constabulary's own documents where required. The Constabulary's Governance framework was reviewed in the context of stage 2 transfers and presented to the Joint Audit and Standards Committee for comments prior to adoption. The financial and procurement regulations are joint with the OPCC. Work is on-going in relation to the Chief Constable's Scheme of Delegation and the financial rules.	Deputy Chief Constable	Principal documents complete. Work is on-going on more detailed documents.
Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	6.9	Audit Committee Review of effectiveness. The CFO has undertaken an evaluation of the effectiveness of the Joint Audit and Standards Committee in line with CIPFA guidance.	Chief Finance Officer / Audit Committee Chair	Complete
	6.10	Joint action plan in relation to recommendations arising from the independent investigation into the conduct of Temporary Chief Constable Mr Hyde	PCC / Chief Constable	
Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	7.10	Review risk management strategy. The risk management strategy was revised to align with the new Constabulary structure. In the last quarter of 2013 – 14, the Constabulary's insurers were invited to review the Constabulary's risk management arrangements. The recommendations included improvements about categorisation and managing risk appetite and these will be implemented during 2014 – 15.	Director of Corporate Improvement	Complete
	7.11	Review of Policies and Procedures.	Director of	Initial Review

		Where it is available, the Constabulary has adopted ACPO Authorised Professional Practice, which provides national standards for policy and procedure. During 2013 – 14, a comprehensive risk assessment of all policies and their procedures has been undertaken, resulting in a streamlined policy framework and a prioritised action plan to update retained policies. Quarterly reports are provided to the main boards to identify progress and agree future actions. The approach improves standards and decision making and will reduce risk.	Corporate Improvement	Complete Activity On-going.
Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.	8.9	Design and Implement a Core Skills and Leadership Programme. Work has commenced on designing a Core Skills and Leadership Programme as part of the Constabulary Business Plan. The timescale for delivery of the programme has been slightly extended to synchronise with ICT developments.	Director of Corporate Support & Head of Learning & Development.	30 September 2015
Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	9.11	Develop an Internet Strategy Stage 1 completed. The Constabulary's website has been developed to enhance accessibility and relevance to the public and media, including expansion into mobile phone networks, on line web chats for access to expert practitioners and, use of Twitter Alarm to support information for the public during critical or major incidents	Director of Corporate Improvement	Stage 1 complete Further Work on-going.
	9.12	Publish an Annual Report for the Constabulary. The Annual Report was written and approved by Chief officer Group and is available	Director of Corporate	Complete

		on request.	Improvement	
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DEVELOPMENT AND IMPROVEMENT PLAN FOR 2014 - 15

Area of Governance	Action	Lead Officer	Implementation by
Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.	The Constabulary will evaluate the effectiveness of the revised governance framework and board structure, making recommendations to improve where appropriate	Director of Corporate Improvement	30 September 2014
	The Constabulary will develop further its Quality of Service Strategy to support operational police service to improve delivery and user satisfaction. This will include an action plan to coordinate all related actions from internal and external reviews.	Director of Corporate Improvement	30 September 2014
	Review the Constabulary's monthly performance management reports, improving the information provided to chief officers and senior managers so that it adds more value and better informs decision making.	Director of Corporate Improvement	30 September 2014
	Review the Constabulary's Performance Development Conferences to inform, explore and discuss root causes of performance issues (good and bad) and drive action to deliver improvements in services to the public.	Director of Corporate Improvement	30 September 2014
	Develop strategic resource management performance data to drive improvements in our resources and our productivity	Director of Corporate Improvement	30 September 2014

Area of Governance	Action	Lead Officer	Implementation by
Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.	Winsor Review - The Constabulary is currently developing schemes to carry out fitness testing and to review the contribution of police officers on restricted duties to front line policing in line with Winsor recommendations. These are anticipated to be in place by September 2014. The Constabulary is also developing a more streamlined assessment process for incremental progression linked to satisfactory performance within PDR.	Head of Human Resources	30 September 2014
	PDR – The current Scheme has been suspended for 2014/15 with a view to incorporating Winsor changes and streamlining the processes involved. A new Scheme is anticipated for use in 2015/16. The Constabulary is also developing a more streamlined assessment process for incremental progression for police officers linked to satisfactory performance within PDR.	Head of Human Resources	31 December 2014
	The Constabulary will update outstanding governance documents including the financial rules and the Chief Constable's Scheme of Delegation.	CFO & Director of Legal Services	30 September 2014
	Further development of business plans for non-operational functions to ensure activity is directed to supporting delivery of policing services	All Directors and CFO	31 March 2015
Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.	The Constabulary will communicate and embed the National College of Policing Code of Ethics and incorporate this in the performance monitoring process.	Chief Constable and Head of PSD	30 September 2014
	The Constabulary will consider the benefits of establishing Ethics and Integrity Regulation and Management Committees.	PCC / Chief Constable	31 December 2015

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.	In the last quarter of 2013 – 14, the Constabulary’s insurers were invited to review the Constabulary’s risk management arrangements. The recommendations included improvements about categorisation and managing risk appetite and these will be implemented during 2014 – 15.	Director of Corporate Improvement	31 March 2015
	As part of the improvement to the Constabulary’s internal website, the access and search capability of the policy library on the intranet will be modernised and updated to ensure that it is easier for officers and staff to access the right information	Director of Corporate Improvement	31 March 2015
	The decisions made by Constabulary boards will be available on the intranet to improve communication aid understanding for all officers and staff to support achievement of objectives.	Director of Corporate Improvement	31 March 2015
Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.	Design and Implement a Core Skills and Leadership Programme.	Director of Corporate Support & Head of Learning & Development.	31 March 2015
Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.	The Constabulary will develop its strategy to improve its internet site further, to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	31 March 2015
	The Constabulary will develop its Engagement Strategy to improve trust and confidence in policing services and to identify the policing priorities that need to be addressed in their local area. This will include provision of Police Desks across the county	Director of Corporate Improvement	31 August 2013



Grant Thornton

Mr Richard Rhodes
The Police and Crime Commissioner for Cumbria
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15 April 2014

Dear Mr Rhodes,

Planned audit fee for 2014/15

The Audit Commission has set its proposed work programme and scales of fees for 2014/15. In this letter we set out details of the audit fee for your audit along with the scope and timing of our work and details of our team.

Scale fee

The Audit Commission defines the scale audit fee as “the fee required by auditors to carry out the work necessary to meet their statutory responsibilities in accordance with the Code of Audit Practice. It represents the best estimate of the fee required to complete an audit where the audited body has no significant audit risks and it has in place a sound control environment that ensures the auditor is provided with complete and materially accurate financial statements with supporting working papers within agreed timeframes.”

Your scale fee for 2014/15 has been set by the Audit Commission at £40,450. The scale fee for the Chief Constable's office (CC) is £20,000. The total fee for the audit of the Police and Crime Commissioner's group financial statements, including the statements of the Chief Constable, is £60,450. This is the same as the audit fee for 2013/14.

Further details of the work programme and individual scale fees for all audited bodies are set out on the Audit Commission's website at www.audit-commission.gov.uk/audit-regime/audit-fees/proposed-work-programme-and-scales-of-fees-201415

The audit planning process for 2014/15, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

The scale fee covers:

- our audit of your financial statements
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the Value for Money conclusion)
- our work on your whole of government accounts return.

Chartered Accountants

Member firm within Grant Thornton International Ltd

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No. OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP
A list of members is available from our registered office.

Grant Thornton UK LLP is authorised and regulated by the Financial Services Authority for investment business.

Value for money conclusion

Under the Audit Commission Act, we must be satisfied that the PCC has adequate arrangements in place to secure economy, efficiency and effectiveness in its use of resources, focusing on the arrangements for:

- securing financial resilience; and
- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2014	10,112.50
December 2014	10,112.50
March 2015	10,112.50
June 2015	10,112.50
Total	40,450.00

Outline audit timetable

We will undertake our audit planning and interim audit procedures between December 2014 and March 2015. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by the end of September 2015.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2014 to March 2015	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of your accounts and VfM conclusion.
Final accounts audit	July to September 2015	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for your consideration.
VfM conclusion	February to September 2015	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2015	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2015	Annual audit letter	The letter will summarise the findings of all aspects of our work.

Our team

The key members of the audit team for 2014/15 are :

	Name	Phone Number	E-mail
Engagement Lead	Fiona Blatcher	0161 234 6393 / 07880 456196	Fiona.C.Blatcher@uk.gt.com
Engagement Manager	Richard McGahon	0141 223 0889 / 07880 456156	Richard.A.McGahon@uk.gt.com
Audit Executive	Richard Robinson	0141 223 0888	Richard.Robinson@uk.gt.com

Additional work

The scale fee excludes any work requested by you that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with you.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Head of Public Sector Assurance, by e-mailing Sarah.Howard@uk.gt.com

Yours sincerely

A handwritten signature in black ink, reading "Fiona Blatcher". The signature is written in a cursive, flowing style.

Fiona Blatcher

For Grant Thornton UK LLP

cc. Ms Ruth Hunter, Treasurer / Deputy Chief Executive, The Office of the Police and Crime Commissioner



Grant Thornton

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15 April 2014

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- prioritising resources within tighter budgets.

We undertake a risk assessment to identify any significant risks which we will need to address before reaching our value for money conclusion.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2014	5,000
December 2014	5,000
March 2015	5,000
June 2015	5,000
Total	20,000

Outline audit timetable

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Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Blatcher', with a stylized flourish at the end.

Fiona Blatcher

For Grant Thornton UK LLP

cc. Mr Roger Marshall, Head of Financial Services, Cumbria Constabulary

Monitoring Key Audit Recommendations

Introduction

This report is designed to monitor the implementation of recommendations and actions arising from Audit and Inspection.

If fulfills the assurance responsibilities of the Audit and Standards Committee with regards to the implementation of control recommendations and best practice arising from Audit and Inspection work.

Report Summary

Open actions b/fwd from last report	8
New actions since last report (<i>*see note</i>)	25
Total actions this report	33
Actions completed since last report	12
Open actions c/fwd to next report	21

** Note – The new actions include 5 outstanding actions from the OPCC and Constabulary action plans in relation to the South Wales report, 16 actions from reports considered by JASC on 31 March 2014 and a further 4 actions from reports sent to members since the last meeting.*

Key to actions:



Completed



Ongoing



timescale exceeded



not yet due

Key to Grade:

Internal/Management Audit

1. Major recommendation that indicates a fundamental control weakness that must be addressed
2. Recommendation to be addressed in order to establish a satisfactory level of internal control
3. Minor recommendation made to improve the system under review

Members have requested that this summary of recommendations report provides an update on actions where the recommendation was graded 1 or 2 only. Minor grade 3 recommendations are monitored by individual managers.

External Audit

High – Significant effect on control system
Medium – Effect on control system
Low – Best practice




Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Data Quality: Victim Satisfaction - Crime	07/05/2014	13/05/2014	Shared Internal Audit Service	R1 Formal, signed agreements should be in place for 'call off' agreements from National Framework contracts.	2	Julie Johnstone	Following a review of the Procurement function within the Constabulary and the introduction of new procurement regulations, this recommendation will be implemented as part of the process changes identified.	July 2014	☀
Data Quality: Victim Satisfaction - Crime	07/05/2014	13/05/2014	Shared Internal Audit Service	R2 Cumbria Constabulary should undertake some data quality assurance checking in respect of data provided by SMSR.	2	Andrew Burgess	1. As part of the process of setting up national framework contract, the lead force has undertaken quality assurance for all the companies available, using professional survey experts to evaluate standards and data quality. All companies on the list met the standard required. This is why Cumbria's ITT criterion was exclusively cost.	No further action	☀
							2. IMS Officers meet with the company to discuss any issues (note - none have been identified to date), and to health check the process. One meeting is outstanding and this will be scheduled as soon as possible.	September 2014	☀
							3. At the stage where SMSR have telephoned the victim to find out their views of the service received, victims of crime have already: -been interviewed at least once by officers as part of the investigative process -may have attended court to give evidence -may have been contacted by a sergeant as part of internal quality assurance processes -been telephoned and surveyed by SMSR -may have initiated a service recovery, which means that the Constabulary will contact them again The view of the Constabulary is that it is not a good use of staff time nor good public relations to re-contact victims to ask about their experience of being surveyed by a company, which is asking for their views on experience with the police.	No further action	☀
Debtors, Income and Banking	02/04/2014	08/05/2014	Shared Internal Audit Service	R1 Supporting documentation should be attached to the AR system wherever possible	2	Michelle Bellis - Deputy Chief Finance Officer	Staff have been reminded again of the need to attach supporting documentation to all debtors invoices. A system of spot checks will be put in place to ensure compliance with the requirement.	Mar-14	☀
Debtors, Income and Banking	02/04/2014	08/05/2014	Shared Internal Audit Service	R4 Staff should ensure that cash held does not exceed the dates insurance limits and inform the deputy Chief Finance Officer if it does	2	Clive Davidson - Business Services Team Leader	New procedures have been introduced in February 2014 to ensure that all seized cash banked is entered onto a spreadsheet which highlights cash totals held in the safe.	Feb-14	☀
South Wales Investigation Report	July 2013	31/03/2014	South Wales Police (CC Action Plan)	B4 Cumbria Constabulary should ensure consistent application and adherence to sound public procurement policies.	N/A	Stephen Kirkpatrick - Director of Corporate Support	Consider what arrangement can be put in place to provide appropriate assurance and scrutiny that procurement policy is applied and adhered to in all relevant business transactions. (1) A review of procurement function and procedures is on-going. (2) Strategic Development to use the Policy Outcome Process to review procurement policies and procedures and make recommendations. March 2014 - (1) The Procurement Review has been extended and is due to report to Extended COG on 01 April 2014 with implementation by the end of June 2014. (2) Joint Procurement Regulations have been developed by the OPCC and the Constabulary and are due to be considered for adoption by the Commissioner on 27 March 2014. June 2014 - (1) The procurement review was approved by Extended COG on 01/04/14 with implementation by the end of June 2014. Implementation is progressing to time, however a full review of procedures will not be completed for the end of June 2014 and will progress over summer. (2) The new joint procurement regulations are now in live use.	30-Jun-14	☀
South Wales Investigation Report	July 2013	31/03/2014	South Wales Police (CC Action Plan)	B5 Cumbria Constabulary should maintain a central register of all contracts awarded to suppliers and a register of contact with Chief Officers by suppliers on potential goods/services provision.	N/A	Stephen Kirkpatrick - Director of Corporate Support	Compile a centralised contracts' register - to be submitted on to the "Blue Light Protocol database". A Central Contracts Register is under development and is being populated on the "Blue Light Database". (1) Under the procurement review a process will be put in place to ensure that the database is kept up to date. (2) Under the transparency agenda the contracts will be available on the OPCC and Cumbria Police website. March 2014 - (1) A central contracts register is under development and is being populated on the blue light database. This process is approximately 60% complete and is due for completion by the end of September 2014. (2) The procurement team are necessarily prioritising the procurement of business critical services and systems. June 2014 - (1) provisional agreement has been reached with the OPCC to recruit external assistance in the procurement team to drive forward this action. The recruitment has not yet taken place due to the on-going procurement review but will be progressed as soon as possible. (2) A register has been developed, with procedures currently being written. The process is due to be live by mid June 2014.	30-Sep-14	☀

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
South Wales Investigation Report	July 2013	31/03/2014	South Wales Police (OPCC Action Plan)	D1 All arrangements in relation to planned meetings outside Cumbria Constabulary premises should be arranged by the Business Unit, ensuring that such premises are selected in an open, fair and transparent manner.	N/A	Ruth Hunter - OPCC CFO	Oversee the Constabulary's arrangements for ensuring procurement of hospitality complies with policy and procedure. Ensure policy and procedures are fit for purpose and appropriately manage integrity issues regarding premises and the provision of hospitality. (i) Chief Finance Officer to scrutinise the Constabulary's policy and arrangements, ensuring they are fit for purpose. (ii) Accountability Board to monitor procurement to ensure that it takes place in accordance with the agreed policy and procedures. June 2014 - Discussions have taken place between the PCC CFO and the Director of Corporate Support and the head of Central Services with regard to a proposed format for monitoring information to go to the accountability board on a regular basis. The process is still to be finalised.	30-Jun-14	☀
South Wales Investigation Report	July 2013	31/03/2014	South Wales Police (OPCC Action Plan)	D2 All accommodation for the official visitors to Cumbria Constabulary should be arranged by the Business Unit, ensuring that such accommodation is also selected in an open, fair and transparent manner.	N/A	Ruth Hunter - OPCC CFO	See D1 above.	30 June 2014	☀
South Wales Investigation Report	July 2013	31/03/2014	South Wales Police (OPCC Action Plan)	B5 Cumbria Constabulary should maintain a central register of all contracts awarded to suppliers and a register of contact with Chief Officers by suppliers on potential goods/services provision.	N/A	Ruth Hunter - OPCC CFO	(i) Put in place arrangements to oversee the Constabulary's process for maintaining a central register of contract with suppliers and publish in line with the statutory requirements of the Elected Bodies (Specified Information) Order 2011. (ii) Review arrangements for contract registers from stage 2 transfer. March 2014 - The OPCC CFO is leading on the arrangements for working with the Constabulary to support the review of procurement. This includes the introduction of new procurement regulations, centralising procurement resources to enhance capacity, skills and internal controls, the implementation of a single contract register and determining how information requirements will be met - there are legal conflicts between publication requirements and data protection/confidentiality. Supplier contact registers are in place within the COPCC. The Constabulary is expected to have a register in place by the end of April 2014.	December 2014	☀
							(iii) Review Constabulary arrangements for registering contact with suppliers. (iv) Implement a contact with supplier register for OPCC staff.	December 2013	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R1 The Constabulary should adopt a policy and procedures for property handling	1	Ch Supt TPA - Steve Johnson	On completion of the implementation of the front counter review and as part of the detailed work regarding property management a 'draft' policy document in relation to the handling of property has been written and is in the final stages of work prior to progression through the policy agreement process. A dedicated sergeant has been tasked with this and it is anticipated that work will be finalised by January 2014 and full implementation by the end of March 2014. The agreement of policy and supporting documentation will need to go through existing mechanisms for consultation etc. prior to 'go-live'. This will be supported by detailed procedures relating to all aspects of the Constabulary's handling of all types of property will be developed as Standard Operating Procedures (SOPs) and will be supported by a full legal reference appendix. June 2014 - Policy and standard operating procedures completed and are in the process of the consultation period, will be in position to go live 1st July 2014	April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R2 The force should take immediate steps to review and, where possible, reduce the amount of property it currently has stored. Retention periods for property items should be established. These should be linked to the nature of the crime and item is connected to.	2	Ch Supt TPA - Steve Johnson	A full property inventory has taken place (Commissioned November 2013 due for completion during January 2014) Once the policy has been agreed a review of compliance against inventory will be completed and where necessary any property that does not require the Constabulary to hold will be disposed of in accordance with policies. The Constabulary already makes use of an 'officer performance dashboard' and five weekly performance reviews to monitor what property each officer has booked in to which stores and why it is retained. The inclusion of property management within the performance regime will assist in providing sufficient oversight on the management of property. June 2014 - Property audit completed and disposal process ongoing. Work ongoing to meet the requirements of the Police Property Act, Police and Criminal Evidence act and the Criminal Procedures and Investigation act which defines legal requirements for retention of personal property	April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R3 The Constabulary should consider, on a case by case basis, photographing items of property where circumstances allow in order to enable the return or disposal of the item	2	Ch Supt TPA - Steve Johnson	The option of using a photograph as an alternative to retention of the original article is already one which officers consider and make use of. It should however, be noted that it is not always apparent what the probative value of a seized item is at the point of seizure and the current approach recognises that issues of forensic capability and capacity need to be included in decision making. June 2014 - New cameras have been purchased and a documented standard operating procedure developed to meet the requirements of the Police and Criminal Evidence Act.	Already in Place	☀

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R4 A process should be introduced to ensure that outstanding property is regularly reviewed and that clear and legitimate reasons are given for its continued retention. Requests for information/communication from front counter staff should be responded to in a timely fashion.	2	Ch Supt TPA - Steve Johnson	As referred to above the officer performance dashboard already presents all officers and their respective supervisors with the current information on what property each officer has booked in to which stores and they are held to account for the property they have. Once the policy has been finalised and rolled out the compliance review will be conducted. Request from staff to officers are responded to directly by officers, any delays in the main are accounted for by variances in shift patterns and ability to return property/answer queries. Again the performance management at 5 weeks will identify any medium to long term issues.	Already Actioned September 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R5 A process should be introduced to ensure that a more proactive approach is adopted towards monitoring the booking in, retention and disposal of property taken into police possession by officers.	2	Ch Supt TPA - Steve Johnson	This will be a policy and SOP compliance matter and is covered within the checks detailed at R2 and R4. June 2014 - Force Police and standard operating procedures produced and now at consultation phase to be introduced 1st July 2014	April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R6 Appropriate levels of consistency should be established and applied to property descriptions. Policy should dictate what information should be recorded and whether related items are listed separately or as single entries	2	Ch Supt TPA - Steve Johnson	Having dip sampled property in Workington it is agreed that there are some minor improvements to be made and the detail on the property spreadsheet needs to be improved, but in the main the descriptions provided by officers on the dip samples was adequate to identify what the item was. It is an idea that will be monitored closely during the compliance review. The policy will provide clarity on the requirements and whether or not items are stored individually or collectively, much will depend on what and why the property is retained and future purpose. June 2014 - Policy implementation 1st July 2014	Full Policy Implementation April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R7 All officers and staff need to ensure that when items of property are removed from, or returned to any store, that the Property Register is updated with its current location	2	Ch Supt TPA - Steve Johnson	The policy document clarifies the need for and importance of continuity for the police storage of property and the SOPs will enable an auditable continuity system to be adopted. June 2014 - Standard operating procedures give specific instructions for the register to be updated implementation 1st July 2014	Full Policy Implementation April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R9 The Constabulary should review how it handles small, high value items of property such as smart phones. Consideration should be given to placing such items in a safe	2	Ch Supt TPA - Steve Johnson	The Constabulary already makes significant use of safes within the organisation and bank safety deposit boxes to store small, high value items. It should be noted that officers are not trained to 'value' items and should not assume the value or otherwise of something they seize, they should accurately record what it is and store it appropriately. The property audit will highlight any inconsistencies in approach and the revised SOPs used to ensure compliance. June 2014 - Standard operating procedures give specific instructions for the handling of property, implementation 1st July 2014	Full Policy Implementation April 2014	☀
Seized/Held Property Handling & Claims	17/02/2014	31/03/2014	Shared Internal Audit Service	R10 The claims process should be documented to ensure a consistent approach to claims handling. This should include guidance on how claims should be handled from receipt to resolution. The Constabulary may also consider directing all claims via Legal Services in the first instance to ensure that they have sight of all claims received.	2	Andrew Dobson - Dir of Legal Services	Agreed, the policy will identify a new SOP regarding the process for receiving and managing all claims made to the Constabulary and this will be progressed jointly by CSD and Legal Services. June 2014 - The policy has been prepared and is to go to Operations Board. There is no new SOP within the policy regarding the process for receiving and managing claims. The Director of Legal Services has met with the Head of Central Services and has agreed which claims will be dealt with by Legal Services and which will be dealt with by CSD. In summary, all insured claims, irrespective of value, will be dealt with by Legal Services. All ex gratia claims and claims re doors/boarding ups will be dealt with by CSD.	April 2014	☀
Data Quality - Anti Social Behaviour	17/03/2014	31/03/2014	Shared Internal Audit Service	R1 Vulnerable victims should be identified at the point of report, with the nature of their vulnerability fully logged	2	Ch Insp Comms & Force Incident Registrar	In depth training has been provided by CMU to all call handlers and supervisors in 2011-12 and is also delivered to new members of staff, in conjunction with input by Comms Centre Management. A refresher message is to be rolled out emphasising the importance of exploring vulnerability and noting in adequately in the log. The refresher message will be reinforced once the Comms single site is established. At this point there will be more supervisory capacity to quality assure ASB calls in real time (which will include listening to the initial call) and this will allow them to intervene where necessary. Supervisors will be specifically looking at establishing vulnerability at the point of call and recording it accurately, providing feedback where necessary. CMU will measure the success of this action by conducting another full ASB review in September 2014. It should be noted that not all vulnerable people feel confident in discussing such matters over the phone and many vulnerabilities are identified in follow up actions by officers/PCSO's. May 2014 - The Comms Centre quality assurance programme has changed its remit to concentrate on ASB calls and identifying vulnerability. The audit form has been re-developed with specific reference to this and will allow extraction for analysis by Crime Management Unit. Training is being devised to deliver to all supervisors to allow them to carry out this role and audit effectively.	May-September 2014	☀

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Data Quality - Anti Social Behaviour	17/03/2014	31/03/2014	Shared Internal Audit Service	R2 Attending officers should be clearly updated of the need for a ASBRAs and the repeat and vulnerable status of victims	2	Ch Insp Comms	Training in ASBRA and the general approach by officers and PCSOs has reduced the impact of this issue, however the importance of passing all relevant ASB and vulnerability information is to be reinforced with relevant Comms staff. This will be reinforced through Comms Centre Supervisors dip sample audits and via the ASB steering group as a performance issue. Success of this intervention will be assessed through the next CMU ASB review in September 2014.	Post 01/01/14	☀
Data Quality - Anti Social Behaviour	17/03/2014	31/03/2014	Shared Internal Audit Service	R3 ASBRA incidents should be subject to supervisory review on a consistent basis	2	Ch Insp Comms	Comms supervisors are not the only supervisors in the ASB process and sergeants and inspectors ensure compliance at later stages. A repeat direction will be issued to Comms to emphasis the need for supervisors to review and close all ASBRA incidents (including updating the associated ASPIRE record). In addition to this, STORM will be updated to mandate that only supervisors can close incidents opened as ASB-Personal (the ASB opening code most likely to contain the high risk incidents). As per R1, supervisors will also quality assure selected ASB-Personal logs on a real time basis. The supervisor will update logs inspected by marking the supervisor check qualifier.	Post 01/01/14	☀
Data Quality - Anti Social Behaviour	17/03/2014	31/03/2014	Shared Internal Audit Service	R4 The low rate of compliance with National Incident Recording Standards should be fully addressed	2	Force Incident Registrar	CMU NSIR audits will re-commence. The sample used in this audit was skewed (due to its remit). A wider NSIR audit will be carried out to provide an accurate baseline. From this, results and themes will be shared with the Comms Centre and guidance issued accordingly. The FIR will present quarterly reports on NSIR compliance to the Comms Centre Management Team. The FIR will also attend Comms Supervisor meetings to address NSIR issues. These forums will be used to drive NSIR focus and compliance with specific guidance on problem areas circulated among relevant staff. May 2014 -The first NSIR audit has been completed and the compliance rating (for closing codes) is 88% (as opposed to the 70% compliance from the Shared Internal Audit Service). This audit report has been shared with Comms Supervisors and discussed at the Comms Centre Supervisor meeting. As a result of this discussion supervisors should be more equipped to dispense NSIR advice, however discussions are still to take place as to the most effective way to impart the learning points established to all Comms Centre Staff.	December 2014	☀
Data Quality - Anti Social Behaviour	17/03/2014	31/03/2014	Shared Internal Audit Service	R5 There should be closer liaison between the Central Crime Management Unit and the Communications Centre regarding incident recording issues highlighted by quality assurance checks	2	Ch Insp Comms & Force Incident Registrar	The current Comms QA checks are to be re-designed to ensure that problem areas identified by the FIR are incorporated in routine QA. In addition they will be written so that meaningful data can be extracted and analysed by both Comms and CMU. As per R4 the FIT will attend both the Comms Centre Management group meetings and also Supervisor meetings where performance and compliance will be discussed and addressed. May 2014 - The Comms QA checks have been re-designed by the Comms Centre Manager in conjunction with the FIR and now do cater for the problem areas identified. As already stated, one to one training with supervisors is being devised to ensure that the QA is completed effectively and consistently. Work is still to be done in exactly how the data will be analysed by Crime Management Unit, however the QA work it is now in a format that the resultant data can be extracted for this purpose.	Post 01/04/14	☀
Constabulary Payroll	27/02/2014	31/03/2014	Shared Internal Audit Service	R1 The outstanding leave for 00876 should be checked and paid	2	Ann Dobinson, Head of Central Services	Arrangements have been made to make the payment of 9 hours leave	March 2014	☀
Constabulary Payroll	27/02/2014	31/03/2014	Shared Internal Audit Service	R2 New members of staff should be closely supervised and their work checked prior to the pay run deadline so errors can be rectified before payments are made	2	Ann Dobinson, Head of Central Services	Processes in place to ensure all work undertaken by new members of staff is checked before the payroll process is run. Changes within the Northgate payroll system have been made to ensure only negative figures can be entered against salary sacrifice schemes. The new Midland iTrent payroll system has also been set up to only allow negative figures to be entered against salary sacrifice schemes.	November 2013 February 2014	☀
Chief Constable Integrity	November 2013	02/12/2013	Shared Internal Audit Service	R3 Mechanisms for cross checking contract / procurement records with gifts & hospitality registers and registers of business interests / secondary occupations should be fully documented with responsibilities clearly defined.	2	D/Supt Cath Thundercloud (PSD)	Mechanisms for cross checking contract/ procurement records with register of business interests/ secondary occupations will be instituted and documented. March 2014 - Business Interest application forms have been amended and a process agreed. Process to be formalised by end of March 2014. June 2014 – Process now documented and embedded (PSD check every business interest/secondary occupation application as per registration form)	31/12/2013	☀
Chief Constable Integrity	November 2013	02/12/2013	Shared Internal Audit Service	R4 Responsibilities for supervisory / peer review and challenge of register entries should be clearly defined. Supervisory activity should be properly evidenced.	2	D/Supt Cath Thundercloud (PSD)	Enquiries will be made with ICT Department with the intention of the form being submitted through a supervisor stage, rather than as present they are copied in. This will allow review and where appropriate challenge of items received. March 2014 - Presently awaiting ICT assistance but anticipate to be completed by the end of March 2014. June 2014 – Gratuities form now submitted via Share-point with form submitted via supervisor for review and challenge as appropriate.	31/03/2014	☀

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Data Quality – Crime and Incident Recording	December 2012	21/03/2013	Shared Internal Audit Service	R1 Ongoing monitoring is required to assess the effectiveness of quality assurance arrangements and make reasonable adjustments to secure an acceptable level of data quality.	1	Ch Supt TPA - Steve Johnson (Previously Force Crime Registrar)	<p>Following publication of this report and an internal audit report (Nov 12) a further retrospective audit of data will be instigated by the Force Crime Registrar in Feb/Mar 2013 to measure data quality compliance. This audit together with findings to date will inform and assist the on-going implementation of activities within the Constabulary Improvement Plan for this area of the business.</p> <p>November 2013 - The audit as documented was put on hold in order to address a recording issue with serious violent crime and to carry out an audit of that data. Crime & Incident recording data quality audit carried out in October 2013 with findings and recommendations forwarded to ACPO/senior command for their attention. (see summary below).</p> <p>In October 2013 three crime quality assurance officers were identified for the Force to work with a central Sergeant on the quality around crime recording and compliance of processes. Their first focus is in the high risk areas of Domestic Violence, Sexual offences and Hate Incidents. These officers will be in post for 18 months and report to C/Supt Johnson.</p> <p>For a period of 6 months all crime files will be quality assured with the Sleuth crime system and the data reviewed to address any performance areas highlighted.</p> <p>March 2014 – the audit of crime & incidents is ongoing with results and report expected to be produced by the week commencing Monday 31ST March 2014.</p> <p>The Sergeant and three quality assurance officers have now been transferred to HQ into permanent positions with part of their responsibilities being to assess data quality in relation to threat/risk and subsequent compliance against Home Office rules and standards.</p> <p>April 2014 - Internal audit of crime & incidents completed with results overall showing a small improvement. Report completed and forwarded to ACPO/senior command.</p> <p>Constabulary awaits external HMIC audit of crime & incident data commencing July 14th 2014.</p>	Feb/March 2013	⚠
Data Quality – Crime and Incident Recording	December 2012	21/03/2013	Shared Internal Audit Service	R2 Data quality risks should be managed according to the Constabulary's risk appetite.	2	Ch Supt TPA - Steve Johnson (Previously Force Crime Registrar)	<p>The results of the above action will inform how data quality is managed by the Constabulary in the future. This may result in maintaining current audit levels or a return to 'real time' audit in an effort to manage data quality more effectively.</p> <p>November 2013 - Real time audit is conducted by operational Inspectors in the high risk areas of Domestic Violence, Sexual offences and Hate Incidents.</p> <p>Retrospective audits are carried out by operational supervisors of during officer's performance reviews.</p> <p>March 2014 - The results of the March 2014 internal audit, together with the HMIC audit of crime data (July 2014) will inform this particular recommendation.</p> <p>April 2014 - Internal audit of crime & incidents completed with results overall showing a small improvement. (83%) Report completed and forwarded to ACPO/senior command.</p> <p>Constabulary awaits external HMIC audit of crime & incident data commencing July 14th 2014.</p>	Feb/March 2014	⚠
Data Quality – Crime and Incident Recording	December 2012		Shared Internal Audit Service	Comments in relation to All Data Quality Actions			<p>June 13 - In relation to the 2 Data Quality audit recommendations above the following actions have been taken :-</p> <ul style="list-style-type: none"> · A Crime Management Governance Board has been set up to oversee the approach to improving crime management processes. · A Crime Desk Review and Implementation team has been established. · The Crime Management Unit has been re-located into the Communications Centre to improve connectivity. · Live time audits have been re-introduced for priority crimes. · Introduction of a Performance Framework. · Regular updates to raise staff awareness. <p>September 2013 Update:</p> <ul style="list-style-type: none"> · Performance is improving however work is still in progress to sustain the necessary standards. · The force registrar and his team have had to suspend live time audits to undertake necessary national audits and returns. · Operational Commanders have in place a system of live time audits by inspectors and sergeants. · The Crime Desk Improvement Group are looking at other initiatives to improve and sustain performance. <p>October 2013 update: An internal audit of crime & incident data was completed in October 2013 inclusive of both the recording and classification of serious violent crime. The results showed that the Constabulary had been able to maintain the 80% compliance rate as recorded in the November 2012 internal audit and there is an expectation by the Force Crime Registrar that compliance levels will continue to rise as the work carried out by the Crime Desk Review and Implementation team takes effect. As part of the overall audit, the review of the Crime Management unit functions showed clear integrity and quality assurance against the data categories examined. A further measurement of improvement will be available to the Constabulary following the external audit by HMIC in early 2014.</p> <p>March 2014 update: Internal audit results awaited and preparation work has been commenced for the HMIC July 2014 audit. This latter external audit is to be based on November 2012-October 2013 data. Internal audit results covering that period are documented above. (October 2013 update).</p>		N/A

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Oracle Financials Security	June 2013		Shared Internal Audit Service	R3 Audit trails (logs) should be subject to regular review with specific focus on user accounts that have system administrator privileges	2	Richard Unwin (ICT) & Mark Carter (Financial Services)	<p>The approach to production and monitoring of system logs will be reviewed on a risk basis. A balance will be sought between benefits and the resources required (including systems resource). For low risk activities a reactive policy may be appropriate where the log is generated but only examined in the case of a problem arising. When deciding what information will be reviewed an emphasis will be placed on system administration activities and users.</p> <p>September 2013 – Discussions on which items should be reviewed and frequency of reviews are currently ongoing.</p> <p>November 2013 – progress on this action has been delayed due to work being undertaken on an upgrade to the HR system and work on the payroll project. It is anticipated that this work will be resumed in January 2014.</p> <p>March 2014 – Arrangements have been made for the number of user accounts with system administrator privileges to be restricted. Work is ongoing to develop a series of logs/audit trails to be used on a regular basis as part of routine systems work. A revised deadline of 30 April has been set for this work to be completed.</p> <p>June 2014 - A risk based strategy which will enhance arrangements for checking audit logs has been agreed. The strategy includes generation and checking of audit logs in relation to the Oracle financial system which will cover the following areas:</p> <p>User Access</p> <ul style="list-style-type: none"> - Log on to individual Oracle modules over the month, with particular emphasis on whether system administrator activity. - Changes to supplier bank account details. - Changes to supplier details. <p>Dip sampling of invoice authorisation in accordance with the Scheme of Devolved Resource Management will also be undertaken.</p> <p>Checks will be undertaken on a monthly basis from the end of June , with the exception of changes to supplier details which will be by September.</p>	31/07/2013	
Oracle Financials Security	June 2013	24/06/2013	Shared Internal Audit Service	R6 System roles should be adequately documented to include the levels of access they allow to the system.	2	Richard Unwin (ICT) & Mark Carter (Financial Services)	<p>Documentation, including a description of the activities allowed by each responsibility to be produced.</p> <p>September 2013 – Documentation underway to include menu access, activities which can be carried out using the responsibility and the roles within the organisation who would be given access.</p> <p>November 2013 – Work is underway and continues to progress on documentation, it is anticipated that the work will be completed by 31 December 2013.</p> <p>March 2014 – System documentation work is partly completed but finalisation has been delayed due to work on the budget and support to the payroll project. A revised deadline of 31 May 2014 has been set.</p> <p>June 2014 - Systems roles have now been fully documented.</p>	31/07/2013	
Data Quality – Serious Violent Crime Reporting	July 2013	23/09/2013	Shared Internal Audit Service	R1 there should be close monitoring and supervision of Central crime Management Unit crime re-classifications in respect of serious violent crime.	1	Ch Supt TPA - Steve Johnson (Previously Force Crime Registrar)	<p>As documented within the report the Force Crime Registrar will continue to audit and supervise serious violent crime, both through monitoring of the category by exception and through specific audit.</p> <p>November 2013 - All serious violent crime has been reviewed and the Central Crime Management Unit have received training and guidance around classifications in respect of serious violent crime. It will now form part of the role of the supervisor in the department to monitor all crime classifications.</p> <p>This category of crime was measured in the October 2013 audit report and will remain an integral part of the audit process. (please see audit summary above).</p> <p>March 2014 - The appointment of a Crime Desk Sergeant with the necessary skills for this area of business has been appointed and it is expected that this skill base will assist in meeting Home Office Counting rule compliance.</p> <p>June 2014 - a reclassification audit of serious violent crime will be carried out once the external HMIC audit has been completed and staffing within CMU allows.</p>	This is an ongoing function which will initially be measured against the Constabulary NCRS audit in August 2013.	

Audit Report	Report Date	To JASC	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Status
Data Quality – Serious Violent Crime Reporting	July 2013	23/09/2013	Shared Internal Audit Service	R2 The risk to serious violent crime data quality should be re-assessed and managed accordingly to ensure acceptable data quality standards.	2	Force Crime Registrar	<p>As at present, this category will continue to be assessed as part of the Constabulary audit of “violence against the person” crimes.</p> <p>November 2013 - This category of crime was measured in the October 2013 audit report and will remain an integral part of the audit process. (please see audit summary above)</p> <p>A DCI/DI will review all serious violent crime.</p> <p>March 2014 - Audit of crime classifications/reclassifications will take place in June 2014 inclusive of serious violent crime. Staffing requirements within Crime Management have precluded this audit work forming part of the March 2014 audit.</p> <p>June 2014 – Training delivered to all PPU managers and supervisors in data quality requirements and standards.</p> <p>Live time audits introduced in each TPA with a schedule in place to ensure all violent crime areas are addressed and kept under constant review. High risk categories identified and included in the schedule as a specific item and bespoke feedback provided to individuals and teams as required.</p> <p>Inputs are provided to uniform Inspectors and Sergeants on development days delivered centrally at HQ on providing live and consistent QA to incidents and this will form part of the continued professional development in those ranks.</p> <p>There has been a 5% improvement in compliance between October 2013 and April 2014 (73 to 78%)</p> <p>Standard Operating procedures have been developed for the consistent recording and management of sexual offences and have been rolled out across the Constabulary.</p> <p>Further internal audit is scheduled for after the completion of the HMIC external audit which takes place in July 2014.</p>	Ongoing crime management role.	⚙️

Internal Audit Performance Measures

KPI	Measure of Assessment	Target (and frequency of measurement)	Why is this important / rationale
Annual Measures to be reported in the Annual Report			
Output Measures			
Compliance with Public Sector Internal Audit Standards	Quality Assurance and Improvement Programme & checklist for assessing conformance with the PSIAS	100%. On-going and annual review to demonstrate conformance with the definition of Internal auditing, code of ethics and standards.	The internal audit service is required to comply with the PSIAS
Preparation of audit plan	Preparation of risk based audit plan to meet client timetables	100%. Measured annually	Annual agreed audit plan is required to enable delivery for the client.
People Measures			
CPD / Training	Average number of days for skills training per auditor	6 days per person. Reported annually.	CPD is a requirement of the PSIAS. An appropriately skilled workforce will ensure that staff within Internal Audit are continuously improving and adding value to the service provided to clients.

KPI	Measure of Assessment	Target (and frequency of measurement)	Why is this important / rationale
Monthly management measures to be reported to Audit Committees Quarterly			
Output Measures			
Planned audits completed	% of planned audit reviews (or approved amendments to the plan) completed in respect of the financial year.	95% (annual per shared service agreement, 95% target reflects need for audit plans to be dynamic and respond to emerging risks). This indicator will be monitored and reported quarterly to ensure the plan is on track to be delivered.	To enable an annual opinion to be provided on the overall systems of risk management, governance and internal control.
Audit scopes agreed	% of audit scopes agreed with management and issued before commencement of the audit fieldwork	100% Measured monthly Reported quarterly	To ensure the audit is targeted to key risks, has management buy in and adds value. Recommended in the Grant Thornton review of Internal Audit.
Draft reports issued by agreed deadline	% of draft internal audit reports issued by the agreed deadline or formally approved revised deadline agreed by Audit Manager and client.	80% (target is a reflection that this is a new way of working and deadlines may be impacted by several factors including client availability) Measured monthly Reported quarterly	Timely reports add impact & this was a recommendation in the Grant Thornton report.
Timeliness of final reports	% of final internal audit reports issued for Corporate Director comments within 5 working days of management response	90% (target recognises that there may on occasion be delays in finalising reports, e.g. where further work is required to resolve matters identified at closeout meeting)	Timely reports add impact & this was a recommendation in the Grant Thornton report.

KPI	Measure of Assessment	Target (and frequency of measurement)	Why is this important / rationale
	or closeout.	Measured monthly. Reported quarterly	
Recommendations agreed	% of recommendations accepted by management	95% quarterly (target reflects that it is management's responsibility to assess their risks and take final decision on whether risk may be accepted)	Measures the quality and effectiveness of internal audit recommendations
Follow up	% of high priority audit recommendations implemented by target date	100% Quarterly	Indicates that Internal Audit are adding value to the organisation.
Assignment completion	% individual reviews completed to required standard within target days or prior approved extension by Audit Manager	75% (target reflects that this is a new way of working for the audit service and systems for monitoring time spent on assignments may need to be further developed) Measured monthly. Reported quarterly.	To ensure that all audit plans across the shared service can be delivered.
Quality Assurance checks completed	% QA checks completed	100%. Measured monthly Reported quarterly	To ensure compliance with the Public Sector Internal Audit Standards. Provides on going feedback to the audit team and identifies areas of good practice and areas for improvement
Customer Measures			
Post audit customer	% of customer satisfaction	80% (target reflects the need for internal audit	Gauge customer satisfaction and continuously

KPI	Measure of Assessment	Target (and frequency of measurement)	Why is this important / rationale
satisfaction survey feedback	surveys scoring the service as 'good'	to strive to deliver a customer focused service, but that due to the nature of internal audit roles and responsibilities, may not always elicit positive feedback) Measured monthly. Reported quarterly	improve the audit service.
People Measures			
Efficiency	% chargeable time	80% (target takes account of non-chargeable activities such as staff holidays, service development projects and team meetings. Measured monthly. Reported quarterly	Measure of productivity.

JOINT POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY AUDIT & STANDARDS COMMITTEE	Paper No. 09
Meeting date: 23 June 2014	
From: Audit Manager (Cumbria Shared Internal Audit Service)	

INTERNAL AUDIT: ANNUAL REPORT 2013/14

1.0 EXECUTIVE SUMMARY

- 1.1** *This report provides a summary of the outcomes of the work of internal audit for 2013/14 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and Constabulary's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards.*
- 1.2** *Key points from internal audit's annual report are:*
- *A total of 17 audit reviews have been carried out.*
 - *Overall levels of assurance are considered to be reasonable with 82% of audit reviews concluding at least a reasonable level of assurance. As such, there are no issues of significant concern to highlight to Audit and Assurance Committee.*
 - *Several service development projects have been undertaken during the year to implement the improvements identified through internal and external consultation, the requirements of the Public Sector Internal Audit Standards and recommendations from the 2013/14 Grant Thornton review of Internal Audit.*
- 1.3** *Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Audit and Standards Committee through regular progress reports during the year.*

2.0 POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS, AND LINKS TO COUNCIL PLAN

- 2.1 *Internal Audit's assessment of internal control forms part of the annual assessment of the system of governance, risk management and internal control, which is now a mandatory requirement.*
- 2.2 *The Audit Plan aims to match internal audit coverage with the PCC and Constabulary's corporate risk assessment.*
- 2.3 *Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Audit and Standards Committee enables emerging issues to be identified during the year.*

3.0 RECOMMENDATION

3.1 Members are asked to note:

- *The progress achieved in 2013/14 in delivering the audit plan.*
- *The Head of Internal Audit's opinion and assurance statement on the PCC and Constabulary's overall systems of governance, risk management and internal control for the year ended 31st March 2014.*
- *The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.*
- *The results of the Quality Assurance and Improvement programme*
- *The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.*

4.0 BACKGROUND

- 4.1 The PCC and Chief Constable are required to maintain effective internal audit of their affairs by the Accounts and Audit (England) Regulations 2011. In fulfilling this requirement the PCC and Chief Constable should have regard to the Public Sector Internal Audit Standards (PSIAS), and associated (CIPFA) Local Government Application Note as the relevant internal audit standards for local government and police. The PSIAS became mandatory for all UK public sector internal auditors from 1st April 2013.
- 4.2 Internal audit is responsible for providing independent assurance to the PCC and Constabulary's senior management and to the Audit and Standards Committee on the systems of governance, risk management and internal control.
- 4.3 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.

Internal Audit Opinion

- 4.4 The purpose of this report is to give my opinion as the Head of Internal Audit for the PCC and Cumbria Constabulary on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31st March 2014.
- 4.5 This report is a key contributor to the PCC and Constabulary's Annual Governance Statement.
- 4.6 In giving this opinion, it should be noted that assurance can never be absolute and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.
- 4.7 I am satisfied that sufficient internal audit work has been undertaken to allow me to give a reasonable conclusion on the adequacy and effectiveness of risk management, governance and internal control. I can also report that there has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.
- 4.8 In my opinion, the PCC and Constabulary's frameworks of governance, risk and internal control is reasonable and audit testing has confirmed that controls are generally working effectively in practice.
- 4.9 Where internal audit work has identified scope for improvements, the management response has been appropriate and action plans agreed.

Internal audit performance

- 4.10 Internal audit's performance during 2013/14 was measured in terms of inputs (the number of audit days delivered) and outputs (the % of the audit plan completed). The results are shown below.

2013/14 PLAN DAYS	DAYS DELIVERED	% PLAN ACHIEVED
166	158	95

The 8 days not delivered were allocated to contingency in the audit plan.

- 4.11 A wider range of performance measures for Internal Audit in 2014/15 have been appended to the Internal Audit Charter.

Internal audit coverage and outputs

- 4.12 17 reviews have been undertaken with 82% receiving at least reasonable assurance levels.
- 4.13 The following table summarises the total number of audit evaluations made during 2013/14.

	Total	%
Good	9	53
Satisfactory	5	29
Fair	2	12
Weak	1	6
Total to date	17	100

- 4.14 Appendix 1 provides the detail of audit work undertaken over the year to 31st March 2014. Text that is shaded in grey was reported to Audit & Standards Committee at its meeting on 31 March and is included here for completeness.

Internal Audit Service Development Work

- 4.15 In addition to the approved plan of internal audit reviews, a programme of service development projects was undertaken during 2013/14 to deliver the actions identified through the Grant Thornton review of Internal Audit, the requirements of the Public Sector Internal Audit Standards and other service improvements identified through internal and external consultation with staff and clients.
- We undertook a fundamental review of the approach to audit planning. This resulted in the preparation and approval of a fully risk based plan for the PCC and Constabulary which has taken into account input from Senior Management.

- A full review of the approach to undertaking internal audit reviews was undertaken resulting in the implementation of a risk based approach to internal auditing, consistent with the requirements of the PSIAS. A new set of working papers has been developed together with a documented methodology for staff to follow for all audits across the shared service. The approach now engages senior management at both the scoping and closeout stages of each review.
- The internal audit report template has been fundamentally reviewed following feedback from clients that a shorter more concise report would better meet their requirements. A new template has been developed which incorporates the recommendations from the Grant Thornton review of internal audit effectiveness as well as the PSIAS.
- Development of a Quality Assurance and Improvement Programme – Whilst the core elements of a QAIP were in place during 2013/14 (performance measures, quality review of audit files, internal self-assessment, an external assessment and a programme of service improvement actions), it was recognised that this needed to be formalised into a single QAIP in order to demonstrate full conformance with the PSIAS. The programme was developed during 2013/14.
- Raising the profile of Internal Audit and improving communications – as reported previously, work has already begun in this area, with presentations to the Constabulary's Chief Officer Group, the Shared Service Operations Board and to Audit Committees across the Shared Service. A project plan will be developed in the new financial year to develop this area further.

Statement of Conformance with Public Sector Internal Audit Standards

- 4.16 A separate paper has been reported to Audit & Standards Committee setting out the Review of Internal Audit Effectiveness. The review took the format of a self-assessment against the checklist contained within the Local Government Application Note which accompanies the Public Sector Internal Audit Standards.
- 4.17 The outcomes of the review confirm that internal audit work has been undertaken in accordance with the Public Sector Internal Audit Standards with a small number of exceptions where work is underway to address these. In particular, further work was required to address the following issues:
 - There is a requirement for a comprehensive set of performance measures to be in place for the service. A small number of measures of internal audit performance were in place during 2013/14, these have been further developed for 2014/15.
 - The core elements of a Quality Assurance and Improvement Programme were in place during the year but this had not been documented and formalised during 2013/14.
 - There is currently no documented policy for the retention of internal audit documentation. Whilst no issues have arisen in relation to

information governance within the service, it is acknowledged that a policy needs to be developed during 2014/15.

Emma Toyne
Audit Manager
9 June 2014

APPENDICES

Appendix 1: Audits completed in the year to 31st March 2014

Contact: Emma Toyne, 01228 226254, emma.toyne@cumbria.gov.uk

Appendix 1

Assignments	Main Points	Assessment	Current Status
Annual report 12/13	Presented to Audit and Standards Committee 24 June 2013.	N/A	Complete
Annual Governance Statements 12/13	Presented to Audit and Standards Committee 24 June 2013.	N/A	Complete
Data Quality – Serious Violent Crime recording	<p>The Constabulary is aware of data quality issues and is addressing data quality risks highlighted.</p> <p>Home Office changes to police recorded crime classifications in April 2012 has caused some misinterpretation, particularly with regard to weapon usage. Whilst guidance material is available an element of subjective interpretation remains.</p> <p>Audit tests showed that a relatively high proportion of crimes had been classified incorrectly. In most cases the classification had been made correctly by Police Officers and then incorrectly reclassified by the Central Crime Management Unit.</p> <p>Internal Audit considers that the risk to data quality in this area needs to be reassessed and managed accordingly to ensure an acceptable level of data quality.</p>	Fair	To Audit and Standards Committee 23/09/13

Assignments	Main Points	Assessment	Current Status
Territorial Policing Areas	<p>The audit covered income, petty cash, property records and inventory at North, South and West area offices.</p> <p>Banking takes place regularly to ensure that insurance limits are not breached. There were two occasions identified where banked income had not been receipted.</p> <p>Petty cash expenditure was appropriate. It was highlighted that North area did not provide receipts and change promptly to ensure records are complete and that VAT had been reclaimed despite the receipt not being a valid VAT receipt.</p> <p>Items could not always be traced from the property database to store.</p> <p>South and West Areas did not have inventory records and North Area's was incomplete. A central review of inventories is taking place.</p>	Satisfactory	To Audit and Standards Committee 23/09/13
Treasury Management	Controls over treasury management are well established and continue to operate well.	Good	To Audit and Standards Committee 23/09/13

Assignments	Main Points	Assessment	Current Status
Appleby Incident – review of policies	<p>Internal Audit reviewed policies and procedures considered relevant to the Appleby Incident at the request of the Chief Executive.</p> <p>Given the limited scope we were not required to conclude on whether the policies and procedures were followed.</p> <p>Our work identified that not all of the policies were reviewed in line with their stipulated review date and that it was not always clear which body had approved the policy and when.</p> <p>The report will be considered as part of the Police and Crime Commissioner's review of the incident</p>	N/A	To Audit and Standards Committee 23/09/13
Integrity – Cumbria Office of the Police and Crime Commissioner	<p>Policies and procedures are in place covering the acceptance of gifts and hospitality and declaration of business interests and secondary occupations to provide safeguards, and ensure clarity in these areas of concern. Some recommendations were made to enhance existing controls.</p>	Satisfactory	To Audit and Standards Committee 02/12/13

Assignments	Main Points	Assessment	Current Status
Integrity – Cumbria Constabulary	<p>The Constabulary has taken steps to address police integrity and corruption concerns by establishing clear boundaries, checking mechanisms, governance and oversight in the areas highlighted by HMIC. This audit has identified many examples of good practice.</p> <p>There is scope to improve existing processes, notably the need to establish a routine mechanism for cross checking contract / procurement records with gifts & hospitality registers and registers of business interests / secondary occupations to ensure processes are not open to corruption</p>	Satisfactory	To Audit and Standards Committee 02/12/13
Payroll – Constabulary / Commissioner's Office	Separate reports were prepared to reflect the two organisations. Our work confirmed that payroll processes are well established and continue to operate effectively.	Good	To Audit & Standards Committee 31/03/14
Police Pensions	Police Pension processes are well established and no major areas of concern were identified as a result of testing. There are good working relationships with Capita and there is appropriate monitoring of performance.	Good	To Audit & Standards Committee 31/03/14

Assignments	Main Points	Assessment	Current Status
Capital programme and asset register	<p>The capital strategy has been approved by the Commissioner's Office and is informed by various asset strategies and replacement programmes. Individual schemes are effectively managed and are subject to regular scrutiny and review.</p> <p>Asset registers are maintained, tie back to the ledger and are certified as accurate.</p>	Good	To Audit & Standards Committee 31/03/14
Data Quality – Anti Social Behaviour	<p>A comprehensive anti-social behaviour strategy and toolkit is in place, guidance is widely available for staff, training is ongoing and a well-established internal system of incident data quality checking exists.</p> <p>Our review and the Force Incident Registrar's review of anti-social behaviour highlighted that further work is needed to meet the necessary standards. There remains a need for established anti-social behaviour protocols to be strictly adhered to. Closer working between the Central Crime Management Unit and the Communications centre regarding data quality issues has the potential to raise standards in this area.</p>	Fair	To Audit & Standards Committee 31/03/14

Assignments	Main Points	Assessment	Current Status
Seized / held property handling and claims	There is a lack of documented policies and procedures to ensure the effective and efficient handing of property while in the possession of the Constabulary. The lack of documented procedures for handling claims has resulted in some insured claims being settled by ex-gratia payments when a legal response may have been more appropriate.	Weak	To Audit & Standards Committee 31/03/14
Debtors, Income and Banking	<p>Debtors: Debtor accounts were accurate and agreed to supporting documentation where appropriate. Not all supporting documentation was held within the system. The system is reconciled on a monthly basis.</p> <p>Debt recovery procedures are in place. Internal Audit testing confirmed that debt recovery work has been undertaken on a regular basis.</p> <p>Income and banking: significant income sources were verified to supporting documentation. Controls are in place to check that income is received fully and on time.</p> <p>Banking takes place regularly.</p>	<p>Satisfactory</p> <p>Good</p>	Report circulated to Audit and Standards Committee

Assignments	Main Points	Assessment	Current Status
Budget Management and Main Accounting System	<p>Budget Management: Budget setting and monitoring arrangements are well controlled. All budgets are clearly allocated. There is regular reporting of the budget position together with explanation of variances.</p> <p>Main Accounting System: Good controls are in place to minimise the chance of erroneous mispostings. Information in the system can be agreed to supporting documentation and controls are in place to ensure that all journals balance prior to input.</p>	<p>Good</p> <p>Good</p>	Report circulated to Audit and Standards Committee
Creditors and petty cash	<p>Creditors: All items processed through the e-procurement system were authorised as per the built in hierarchy. Those items not routed through e-procurement were processed in accordance with the OPCC and Constabulary's approval list.</p> <p>Petty Cash: Petty cash reimbursements and reconciliations are undertaken regularly and expenditure appeared reasonable.</p>	<p>Good</p> <p>Good</p>	Report circulated to Audit and Standards Committee

Assignments	Main Points	Assessment	Current Status
Data Quality – Victim Satisfaction	<p>Performance measures have been established to quantify and monitor public satisfaction with the police service. Performance figures show that overall satisfaction with the police remains high in Cumbria.</p> <p>The review highlighted that further work is required to achieve an independent level of assurance on the data received from the contractor which is reported at a national level. There is also a need for signed agreements with suppliers who have been called off the National Framework contracts to formalise expectations on both sides.</p>	Satisfactory	Report presented to Audit and Standards Committee 23/06/14



SHARED INTERNAL AUDIT SERVICE

INTERNAL AUDIT REPORT

**A REPORT FOR
THE CUMBRIA OFFICE
OF
THE POLICE & CRIME COMMISSIONER**

A REPORT ON

Data Quality: Victim Satisfaction - Crime

**Draft Report Issued: 7th April 2014
Final Report Issued: 7th May 2014**

1.0 INTRODUCTION

- 1.1 In March 2014 Internal Audit undertook a review of the quality of victim satisfaction data. The review was carried out in accordance with the Internal Audit Plan 2013/14.
- 1.2 The Chief Finance Officer / Deputy Chief Executive of the Cumbria Office of the Police and Crime Commissioner requested that Internal Audit undertake a number of data quality audits to provide assurance over the systems used to produce data.
- 1.3 The Police and Crime Plan for Cumbria 2013-17 highlights the satisfaction of victims and witnesses as a priority issue with a clear objective to ensure victims of crime have access to support and redress.
- 1.4 The contacts for this review were:-
 - Stephanie Stables – Performance Consultant
 - Claire Griggs – Performance Consultant
 - Andy Burgess – Management Information Officer
 - Sarah Smith – Information Management Assistant
 - Karen Crump – Procurement Manager

2.0 SCOPE

- 2.1 The scope of the audit was as follows:
 - Document the system(s) for collating, recording and reporting public (user) satisfaction measures and consider their appropriateness.
 - Review the method used to select victims of crime for inclusion in user satisfaction surveys.
 - Where data is received from external parties ascertain whether direct reliance can be placed on this.
 - Ascertain whether there is any internal checking of data.
 - Check adherence to relevant Home Office Guidelines.
 - Test a sample of measures and conclude on the overall robustness and accuracy of victim satisfaction data.

3.0 SUMMARY

3.1 EVALUATION

- 3.1.1 The evaluation of controls is based on testing carried out at the time of the review. Internal Audit assesses the controls operating in each area under review as 'good', 'satisfactory', 'fair' or 'weak'. This assessment is based on the number and grading of recommendations made.

3.1.2 The overall evaluation for the controls operated in this area is **satisfactory**.

3.2 CONCLUSION

- 3.2.1 In the Police and Crime Plan for Cumbria 2013-17 the Commissioner pledges to ensure that the 'public's views and priorities are the driving force behind policing'. Victim and community consultation is a clear strategic priority for Cumbria Constabulary and performance measures have been established to quantify and monitor public satisfaction with the police service.
- 3.2.2 Performance figures show that overall satisfaction with the police remains high in Cumbria compared to other forces across England and Wales. Cumbria Constabulary is committed to maintaining these high standards and improving the quality of service it provides to users wherever possible.
- 3.2.3 This review highlights that further work is required to achieve an independent level of assurance regarding the data received from Social & Market Strategic Research (SMSR) and reported at a national level. There is also a need for signed agreements to be in place with suppliers who have been 'called off' National Framework contracts to formalise expectations on both sides.

3.1 RECOMMENDATIONS

- 3.3.1 The recommendations made in this report are graded in accordance with their perceived importance. The grading falls into the following categories:
- Grade 1: Major recommendation that indicates a fundamental control weakness that must be addressed.
 - Grade 2: Recommendation which should be addressed in order to establish a satisfactory level of internal control.
 - Grade 3: Minor recommendation made to improve the system under review.
- 3.3.2 Recommendations are included to this report as Appendix A – Summary of Recommendations and Action Plan (for the attention of Cumbria Constabulary).

4 DETAILED FINDINGS & RECOMMENDATIONS

4.1 Home Office Requirements

- 4.1.1 Police forces have a duty to consult the public about policing services in their local areas and different methods are used to obtain feedback. One method required by the Home Office is for all forces to complete a user satisfaction survey. The survey is designed to identify issues related to satisfaction and dissatisfaction with the service offered to victims and users. It is a telephone survey made up of a number of mandatory and recommended questions for specific victim groups. Survey data is required by the Home Office on a quarterly basis.

4.1.2 A comprehensive 'Victim Satisfaction Survey Guidance' document has been prepared by the Survey Technical Advisory Group to promote consistent survey practices across the service. The Survey Technical Advisory Group is jointly chaired by the Association of Chief Police Officers and the College of Policing. The guidance is available to staff within Information Management Services for reference and internal procedures ensure adherence to it. The guidance specifies four groups of victim for consideration:

- Domestic Burglary
- Violent Crime
- Vehicle Crime
- Racist Incidents

The core questions are designed to cover five stages of interaction:

- Initial Contact
- Actions
- Follow Up
- Treatment
- Whole Experience

The data is returned to the Home Office on a quarterly basis to enable the calculation of victim satisfaction measures that are disseminated via iQuanta (national benchmarking data).

4.1.3 Cumbria Constabulary has also chosen to conduct telephone surveys with a random sample of people who have reported antisocial behaviour to see how satisfied they are with the service provided. The results are not shared with the Home Office; they are used internally to help drive improvements in service delivery standards.

4.1.4 The quarterly user satisfaction returns to the Home Office are prepared by Information Analysts and checked by a Management Information Officer before transmission. Tests confirm that 2013/14 returns are up to date and accurately prepared on the basis of the information provided by the contractor.

4.2 Contractor

4.2.1 The victim satisfaction surveys are undertaken by an external market research company SMSR (Social & Market Strategic Research) that is contracted to Cumbria Constabulary, following a mini-competition in 2011. This company is one of a small number of national providers of this service that meet the requirements of the national framework contract developed by the Home Office. SMSR were awarded a place on the Thames Valley Police National Collaborative Framework Contract for Public Opinion and Staff Surveys in January 2011 and thus provide common delivery standards, at an agreed cost that adhere to Home Office guidelines.

4.2.2 Cumbria Constabulary uses the framework contract to deliver antisocial behaviour satisfaction surveys, in addition to the mandatory Home Office satisfaction survey.

- 4.2.3 Cumbria Constabulary prepared a briefing document for the mini-competition process clearly specifying service requirements. Suppliers were asked to complete the pricing schedule within the document and indicate that they are able to undertake all the requirements specified.
- 4.2.4 A copy of the briefing document completed by SMSR was provided to Internal Audit for review and clarifies service requirements and costs, however a contract / agreement between Cumbria Constabulary and SMSR is not in place. A signed agreement would clarify the expectations the client has of the contract and the role and responsibilities of the contractor and what they are actually expected to achieve. It also reduces the scope for differences of opinion **(R1)**.
- 4.2.5 The National Collaborative Framework Contract for Public Opinion and Staff Surveys expires on 31st March 2015. It is unclear at this stage if the national contract will be re-tendered as the Home Office has not confirmed future requirements for forces.
- 4.2.6 The Procurement Manager and Management Information Officer both confirmed that the contract has run smoothly since May 2011 and there have been no performance issues. The framework lead at Thames Valley Police also confirms this at a national level with all forces satisfied with the performance of the contract and the service they receive from SMSR. Periodic meetings take place between Cumbria Constabulary and SMSR to discuss contract issues and service requirements.
- 4.2.7 Minimum quality assurance requirements are built into the National Framework but each force is expected to quality assure supplier provision of services as part of routine contract monitoring arrangements. A specific example cited in Cumbria Constabulary's briefing (specification) document is for the force to conduct follow up interviews with a small number of victims to ask about their experience of being interviewed. No quality assurance checks are undertaken by Cumbria Constabulary on SMSR, reliance is placed on the contractor's internal data quality assurance arrangements. There is a need for Cumbria Constabulary to achieve an independent level of assurance regarding the data received from SMSR and reported at a national level, in accordance with contract documentation **(R2)**.

RECOMMENDATIONS		
Ref	Recommendation	Grade
R1	Formal, signed agreements should be in place for 'call-off' agreements from National Framework contracts.	2
R2	Cumbria Constabulary should undertake some data quality assurance checking in respect of data provided by SMSR.	2

4.3 Victim Selection

- 4.3.1 Home Office guidelines require victims to be contacted between 6 and 12 weeks after the event to maximise the chances of respondents remembering the details of the service they received and to give sufficient time for all follow up action to be taken.
- 4.3.2 Victims are drawn from each month of the year and passed to SMSR for surveying to ensure that the sample is representative when considered across 12 months of the

year. Staff within Information Management Services select victim samples in accordance with internal procedures and Home Office guidelines.

- 4.3.3 Standard queries have been developed to extract victim samples from the SLEUTH crime recording system. Victims are selected from the four prescribed groups whilst applying a number of exclusions recommended by the Home Office. For example victims are selected from the age range 16 – 80 years to exclude children and elderly victims who may be considered vulnerable. The resulting files are passed to SMSR for surveying to commence, in accordance with the contract and sample requirements specified at the start of the contract year. SMSR select the victim sample from the full list of victims provided to ensure a sufficient level of sampling is achieved, and without bias.
- 4.3.4 The Home Office stipulates a need to obtain a sufficiently large number of people to be representative at a force level, for each victim group, over all Territorial Policing Areas (TPAs) and across a 12 month period. Forces are also expected to demonstrate that their respondent profile is representative of their sample base in terms of age, gender and ethnicity. Cumbria is a small force and experiences difficulty obtaining sufficiently large samples due to lower numbers of reported incidents. This impedes the achievement of a fully representative sample. These problems are fully acknowledged in the Home Office guidance material.
- 4.3.5 The required sample sizes are calculated to give a 95% confidence level with a 4% standard error. The sample sizes requested by Cumbria Constabulary in 2013/14 are shown below against the number of surveys undertaken to date:-

User Group	Basic Required Sample 13/14	Number of Surveys Received from SMSR April 13 to Feb 14.
Burglary	156	111
Violent Crime	247	213
Vehicle Crime	252	147
Racist Incident	36	0
Antisocial Behaviour	373	466
Totals	1064	937

- 4.3.6 The above table shows that the overall number of specified customer satisfaction surveys should be undertaken by the end of 2013/14, thereby ensuring a representative sample. It should be noted that the numbers specified have to be based on the previous year's incident figures. There has been a decrease in vehicle crime in the period April 2013 to February 2014 when compared to the same period in the previous year and this is reflected in the number of surveys undertaken to date.
- 4.3.7 The Management Information Officer monitors survey rates on an ongoing basis to ensure they reflect the number of incidents reported in each group to attain the necessary sample levels required by the Home Office. However it is generally accepted that small forces such as Cumbria will experience difficulties obtaining statistically representative samples with low numbers of reported incidents, particularly racist incidents. For instance in September 2013 only one racist incident satisfied survey criteria for forwarding to SMSR as part of the monthly victim listing.

- 4.3.7 A budget of £7,721 is available in 2013/14 to survey crime and antisocial behaviour victims, of which £6,559 has been spent in the 11 months to date. Expenditure is forecast to be within budget at the year end.

4.4 Performance Measures

- 4.4.1 Information Management Services populates a performance user satisfaction dashboard on the force intranet on a monthly basis, in accordance with an established timetable. Tests confirm that the dashboard was up to date to February 2014. The dashboard displays victim satisfaction data in respect of specific crimes and antisocial behaviour. Comparisons are made with earlier comparable periods highlighting percentage changes in figures.
- 4.4.2 Data is discussed each month at a Constabulary Monthly Performance Tasking Meeting and any exceptions are discussed fully and followed up.
- 4.4.3 Audit tests confirm that survey results received from the contractor are transferred accurately and intact to constabulary systems where they are analysed correctly to provide precise figures for internal and external reports. The process is largely automated.

4.5 Reporting

- 4.5.1 On a bi-monthly basis a comprehensive performance report is produced for Cumbria Police and Crime Commissioner's Executive Board. The report is distributed to senior officers for finalisation and approval before publication. The latest report is for the 12 month rolling period to December 2013 covering performance against a selection of measures in the Performance Management Framework.
- 4.5.2 The performance aim for the following measures featured in the report is to be better than the Most Similar Group (MSG) average:-
- Satisfaction with the whole experience for victims of burglary, violent crime and vehicle crime.
 - Satisfaction with progress updates for victims of crime.
 - Satisfaction with ease of contact for crime victims.

The report shows that Cumbria Constabulary continues to show higher levels of satisfaction for various aspects of service when compared to its most similar group average.

- 4.5.3 The latest figures published in the report for the period April to December 2013 show that overall satisfaction levels have increased for each aspect of service delivery. There are two exceptions, the whole experience for crime has seen a 0.1% reduction in satisfaction and satisfaction with treatment for antisocial behaviour has reduced by 2.2% when compared to the same period in the previous year. As shown in the table below:-

SHARED INTERNAL AUDIT SERVICE

Aspect of Service	Apr – Dec 2012	Apr – Dec 2013
CRIME:		
Ease of Contact	97.4%	98.8%
Actions Taken	86.5%	92.4%
Progress Updates	81.5%	88.2%
Treatment	93.9%	96.9%
Whole Experience	90.1%	90.0%
ANTISOCIAL BEHAVIOUR:		
Ease of Contact	93.6%	94.1%
Actions Taken	74.7%	82.3%
Progress Updates	63.9%	67.1%
Treatment	91.4%	89.2%
Whole Experience	79.2%	84.0%

- 4.5.4 The minutes of Cumbria Police and Crime Commissioner's Executive Board meetings show that the performance reports are presented by the Assistant Chief Constable and generate a high level of discussion. Where performance issues are raised there is evidence of requests for additional information to be presented to future Executive Board meetings. A Quality of Service project initiated by the Constabulary has been underway since December 2013 to improve service delivery standards, demonstrating its commitment to continually improving the service it provides to the people of Cumbria.

**CUMBRIA CONSTABULARY
DATA QUALITY – VICTIM SATISFACTION**

**SUMMARY OF RECOMMENDATIONS & ACTION PLAN (J310024)
(FOR THE ATTENTION OF CUMBRIA CONSTABULARY)**

REPORT REF	RECOMMENDATION	GRADE	PERSON RESPONSIBLE (to be completed by client)	AGREED / INTENDED ACTION (to be completed by client)	IMPLEMENTATION DATE (to be completed by client)
R1	Formal, signed agreements should be in place for 'call-off' agreements from National Framework contracts.	2	Julie Johnstone	Agreed Following a review of the Procurement function within the Constabulary and the introduction of new procurement regulations, this recommendation will be implemented as part of the process changes identified.	1 July 2014
R2	Cumbria Constabulary should undertake some data quality assurance checking in respect of data provided by SMSR.	2	Andrew Burgess	Actions already taken 1. As part of the process of setting up national framework contract, the lead force has undertaken quality assurance for all the companies available, using professional survey experts to evaluate standards and data quality. All companies on the list met the standard required. This is why Cumbria's ITT criterion was exclusively cost. 2. IMS Officers meet with the company to discuss any issues (note – none have been identified to date), and	1. No further action 2. Sept 2014 3. No further action

				<p>to health check the process. One meeting is outstanding and this will be scheduled as soon as possible.</p> <p>3. At the stage where SMSR have telephoned the victim to find out their views of the service received, victims of crime have already:</p> <ul style="list-style-type: none"> • Been interviewed at least once by officers as part of the investigative process • May have attended court to give evidence • May have been contacted by a sergeant as part of internal quality assurance processes • Been telephoned and surveyed by SMSR • May have initiated a service recovery, which means that the Constabulary will contact them again <p>The view of the Constabulary is that it is not good use of staff time nor good public relations to re-contact victims to ask about their experience of being surveyed by a company, which is asking for their views on experience with the police.</p>	
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ACTION PLAN COMPLETED BY:	Julie Johnstone	DATE:	7 May 2014
ACTION PLAN APPROVED BY:	Jane Sauntson	DATE:	7 May 2014



Cumbria Office of the Police and Crime Commissioner

Title: Treasury Management Activities January to March 2014 and Annual Report 2013/14

PCC Executive Board: 04 June 2014

Joint Audit and Standards Committee: 23 June 2014

Agenda Item No: 11

Originating Officers: Lorraine Holme, Principal Financial Services Officer & Michelle Bellis

Deputy Chief Finance Officer

1. Purpose of the Report

- 1.1. The purpose of this paper is to report on the Treasury Management activities, which have taken place during January to March 2014 and also to provide a brief annual report on the treasury function for the 2013/14 financial year. Both elements of the report are requirements in accordance with CIPFA's Code of Practice on Treasury Management.
- 1.2. Treasury Management activities are undertaken in accordance with the Treasury Management Strategy Statement and Treasury Management Practices approved by the Commissioner in February each year.

2. Recommendation

- 2.1. The Commissioner is asked to note the contents of this report. The report will also be presented to the Joint Audit and Standards Committee in June as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

3. Economic Background

- 3.1. UK economic growth has steadily strengthened, although GDP remains 1.4% below the pre-recession peak. The final estimate showed quarter 4, year-on-year GDP growth at 2.7% from the previous quarter's 1.8% rate. The service sector remains the main driver of growth.

The expenditure breakdown of the GDP data shows the economic recovery is becoming better balanced rather than only being consumer-led. Business investment expanded 2.4% quarter on quarter in quarter 4. A continuation of this rebalancing will be necessary for sustained growth as consumer spending moderates.

Real wage growth has finally turned positive, but only just, as the CPI rate for February fell further to 1.7%, below the Monetary Policy Committee's (MPC) target of 2.0%. It is expected to remain at a low level for some time. Inflation expectations seem well anchored and, for now, commodity price volatility remains subdued.

The unemployment rate has fallen close to the 7% forward guidance threshold earlier than expected, although this number is flattered by the large numbers of people involuntarily underemployed. The MPC has made clear that 7% is not a policy trigger and we expect no response if surpassed in the short term. Additionally, any likely monetary tightening response is likely to be applied "gradually".

- 3.2. The fact that base rates are likely to remain at their current historically low levels until at least 2016 means that interest receipts on the Commissioner's investments (as a result of reserves and working capital balances) are also likely to continue to yield relatively low returns for the foreseeable future. The investment strategy will continue to be reviewed on an on-going basis to ensure that returns are maximised subject to complying with the overarching consideration that security of sums invested is of paramount importance.

In addition, the Commissioner's prudential indicators identify that the Commissioner has an underlying need to borrow to finance the capital programme (known as the capital financing requirement). As a result of the current low level of interest rates for short term investment, there would be a significant revenue cost in undertaking long term borrowing at the current time. As a consequence, during quarter 4, the Commissioner continued to utilise cash balances to meet the underlying borrowing requirement and will review market conditions to determine the most opportune time to undertake long term borrowing.

4. Treasury Management Operations and Performance Measures

4.1. The Commissioners day to day treasury management activities are undertaken on behalf of the Commissioner's Chief Finance Officer/Deputy Chief Executive (PCCCFO) by the financial services team under the management of the Chief Constable's Chief Finance Officer (CCCFO). Responsibilities and requirements for treasury management are set out in the financial regulations and rules. Treasury management practices are approved annually setting out the arrangements as part of the Treasury Management Strategy.

4.2. Management of cash balances

The aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner's funds. Actual un-invested balances for the months of January to March 2014 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	88	2,275	50,251
Days Overdrawn	2	(49,866)	(99,372)

The largest un-invested balance occurred on 18 February and was as a result of £49.6k of seized cash being banked during the day. The bank have advised that transactions being posted during the day are subject to checking and can be removed, therefore, we do not invest these sums until the following day to limit the risk of being overdrawn. The interest forgone as a result of non-investment of this sum for one day was approximately £0.68.

The largest overdrawn balance occurred on the 25 March 2014 and was as a result of an oversight where by a planned redemption from a money market fund was not requested. Due to the pooling arrangement with the NatWest our accounts, overall, were in credit and therefore no charges were incurred as a result of this oversight. A reminder has now been set in 2 electronic diaries to prompt a bank account check at midday every day to prevent this happening in the future.

Within the Treasury Management Strategy a target is set to achieve a daily balance of +/- £2k on the Commissioner's main bank account. Whilst the daily treasury management process always calculates the anticipated balance within these limits, daily transactions through the bank of which we are not aware (e.g. banking of cash/cheque receipts) can alter the closing balance for the day. During the months of January to March 2014, the balance was within the £2k limit for 61 out of 90 days (67.8%). This statistic is skewed by our policy to ensure that all cash and cheques are banked on a Friday, as a minimum and more often if large sums are received. If cash is banked it clears our account on the same day and we will be over our £2k limit for 3 days over the weekend not just the day it is banked. This occurred on 7 weekends in this quarter. An estimate of the interest forgone on un-invested balances over £2k during this three month period is £38.

4.3. Investment Activity

The table below illustrates the number and value of investments made with Major UK Banks (category 1), other Local Authorities (category 3) and the Debt Management Office (category 4) of the approved investment counterparties during the months of January to March 2014:

Month	Number of Investments	Total Value of Investments £m
January 2014	3	6.0
February 2014	4	4.5
March 2014	3	5.6

In addition to the above there are regular smaller investments made via liquidity funds (category 2).

A schedule detailing the individual investments that make up the £24.890m total invested at 31 March 2014 is attached at **Appendix 2**. A further illustrative analysis is provided of the balance outstanding at **Appendix 3**, where the first chart analyses the outstanding balance by the credit rating of the investment counterparty and the second shows the maturity structure of investments by the credit rating of the counterparty. The Commissioner's current policy is that investment counterparties have minimum credit rating of A-. (The greater the number of A's the higher the credit rating).

The Commissioner sets a limit for "non-specified" investments of over 364 days at the time of investment. The maximum of all investments with outstanding maturities greater than 364 days is set at a limit of £5m for 2013/14. The Commissioner currently has no investments that have an

outstanding maturity of greater than 364 days. However, there are currently five investments which at the time of investing, were for a period of just over 364 days. These are set out in the table below:

Borrower	Value £m	Investment Period (Days)	Date Invested	End Date	Period Remaining to maturity (days)	Actual Rate (%)
Barclays Bank PLC	1.0	365	04/04/2013	04/04/2014	4	0.88%
Barclays Bank PLC	1.0	365	09/05/2013	09/05/2014	39	0.85%
Barclays Bank PLC	1.5	365	03/07/2013	03/07/2014	94	0.87%
Nationwide	1.5	365	30/12/2013	30/12/2014	274	0.78%
Barclays Bank PLC	1.0	365	28/02/2014	27/02/2015	333	0.84%
Total	6.0					

4.4. Interest Earned

Interest earned for the period of the report and the average return on investment that it represents is set out in the table below:

Month	Interest Amount (£)	Average Total Investment (£)	Average Return on Investment (%)
January 2014	13,754	30,694,318	0.53%
February 2014	12,742	29,475,580	0.56%
March 2014	13,402	28,361,949	0.56%
TOTAL	39,898	29,510,615	0.55%

Total interest earned during January to March 2014 amounted to £40k, bringing the total earned for 2013/14 to £148k. A comparison of this outturn against the budget and previous forecasts is outlined in the table below:

	Amount (£000's)
Original Estimate 2013/2014	82
Forecast Position July 2013	107
Forecast Position September 2013	146
Forecast Position December 2013	143
Outturn Position March 2014	148
Increase compared to Estimate	66

The increase in interest receipts is largely associated with the change in investment strategy approved by the Commissioner in June 2013.

4.5. Investment Performance

As a performance measure for the quality of investment decisions, the rate achieved on maturing longer term investments of over three months is compared with the average Bank of England base rate over the life of the investment. The table below provides details of the individual performance of investments (of over 3 months duration at time of investment) for the months January to March 2014:

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Barclays	1	12	0.90%	0.50%
Lloyds	1	6	0.75%	0.50%

The Commissioners treasury management advisors, Arlingclose Ltd, conduct a benchmarking exercise each quarter. **Appendix 5** shows two of the scatter diagrams that are produced regarding the Commissioner's treasury activity.

Diagram 1 shows the investments at the 31 March 2014 on a return versus risk axes. The aim would be to migrate to the top left segment of the diagram – receiving the highest possible returns with no risk at all – but this is impossible in the current economic climate. The Police and Crime Commissioner for Cumbria (depicted by the blue circle) is plotted against the whole of the Arlingclose Ltd client base. The Commissioner's investments are shown to have an average credit risk score slightly above 5 and an average rate of interest of 0.55%. In comparison with the client base this places the Commissioner in the centre of the main group with an average risk score but lower than average return.

Diagram 2 shows the Commissioner plotted against only PCC's from the list. This again shows the Commissioner's Investments as being in the centre of the other PCC's but this time with a slightly lower risk score with a slightly higher than average return.

5. Annual Report on Treasury Management Operations 2013/14

5.1. Treasury Strategy

In February 2013 the Commissioner approved the 2013/14 Treasury Management Strategy Statement (TMSS). The TMSS incorporated a revised investment strategy contained some relaxation in the minimum credit criteria for banks and financial institutions with which the Commissioner was willing to invest. This decision was taken in the context of more stable global economic conditions and sought to achieve an improved level of return on investments, whilst maintaining a prudent approach to risk. The investment strategy also included limits on the amounts which would be invested with any single counterparty as a means of diversifying risk. These limits were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year. These investment limits were based on assumed average balances available for investment in 2013/14 of £20m. Once grants and precept amounts were confirmed a detailed cash-flow forecast for 2013/14 was constructed and it suggested that the average funds available for investment would be approximately £30m during the year, which is £10m higher than were originally assumed. In June 2013 the Commissioner approved a revision to the strategy to increase the permitted maximum investments with individual counterparties in line with the anticipated higher level of balances available for investment, whilst maintaining the previously agreed percentage of the portfolio which will be invested in each asset class and individual institution.

5.2. In relation to borrowing the Commissioner has an underlying need to borrow funds to finance its capital programme, which is measured by the Capital Financing requirement (CFR). The CFR at the start of 2013/14 amounted to £17.7m (including £5.3m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £12.3m exposure to external borrowing at some time into the future, which is presently being covered by the use of internal funds (reserves).

5.3. During 2013/14 the Commissioner has maintained this strategy of using cash balances, arising primarily from its reserves, to meet its cash flow commitments and was not therefore compelled to borrow. Although long term borrowing rates remained relatively low during 2013/14, a conscious decision was made to defer long term financing decisions as the short term cost of carrying debt (i.e. the differential between the borrowing rate at say 4.3% and the rate of under 1% available when such funding was invested) would have had an adverse effect on the revenue budget for the year and the immediate outlook period. The Commissioner in consultation with the treasury advisors Arlingclose Ltd continues to look for the most opportune time to undertake any borrowing.

5.4. Key Statistics.

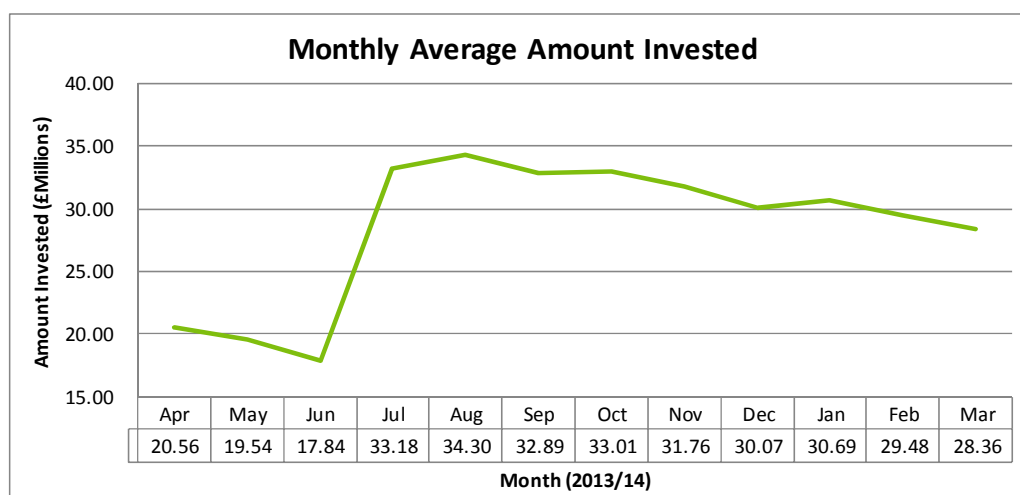
5.4.1. Principal

During 2013/14 a total of 212 investments were placed amounting to £134.54m

Counterparty Type	Opening Balance (£millions)	Investments (£millions)	Maturities (£millions)	Closing Balance (£millions)	Number of Investments Placed during 2013/14
Banks and Building Societies	3.00	32.00	- 23.50	11.50	20
Other Local Authorities	3.00	-	- 3.00	-	0
Debt Management Office	1.60	39.30	- 38.80	2.10	16
NatWest Overnight	2.55	26.24	- 28.70	0.08	150
Money Market Funds	8.10	37.00	- 33.90	11.20	26
	18.25	134.54	- 127.90	24.89	212

Appendix 2 shows the breakdown of the closing balance. 62 of the investments were to external counterparties and therefore attract a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an 'inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

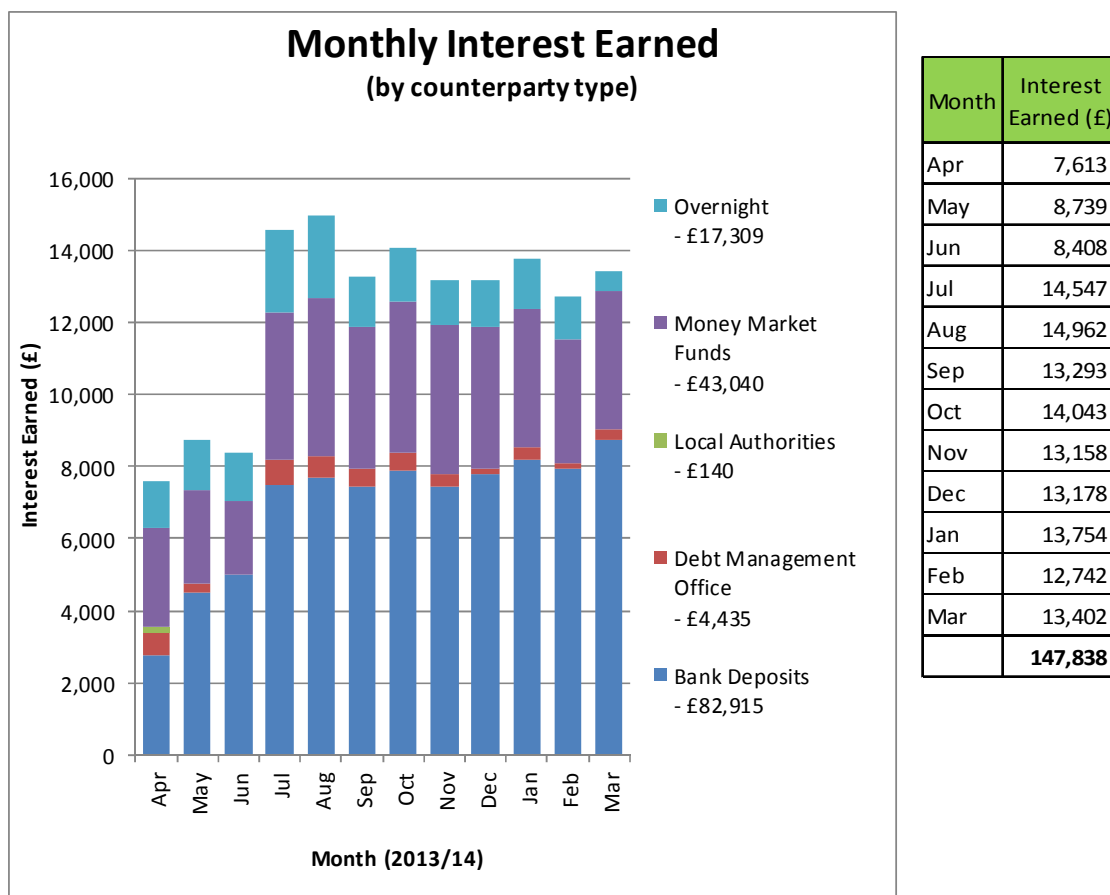
The level of cash reserves available to invest followed the same pattern as seen in previous years. The Home Office Police Pensions Grant is received in July each year and has caused a spike in investments since 2007/08 when new regulations were introduced.



Daily Investment		
Highest (£millions)	Lowest (£millions)	Average (£millions)
36.29	14.81	28.87

5.4.2. Interest

A total of £148k was earned in 2013/14 from the Commissioner's treasury activities and can be broken down as follows:



The average return on investments for 2013/14 was 0.52% which is slightly above the bank base rate 0.50%. There were no changes in the base rate across the financial year.

The table at 3.4 shows the outturn on investment interest as £148k, which is £66k above a base budget of £82k. Slippage in the capital programme, underspends within the revenue budget and a higher than previously estimated pensions top up grant from the Home Office in July have increased the overall level of funds available for investment. The changes to the treasury strategy outlined in paragraph 5.1 have enabled larger investments with Banks and Building societies thereby maximising the return on investment whilst ensuring the security of the principals invested.

5.4.3. Treasury Operations

As discussed in paragraph 4.2 above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner's funds. Actual un-invested balances for 2013/14 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	360	1,860	50,251
Days Overdrawn	5	(21,128)	(99,372)

Both the largest credit and overdrawn figures occurred during the final quarter of 2013/14 and explanations can be found in section 4.2

6. Compliance with Prudential Indicators

- 6.1. The Commissioner can confirm that he has complied with his treasury related Prudential Indicators for 2013/14, which were set in February 2013 as part of the annual Statement of Treasury Management Strategy. Further details can be found at **Appendix 4**.

7. Implications

- 7.1. Financial – As detailed in main body of report above.
- 7.2. Legal – None
- 7.3. Risk – The report advises members about treasury activities. Given the large unsecured sums invested with financial institutions treasury management can be a risky area. Nevertheless, procedures are in place to minimise the risks involved, including limits on the sums to be invested with any single institution and reference to credit ratings are set down in the PCC's treasury strategy and in particular the treasury management practices (TMP1 Treasury Risk Management).

7.4. HR / Equality – None

7.5. I.T – None

7.6. Procurement – None

8. Supplementary information

Attachments

Appendix 1 Recent history and projections of Bank Base Rates

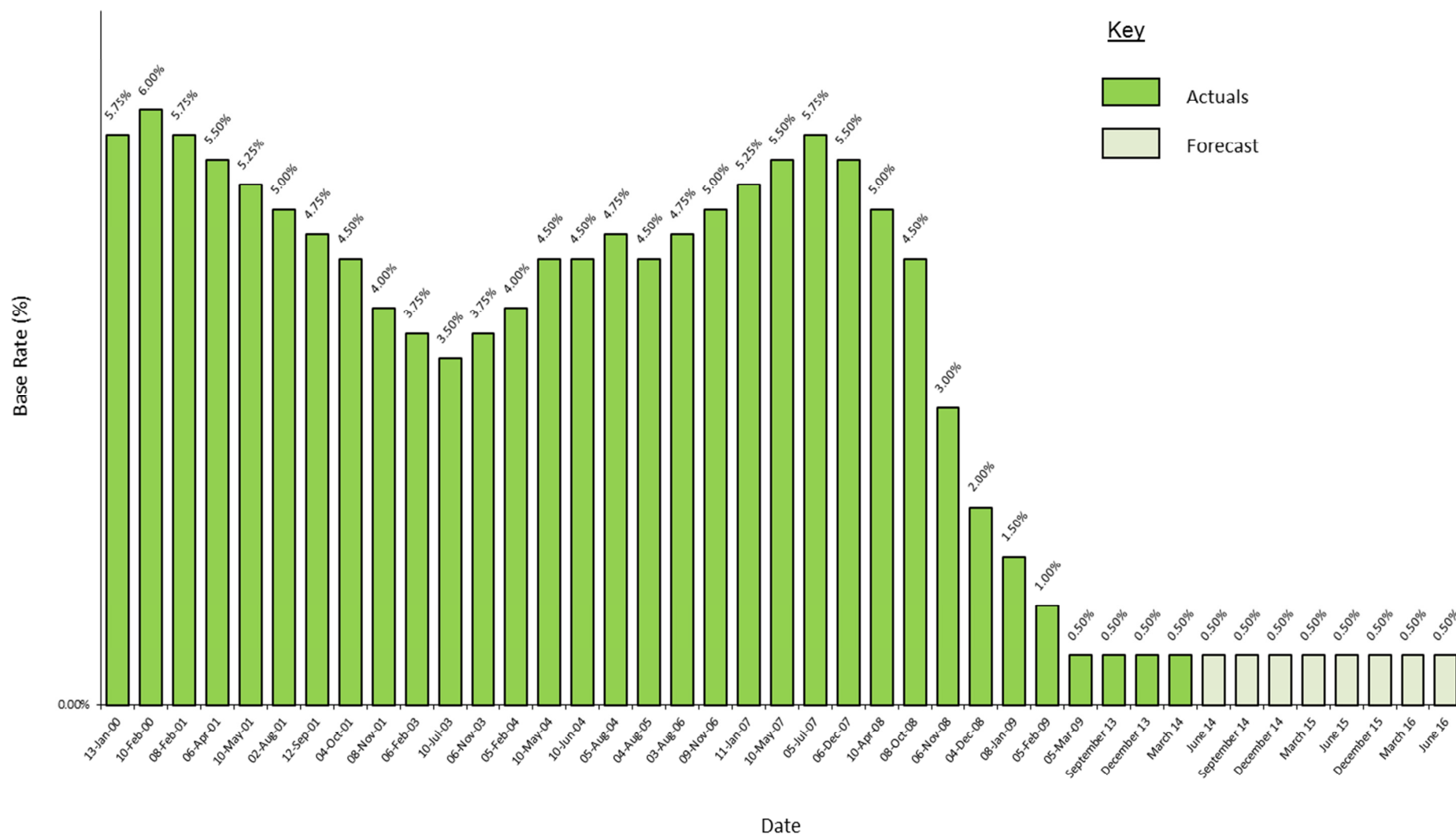
Appendix 2 Schedule of Investments as at 31 March 2014

Appendix 3 Analysis of Investments as at 31 March 2014

Appendix 4 Prudential Indicator Compliance

Appendix Arlingclose Ltd – Client Benchmarking

Bank of England Base Rates (%)

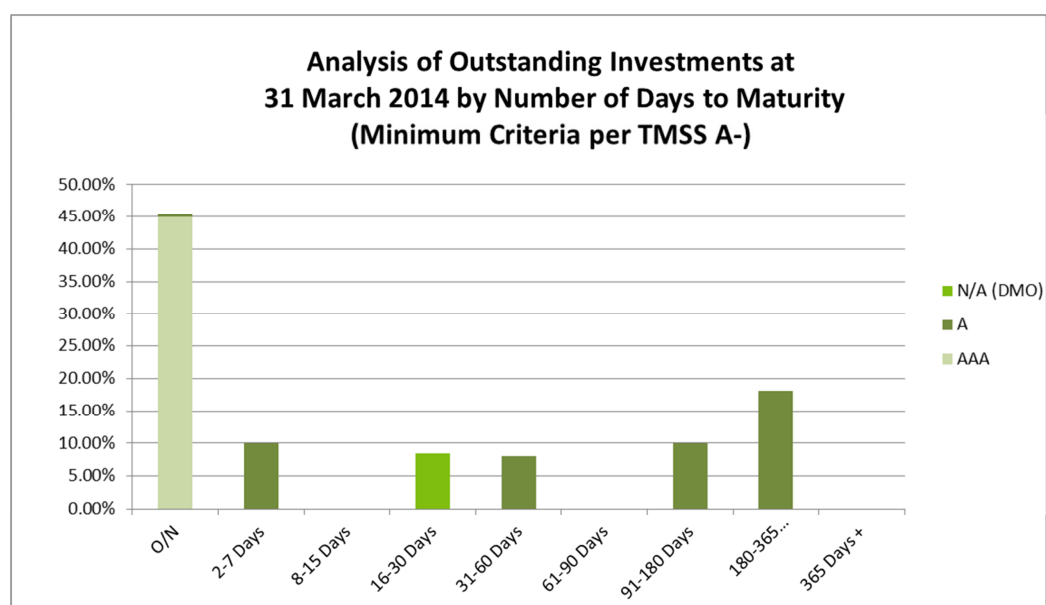
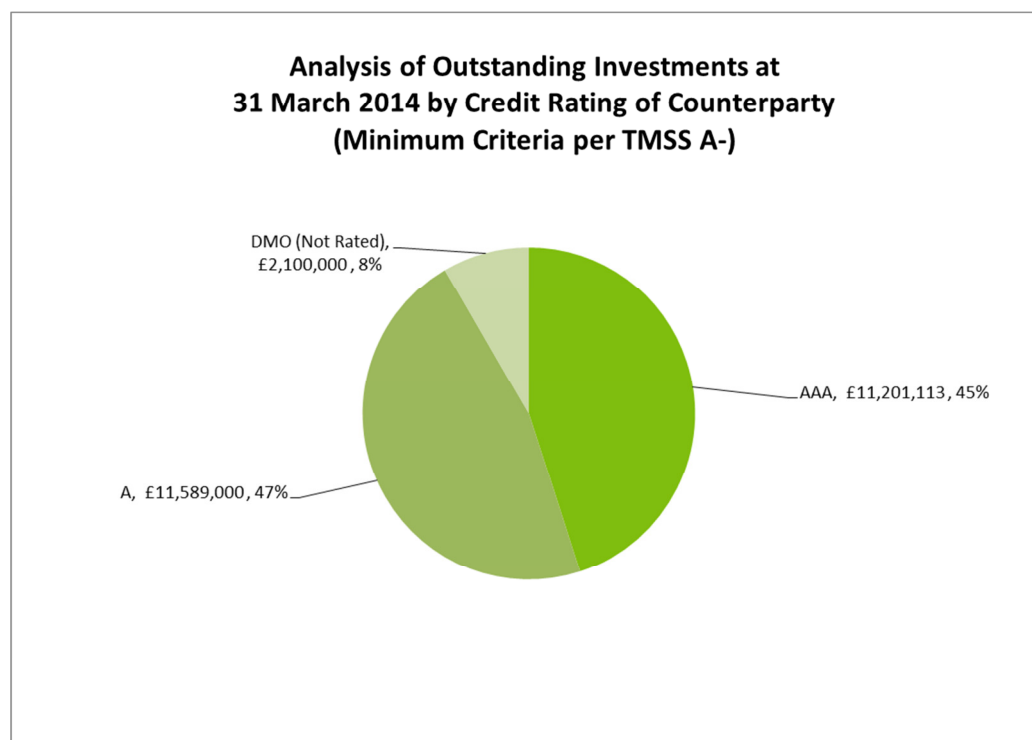


Schedule of Investments as at 31 March 2014

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Major Banks & Building Societies							
Barclays	A	04/04/2013	04/04/2014	4	0.880%	1,000,000	
Barclays	A	09/05/2013	09/05/2014	39	0.850%	1,000,000	
Barclays	A	03/07/2013	03/07/2014	94	0.870%	1,500,000	
Barclays	A	28/02/2014	27/02/2015	333	0.840%	1,000,000	4,500,000
Lloyds	A	03/01/2014	03/04/2014	3	0.700%	1,500,000	
Lloyds	A	11/02/2014	11/08/2014	133	0.700%	1,000,000	2,500,000
Nationwide	A	10/02/2014	12/05/2014	42	0.470%	1,000,000	
Nationwide	A	30/12/2013	30/12/2014	274	0.780%	1,500,000	
Nationwide	A	31/01/2014	30/01/2015	305	0.800%	2,000,000	4,500,000
NatWest (Liquidity Select Account)	A	30/12/2013	30/12/2014	O/N	0.780%	89,000	89,000
						11,589,000	11,589,000
Category 2 - Money Market Funds (AAA Rated)							
AIM	AAA	Various	On demand	O/N	Various	300,000	300,000
BlackRock	AAA	Various	On demand	O/N	Various		0
Fidelity	AAA	Various	On demand	O/N	Various	2,401,113	2,401,113
Scottish Widows	AAA	Various	On demand	O/N	Various	3,000,000	3,000,000
IGNIS	AAA	Various	On demand	O/N	Various	2,500,000	2,500,000
						11,201,113	11,201,113
Category 3 - Other Local Authorities							
						0	0
Category 4 - Debt Management Office							
DMO		28/03/2014	22/04/2014	22	0.25%	2,100,000	2,100,000
						2,100,000	2,100,000
Total						24,890,113	24,890,113

Note – the credit ratings shown in the above table relate to the standing as at 31 March 2014, as discussed in the main body of the report, the ratings are constantly subject to change.

The TMSS sets limits for maximum investment with counterparties. These limits are currently set at £4.5m per institution/banking group in category 1 (total £18m category limit) and £3m per Money Market Fund in category 2 (total £15m category limit). The limit for other Local Authorities is set at £2m (no category limit) and there is no limit for investments with the DMO. The above table illustrates that these limits have not been exceeded.

Analysis of Outstanding Investments as at 31 March 2014

Note – the credit ratings shown in the above charts relate to the standing as at 31 March 2014, as discussed in the main body of the report, the ratings are constantly subject to change.

Appendix 4

Prudential Indicator Compliance

(a) Authorised Limit and Operational Boundary for External Debt

- The Local Government Act 2003 requires the Commissioner to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached during the year.
- The Commissioner's Affordable Borrowing Limit was set at £26.15m for 2013/14.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit.
- The Operational Boundary for 2013/14 was set at £24.65m.
- The actual amount of external borrowing as at 31 March 2014 was £Nil which is well within the above limits. No new external borrowings have been undertaken in the current financial year.

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Commissioner to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2013/14 £m	Actual Borrowing at 31 Mar '14 £m	Compliance with limits
Upper Limit for Fixed Rate Exposure	26.15	0.00	Yes
Upper Limit for Variable Rate Exposure	1.50	0.00	Yes

(c) Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit %	Lower Limit %	Actual Fixed Rate Borrowing as at 31/03/14 £m	% Fixed Rate Borrowing as at 31/03/14 %	Compliance with Set Limits?
Under 12 months	100	0	0.00	0	Yes
12 months and within 24 months	100	0	0.00	0	Yes
24 months and within 5 years	100	0	0.00	0	Yes
5 years and within 10 years	100	0	0.00	0	Yes
10 years and above	100	0	0.00	0	Yes

(d) **Total principal sums invested for periods longer than 364 days**

- This indicator allows the Commissioner to manage the risk inherent in investments longer than 364 days.
- The limit for 2013/14 was set at £5m.
- As at 31 March 2014, the PCC had five investments totalling £6m which were for a duration greater than 364 days at the time of investment. None of which have outstanding maturities greater than 364 days. Please see additional details within paragraph 4.3 above.

Client Benchmarking

Diagram 1

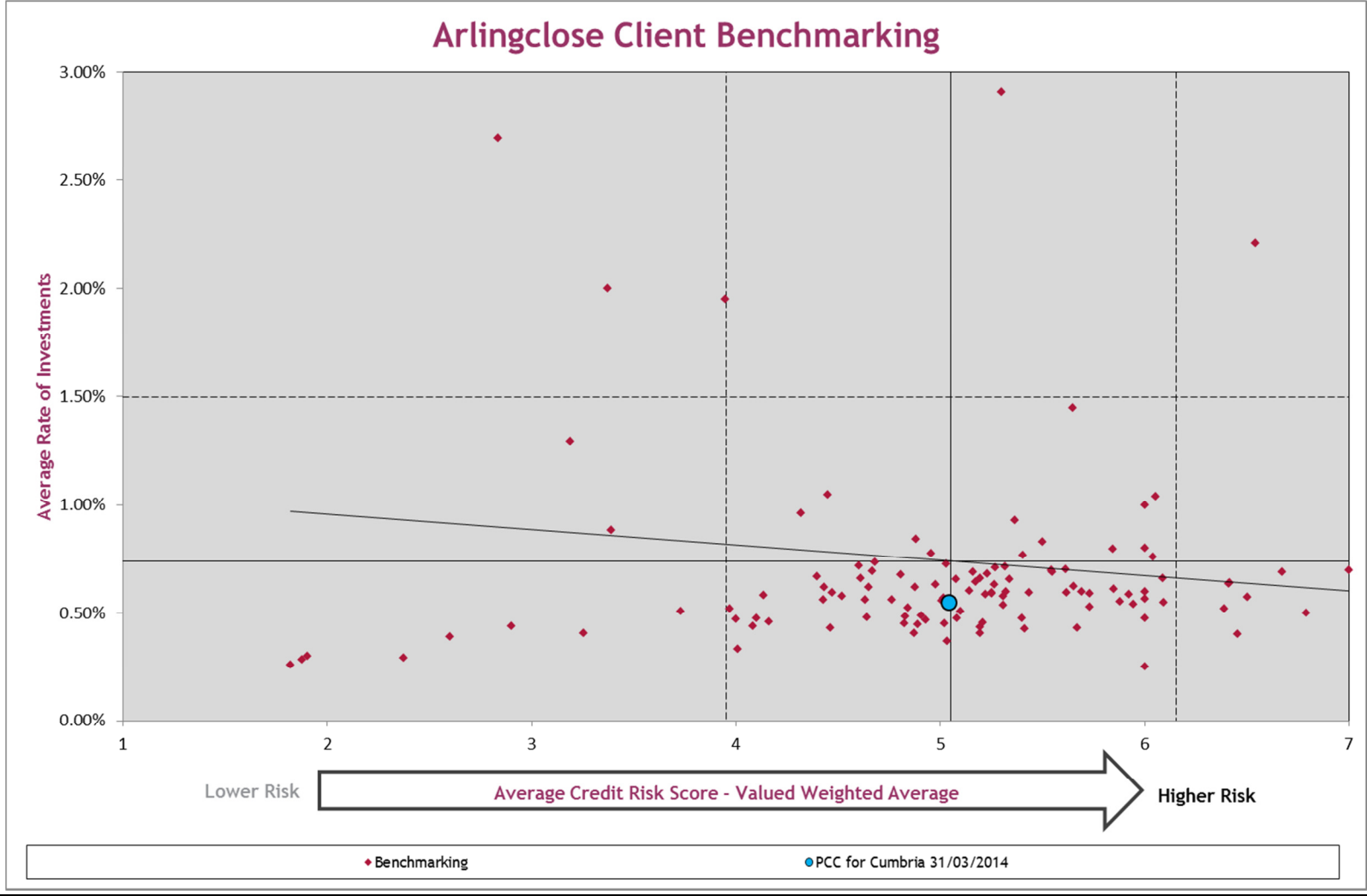
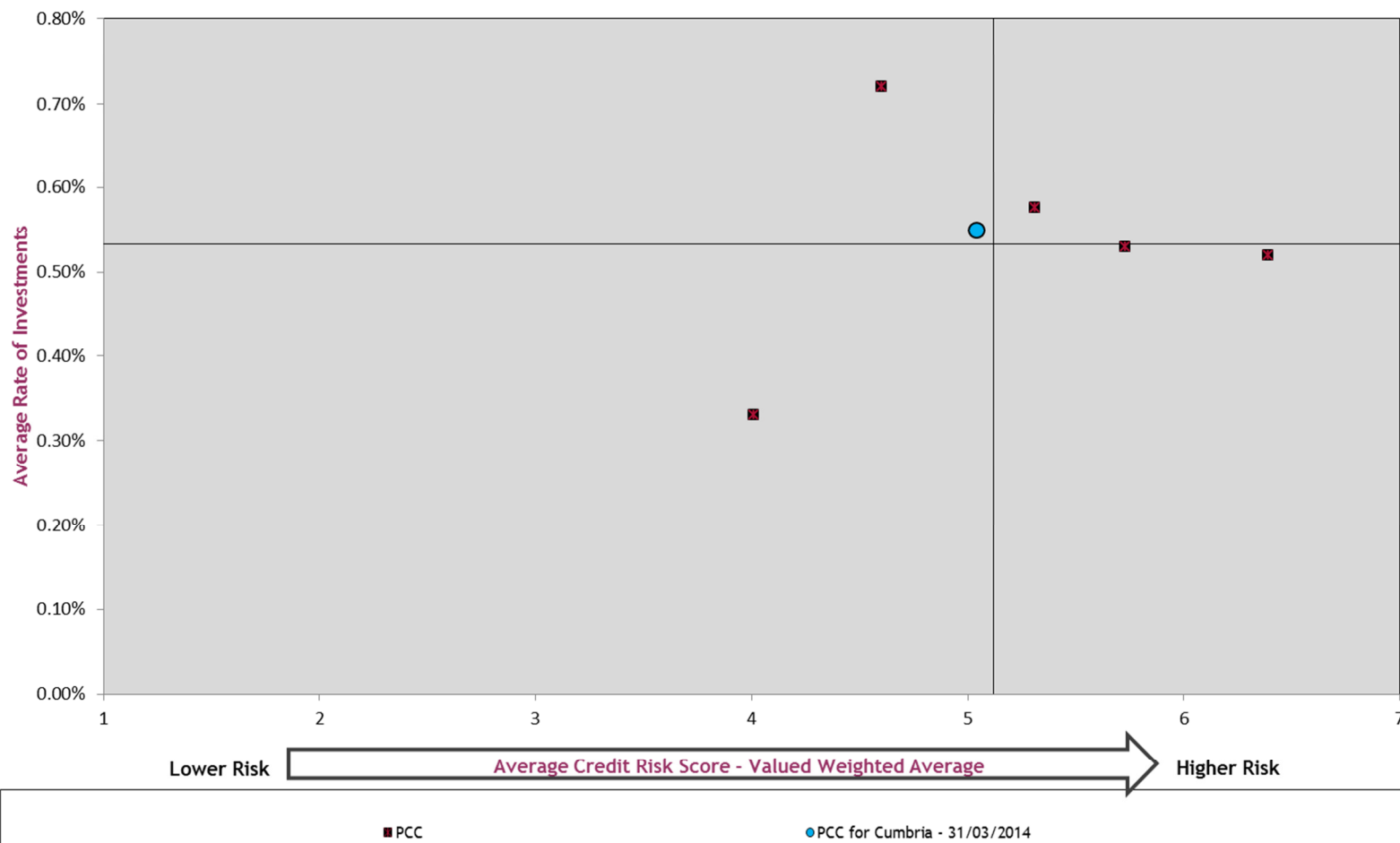


Diagram 2

Arlingclose Client Benchmarking



Joint Audit & Standards Committee

23 June 2014

Agenda Item 12



Cumbria Office of the Police and Crime Commissioner

Grant Regulations

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Definitions

‘Regulations’ – means these Grant Regulations.

‘Commissioner’ – means the Police and Crime Commissioner for Cumbria.

‘Commissioners Monitoring Officer’ – means the Chief Executive.

‘Chief Executive’ – means the person appointed by the Commissioner to be head of the Commissioner’s staff as defined within the Police Reform and Social Responsibility Act 2011.

‘COPCC’ – means Cumbria Office of the Police & Crime Commissioner.

‘Commissioning Strategy’ – the Commissioner’s strategy setting out the overall arrangements for commissioning in accordance with the budget and the priorities within the Police and Crime Plan.

‘DPA’ – means the Data Protection Act 1988 and 2003.

‘EU Procedure’ – means the set of established, detailed procedural rules which must be observed when awarding works, supplies, and services contracts which are intended to promote fair and open competition and a single European Market under The Public Contract Regulations 2006.

‘FOI’ – means The Freedom of Information Act 2000.

‘Organisation’ – means the Cumbria Office of the Police & Crime Commissioner

‘PCCCFO’ – means Police & Crime Commissioner’s Chief Finance Officer.

‘Total Value’ – means the anticipated total spend over the lifetime of a requirement for goods, services or works. This may include implementation costs, ongoing operational costs, and end of life disposal.

‘Value for Money’ – means the optimum combination of whole life costs and quality (or fitness for purpose) to meet the user’s requirement.

‘PRSA 2011’ – means the Police Reform and Social Responsibility Act 2011

‘Cumbria Compact’ – a voluntary compact between VCSE groups and public sector bodies to support collaborative working

‘VCSE’ – means the voluntary, community and social enterprise sector

“anti-social behaviour” means behaviour by a person that causes or is likely to cause harassment, alarm or distress to one or more other persons not of the same household as that person;

“crime and disorder reduction” means reduction in levels of:

- (a) crime and disorder (including anti-social behaviour and other behaviour adversely affecting the local environment),
- (b) the misuse of drugs, alcohol and other substances, and
- (c) re-offending.

Introduction

Welcome to the Grant Regulations for the Cumbria Office of the Police and Crime Commissioner. This document sets out for our staff and partners the rules by which the COPCC will award crime and disorder reduction grants and grants to help victims, witnesses and others effected by offences and anti-social behaviour. These regulations alongside the Procurement Regulations aim to support the delivery of the Commissioning Strategy and Plan.

Grant regulations aim to ensure that grant awards are made in a fair, transparent and consistent manner,

The vision within the Commissioner's Police and Crime Plan is that:

"Cumbria remains a safe place to live, work and visit, where the public has a say in policing and organisations and community groups work together to address the causes of crime, as well as the consequences"

ensuring the highest standards of probity and accountability. They also secure that the processes that underpin decision making are robust and that the terms and conditions applied to grant agreements are appropriate to the amount of the grant award and the purpose for which it has been made. Our regulations aim to safeguard public money, supporting decisions that direct funding towards activity and interventions that will have the greatest impact on reducing crime and disorder and deliver best possible outcomes for victims. In doing this we aim to ensure that a wide range of organisations have the opportunity to work with us in support of the vision within the Police and Crime Plan.

The Grant Regulations apply to the issuing of crime and disorder reduction grants and grants to help those effected by offences and anti-social behaviour. They operate alongside the Commissioner's Procurement Regulations. They do not negate the requirement to comply with procurement regulations for the procurement of supplies, goods and services where the Commissioner receives the direct economic benefit of that supply or where the arrangements are likely to be above the thresholds of the EU procurement directive.

Purpose, Responsibilities and Policy

Responsibilities

The Commissioner is responsible for all awards of grants and decisions to enter into grant agreements. All grant awards and grant agreements must be in the name of the **“The Police and Crime Commissioner for Cumbria”**.

The Chief Executive will be responsible for ensuring that staff of the COPCC comply with these regulations; for securing the safekeeping of registers of grant awards and grant agreements; and for securing that records are maintained of exemptions to the open procedure.

The Head of Partnerships and Commissioning is responsible for:

- Maintaining robust and up to date regulations
- Ensuring the exercise of due diligence through effective processes and procedures prior to decision making
- The overall arrangements for assurance when awarding funding, to ensure the safeguarding of public funds and the delivery of priorities within the Police and Crime Plan;
- Ensuring that total funding awarded through grants and grant agreements is within the amount allocated annually within the budget, and for awards across multiple years, within the amounts set out within the Commissioning Strategy;
- Meeting all publications requirements with regards to the award of grants and grant agreements.

The Director of Legal Services will be responsible for the provision of advice on grant agreements including advice on terms and conditions.

All staff employed by the Commissioner must abide by these Regulations in the conduct of the business of the office.

Purpose

The purpose of these Regulations is to:

- Achieve Value for Money and support the priorities within the Police and Crime Plan
- Be consistent with the highest standards of integrity and ensure fairness in allocating grants
- Comply with all legal requirements, particularly in relation to the EU Public Procurement Rules
- Secure good governance in respect of decisions to award grants and enter into grant agreements

Policy

The policy for COPCC grant awards and agreements is that:

- The award of grants is limited to VCSE organisations or other public sector partners for the purposes of partnership working.
- All activity undertaken to develop opportunities for grant awards and grant agreements is undertaken with the primary objective of supporting the Commissioner to deliver statutory responsibilities and achieve the priorities and objectives within the Police and Crime Plan.
- Decisions to award grants and enter into grant agreements should do so to achieve best Value for Money, taking into account the amount of funding being committed and the outcomes that aim to be delivered from that funding.
- The process to award grants should be proportionate to the amount of the grant award and the purpose for which it is being given. Processes will achieve an appropriate balance between risk, innovation and delivery.
- The award of grants will be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability.
- All staff involved in commissioning activities will adhere to these Regulations and the Procurement Regulations. Consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- The award of grants will be undertaken in accordance with the commitments made by the Commissioner as signatory to the Cumbria Compact.
- All commissioning activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.



Procedure for Grant Awards and Grant Agreements

Introduction

Police and Crime Commissioners have responsibility for enhancing criminal justice, community safety, reducing crime, and supporting victims. In carrying out those responsibilities the Anti-Social Behaviour, Crime and Policing Act 2014 provides Commissioners with wide powers to provide or commission services that:

- in the opinion of the Commissioner, will secure, or contribute to securing, crime and disorder reduction
- are intended by the Commissioner to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour;

In arranging for the provision of these services the legislation provides that the Commissioner may make grants in connection with the arrangements. The grants may be subject to any appropriate conditions, including conditions as to repayment.

In Cumbria these grant regulations set out the arrangements for making grants and entering into grant agreements for the purposes of exercising those powers and responsibilities. These regulations will apply in supporting the delivery of the Commissioning Strategy other than in cases where commissioning activity is being fulfilled through the Commissioners procurement regulations.

Procedure

The award of grants and entering into grant agreements can only be made by the Commissioner. Officers involved in commissioning activity that is planned to be delivered through a grant award and agreement must adhere to the following procedures:

- Activity must be consistent with the approved Commissioning Strategy and programme, having regard to the commissioning principles set out within the strategy and the commitment to the Cumbria Compact.
- All commissioning activity should be supported by policy and research that identifies the need to commission further activity or interventions prior to the development of any schemes for the award of grants.
- Grants and grant agreements may only be used where they are in accordance with legislation, including the EU procurement requirements and are not seeking to confer a direct economic benefit to the Commissioner. In any other circumstances the Commissioner's Procurement Regulations must be complied with. Where officers are unsure as to whether these Regulations or the Procurement Regulations apply they must seek the advice of the Chief Executive.

- Grant awards should be made using an open process, other than for those awards that meet the criteria for exemptions to the open award process.
- An open award process is a scheme that is open to all VCSE providers and publicised through the Commissioner's website and other appropriate media. Open award processes will have a predetermined purpose or set of outcomes and an evaluation model against which funding applications can be assessed. The application process should give careful consideration to the information applicants are asked to provide. Information requirements should not be burdensome but should be sufficient to ensure that the financial standing and delivery capabilities of the applicant can be reasonably assessed.
- The issue of all grants and grant agreements must include terms and conditions appropriate to the amount of the funding and a mechanism through which outcomes can be assessed.
- Grant agreements may be issued to partners on the basis of collaborative and pooled budget arrangements that support the discharge of shared responsibilities. This includes collaborative working with local authority partners to discharge shared responsibilities for community safety and youth offending; collaborative working with health and local authority partners to discharge shared responsibilities for commissioning sexual assault services for victims and collaborative working with probation partners to secure the enhancement of criminal justice and the commissioning of restorative justice services.
- Where partnership arrangements involve collaborative procurement undertaken on the basis of pooled budgets, the lead officer must ensure that the Commissioner's Procurement Regulations are complied with.
- The Commissioner's decision to make a grant award must be documented. This will be within the minutes of the Commissioner's Executive Board for decisions made at the board or through the decision making process for non-executive decisions for decisions of made by scheme panels or decisions made directly by the Commissioner.
- All decision forms must be signed off by the Chief Executive.

Exemptions to the Open Award Process

The Chief Executive in consultation with the Commissioner may determine exemptions to open award process under specific limited circumstances. Specifically:

- In the event that a VCSE provider experiences financial/other difficulties that places at risk the provision of services to victims and/or at risk client groups, a grant may be provided directly, without an open process,

to secure continuity of service delivery either with the existing VCSE provider or an alternate VCSE provider. Direct provision of the grant may not extend beyond a 12 month timeframe.

- In order to manage the transition from national to local commissioning, direct award of grants may be made to an existing or alternate VCSE provider for a maximum of 12 months to secure continuity of service in circumstances where: it is anticipated that the local arrangements will necessitate a full contract tender process and; value for money on the contracting arrangements can be better secured by providing a lead in time for due diligence on the specification requirements or; value for money maybe better secured by providing lead in time to develop collaborative working or different models of service delivery.
- Direct award of funding through a grant agreement can be made where there is a statutory provider and/or where the Commissioner has specific statutory responsibilities discharged through a statutory body or partnership and/or where a group of statutory partners determine to discharge shared statutory responsibilities jointly through a board or governance structure; for example Community Safety Partnerships/Safer Cumbria Partnership; SARC Board.
- Direct award of funding through a grant agreement can be made to secure collaborative arrangements on the basis of pooled budgets with other public sector partners to discharge shared responsibilities where to do so secures value for money from the commissioning process in respect of outcomes and/or the efficiency of the commissioning process e.g. single tender process, economies of scale, single contract management arrangements, pooling of expertise/experience.
- Small grant awards under the value of £10k may be subject to direct grant award in circumstances where there is a clear business imperative to making the award. Examples could include funding of a time limited nature that would be lost to the Commissioner by following an open grant process; risk of delivery of key/specific elements of the police and crime plan; the requirement for very specialist services where there are a limited number of providers; pilot/research based projects seeking to develop the capacity/capability of new providers and/or test new initiatives with a view to scheme roll out on an open award basis.

The Cumbria Compact

The Commissioner has joined the Cumbria Compact, an agreement between public sector bodies and the voluntary and community sectors. The compact lays out a set of guidelines for dealing with the third sector organisations and is based around the key principles of Respect, Honesty, Independence, Diversity, Equality, Volunteering, and Citizen Empowerment.

Officers engaged in commissioning activity should ensure they are aware of the commitments made by signatories to the compact and seek to operate within the compact agreement. The compact covers a number of areas that provide a guide to more effective engagements with voluntary and community groups. It covers the considerations that should be taken into account in designing grant award schemes including allocating

resources, determining funding options, application and bidding processes and monitoring and reporting arrangements.

Specifically, the Compact sets out commitments for both public sector bodies and voluntary and community sector groups. The commitments for public sector bodies cover the areas of:

- | | |
|--------------------------------------|--|
| ▪ Engagement and Policy Development: | ▪ Understanding costs |
| ▪ When to involve | ▪ Making decisions |
| ▪ Enabling involvement | ▪ Agreeing delivery terms |
| ▪ How to involve and engage | ▪ Making payments |
| ▪ Allocating Resources | ▪ Monitoring and reporting |
| ▪ Planning | ▪ Concluding a financial relationship |
| ▪ Choosing Funding options | ▪ Advancing Equality and working together for Equality |
| ▪ Application and Bidding process | |

Award of Grants

Grant awards can be made against 6 specific funds set out within the Commissioning Strategy.

The Community Fund: A fund for access by small community, voluntary and third sector groups for projects that can show a contribution to the priorities within the police and crime plan. The fund is particularly looking to support community groups to deliver a change within their local communities and which they believe they can have an impact on:-

- | | |
|--|--|
| ▪ Anti- Social Behaviour - including Alcohol-Related Offending | ▪ Support for Victims |
| ▪ Youth Justice | ▪ Preventing Re-offending |
| ▪ Rural Crime | ▪ Veterans |
| ▪ Domestic Abuse | ▪ Hate Crime which encompasses hate, disability, sexual orientation, race, transgender, and religion |
| ▪ Sexual Violence | |

The Innovation Fund: The innovation fund is a fund available to support innovative projects to pilot new ways of working with at risk groups to reduce offending and re-offending. Grants will be awarded to Innovative projects that specifically aim to address the following issues:

- Anti-Social Behaviour
- Alcohol related crime
- Youth Justice, Veterans
- Rural crime
- Domestic Violence and Sexual Violence

The Police and Crime Property Fund: The police and crime property fund is a Fund that is awarded by the Commissioner with the aim of funding communities and organisations to work together to reduce crime and disorder locally. The types of applicants/organisations that can apply for a grant are Local Community groups, Neighbourhood Watch Schemes, Parish Councils, Charities, Voluntary Groups, and Schools. Groups must have the support of their locally based Police Officer, Police Community Support Officer or Police Staff who will help with the application. Applications for the police and crime property fund will be awarded for schemes that support the priorities of:

- Helping to keep children and young people active and safe
- Improving the support for vulnerable people to help them feel safer such as the elderly, victims of crime (e.g. abuse or discrimination), and also antisocial behaviour.
- Bringing together parts of the community that find it difficult to talk to or access each other.

The Victims' Services Fund: The victims' services fund is a specific ring-fenced fund backed by a central Government grant to commission the widest possible range of services for victims and by the widest possible means. The fund will commission a victims referral service helpline from April 2015 and local support services in addition to a victim's information hub. The fund will primarily support collaborative partnership arrangements to transition nationally commissioned services to a regional/local commissioning model. The fund will also support arrangements for small grant awards with a specific focus on victim's advocacy and capacity building within the VCSE sector.

The Prevention Fund: The prevention fund is a ring-fenced fund specifically targeted at tackling offending, re-offending and anti-social behaviour. The fund can be used to support be used to deliver the preventative strands of the commissioning plan including perpetrator and education programmes alongside restorative justice provision and interventions to tackle youth offending and improve outcomes for young people at risk of offending. Commissioning activity will operate through both traditional procurement routes in addition to the issuing of crime and disorder reduction grants.

The Partnership Fund: The partnership fund is a fund that provides for collaborative working and pooled budget initiatives to support the discharge of areas of shared statutory responsibility with our wider public sector partners across health, probation and the local government sectors. The fund provides for the implementation of agreements in support of partnership working across shared responsibilities for victims and witnesses, community safety, crime reduction and anti-social behaviour.

Open Grant Schemes and Evaluation Criteria

Grant schemes for open grant applications should be developed having given careful consideration to the commitments within the Cumbria compact and the accessibility of the scheme. Schemes should be advertised widely and as a minimum through CVS networks and the Commissioner's website. The Commissioner's Engagement Officer should be contacted to arrange media and press release information to support the promotion of the scheme.

Schemes should be developed within an application pack that provides sufficient information to target organisations in respect of the purpose of the scheme and any criteria or specification information against which applications will be considered. Application forms should be easily downloadable from the Commissioner's website and application packs should detail contact information for further advice and/or support. Schemes should specify the evaluation criteria against which bids for funding will be considered. The criteria will be bespoke to each scheme but should include, as a minimum:

- A clear description of the proposal demonstrating how it meets the purpose of the scheme
- The quality of the submission in relation to performance measures, outcomes or outputs and how they will be monitored and reported.
- The quality of the applicant's proposal against a detailed scoring and evaluation framework that supports the scheme specification or purpose.
- The quality of financial information and a review of the financial standing of the bidding organisation. For small grant schemes financial standing can be assessed on the basis of submission of the statement of accounts and/or bank statement information.

Specifications and evaluation criteria for schemes of significant value can be complex and will need to be as robust as those developed for a procurement exercise. Officers developing schemes of significant value should seek support and input from the relevant procurement business partner.

Grant Agreement Terms and Conditions

Once a decision has been taken to award grant funding, the arrangements must be set out in writing in an offer letter. The letter must be appended with a grant agreement that sets out the terms and conditions that apply to the funding. The agreement must be sent out with the letter in duplicate, signed by the Commissioner. No payment of funding can be made until the agreement has been signed and returned by the party to which the offer has been made. It is the responsibility of the leading on the grant scheme and/or implementing the decision to award a grant to ensure the grant agreement has an appropriate set of terms and conditions. The following considerations must be applied:

- a) Where the agreement is being funded from government grant, the terms and conditions of funding must include the terms and conditions that the government grant is subject to. For all other funding the terms and conditions of the agreement should be proportionate the amount of the grant award and the risk/complexities of the activity being funded.
- b) Terms and conditions for open award grant schemes should be advertised alongside details of the scheme or within the scheme application form. Prior advertisement of terms and conditions will not preclude a grant offer being made with terms that are supplemental to those advertised where this is appropriate to the grant offer/scheme being funded. In these circumstances the additional terms should either be set out in the offer letter or referenced in the offer letter and highlighted in the funding agreement.
- c) These regulations contain a model funding agreement. As a minimum all agreements, other than those for small grant schemes, must include the terms set out in the model funding agreement. These are standard legal terms that seek to protect the Commissioner's interests and ensure public money is properly administered and spent for the purposes for which the grant is awarded. Whilst the model agreement provides a baseline of terms, officers developing schemes must still consider carefully the need for additional/bespoke terms and conditions to supplement the agreement. Legal services advice should be sought on any additional/bespoke terms.
- d) All funding agreements will need to describe the purpose of the funding. These are the specific reasons for the funding award and should clearly detail any requirements upon which funding is conditional, including where applicable, the scheme specification. This section of the agreement should also include information requirements, for example in respect of performance measures, outcomes and/or outputs expected to be achieved from the funding in addition to information as to how recipients of funding are expected to evidence their compliance with the agreement. This will include the frequency and format of monitoring reports and information.
- e) All funding agreements will need to set out the basis for payment of the agreed funding. Consideration must be given to the timing of funding and any evidence of expenditure or monitoring information that should be submitted prior to the release of funds. Generally grants should be paid in arrears, with evidence of expenditure, other than for small grant schemes. Funding agreements that are funded from government grants should provide a payment and evidence schedule that takes into account the requirement for the OPCC office to submit and draw down funds from government. Advice should be sought from financial services in respect of these requirements.
- f) Small grant schemes are defined as those where funding is limited to £10,000. These schemes will be subject to a simplified set of terms and conditions that are more proportionate to the amount of the award and capable of being met by smaller VCSE groups. These regulations set out a model small grant agreement with terms and conditions for small grant schemes. The model provides a baseline of terms

and conditions. Officers developing schemes must still consider carefully the need for additional/bespoke terms and conditions to supplement the agreement and should seek support from legal services. The agreement will need to set out the purpose of funding and a payment schedule. For small grant schemes this will usually be 80% of funding in advance of the scheme and 20% subject to completion of a final report or other monitoring/information requirements.

- g) Approval must be sought from the Chief Finance Officer for any exceptions to the standard provisions within these regulations for payment schedules that seek to reduce the requirements. This includes agreements (excluding small grant schemes) that make payment in advance of expenditure or small grant schemes that pay all funding in advance.
- h) This section on terms and conditions does not apply to the Police and Crime Property Fund. The Police and Crime Property Fund will be administered in accordance with the scheme for that fund.

Publication Requirements

Decisions to award grants and enter into grant agreements are subject to publication under the Elected Local Policing bodies (Specified Information) Order. This includes a requirement to publish grant agreements. Grant schemes and offer letters should make these requirements clear to applicants and/or partners and provide an opportunity for either party to clearly identify any information that may be classed as confidential and subject to redaction. Any decision to redact is made by the Commissioner and advice should be sought from the monitoring officer where there appears to be a conflict between compliance with information requirements and confidentiality.

Model Grant Agreement



Cumbria Office of the Police and Crime Commissioner Grant Agreement

Police and Crime Commissioner for Cumbria Grant Agreement

THIS AGREEMENT is made on the day of
PARTIES:

- (1) **The Police and Crime Commissioner for Cumbria** of Police Headquarters, Carleton Hall, Penrith, Cumbria, CA10 2AU, ("the Commissioner")
- (2) *(Insert name and address of PCC and Organisation being funded)*

Introduction and definitions

- 1.1 This agreement (the "Grant Agreement") consists of 23 Clauses, 3 Schedules and 2 Annexes. It is supplementary to the Grant Letter (as defined below)
- 1.2 In this Grant Agreement:

The "**Commissioner**" means the Police and Crime Commissioner for Cumbria

The "**Funding Period**" means *(insert the relevant period for the grant offer)*

The "**Grant**" means the grant payable by the Commissioner to the Recipient under the terms of this Grant Agreement, the amount of which (the "**Grant Amount**") shall not be more than *(insert grant amount)*.

The "**Grant Letter**" means the letter dated *(insert date of the grant offer letter)* from the Commissioner to the Recipient which sets out supplementary information in relation to the Grant.

The "**Purpose**" means that detailed in Schedule 1.

The "**Recipient**" means *(insert recipient organisation)*, herewith referred to as the "Recipient".

- 1.3 References to any statute or subordinate legislation in this Grant Agreement include references to any amendments or replacements to the statute or sub-ordinate legislation that may be enacted from time to time.

Terms and conditions

Grant Offer

- 2.1 Subject to the Recipient complying with the terms and conditions set out in this Grant Agreement, the Commissioner offers to pay the Grant to the Recipient as a contribution towards eligible expenditure.
- 2.2 The Recipient acknowledges that the Commissioner agrees to fund it only for the amount, the Funding Period and for the Purpose specified in this Grant Agreement.
- 2.3 This Grant is paid to the Recipient in exercise of the power conferred by part 11, section 143 of the Anti-Social Behaviour, Crime and Policing Act 2014 (the "Act").

Purpose and extent of the Grant

- 3.1 The Recipient may not use the Grant for any activities other than the Purpose, or as approved in writing by the Commissioner. Further details of the Purpose of the Grant are as defined in Schedule 1 (the “Project”).

Amount of the Grant

- 4.1 The Commissioner has agreed funding of **up to** the Grant Amount, subject to compliance by the Recipient with the terms of this Grant Agreement.

Timing of the Grant

- 5.1 Payments will be made quarterly in arrears, in accordance with Schedule 2 (the same basis on which the Home Office pays grant to the Commissioner).
- 5.2 In order for any payment to be released, the Commissioner will require the Recipient to:
- 5.2.1 have signed and returned a copy of this Grant Agreement to the Commissioner,
 - 5.2.2 have provided the appropriate bank details, and
 - 5.2.3 be in compliance with the terms and conditions of this Grant Agreement
- 5.3 The Commissioner reserves the right to withhold all or any payments of the Grant if the Commissioner has reasonably requested information/documentation from the Recipient and this has not been received by the Commissioner in the timescales reasonably required.
- 5.4 The Commissioner is not permitted to pay the Grant in advance of need. If the Commissioner reasonably believes that payment is being made in advance of need, it may change the timing and/or the amount of any outstanding Grant payments.

Eligible expenditure

- 6.1 Eligible expenditure consists of payments by the Recipient for the Purpose. Eligible expenditure is net of VAT recoverable by the Recipient from HM Revenue & Customs and gross of irrecoverable VAT.
- 6.2 The Recipient shall account for the Grant on an accruals basis. This requires the cost of goods or services to be recognised when the goods or services are received, rather than when they are paid for.

Managing the Grant

- 7.1 Each party must notify the other of:
- (a) the nominated person who will act as the party’s authorised representative; and
 - (b) the contact details of the authorised representative and any deputies.
- 7.2 The Commissioner requires the Recipient to submit in-year monitoring information against the outcomes set out in Schedule 1 and expenditure as detailed in Schedule 3.
- 7.3 The Commissioner may require the Recipient to submit baseline information on specified outputs, outcomes and measures of performance set out in Schedule 1.
- 7.4 The Commissioner may, in addition, ask the Recipient to clarify information provided to it. If so, the Recipient shall comply with any reasonable request.

- 7.5 An end of funding monitoring report (also referred to as an “outturn statement”) shall be submitted by the Recipient to the Commissioner on or before the end of the grant term. This report must:
 - (a) be in the format set out in Annex B;
 - (b) be signed by a Treasurer, Finance Officer or equivalent; and
 - (c) contain a detailed breakdown of expenditure for the entire Funding Period and monitoring information against the outcomes set out in Schedule 1.
- 7.6 The Commissioner may, in addition, ask the Recipient to provide it with forecast outturn information for the financial year end. If so, the Recipient shall comply with any reasonable request.
- 7.7 The Recipient must notify the Commissioner as soon as reasonably practicable that an underspend is forecast.
- 7.8 Any underspend of Grant funds must be returned to the Commissioner within 30 days of the end of this Agreement.
- 7.9 If an over payment of the Grant has been made, the Commissioner will notify the Recipient in writing and will expect repayment to be made within 30 days.
- 7.10 The Recipient may not vire funds between this Grant and other grants made to it.
- 7.11 The Recipient’s Chief Finance Officer, or equivalent will ensure that appropriate professional arrangements are put in place for the management of the Grant and the reporting of expenditure. The Chief Finance Officer, or equivalent should take all necessary steps to ensure that the Grant is accounted for and monitored separately from the Recipient’s other funding streams.
- 7.12 The Recipient undertakes to complete the work for which the Grant is provided. The work should be completed within agreed timescales, and the Recipient will report any significant variations to spending on work funded by the Commissioner.
- 7.13 The Recipient will recognise the Commissioner as a partner in any publicity or literature related to the service. The Recipient shall seek approval from the Commissioner when acknowledging the Commissioners support of its work.

Records to be kept

- 8.1 The Recipient must:
 - (a) maintain and operate effective monitoring and financial management systems; and
 - (b) keep a record of expenditure funded partly or wholly by the Grant, and retain all accounting records relating to this for a period of at least six years after the end of the Funding Period. Accounting records include: original invoices, receipts, minutes from meetings, accounts, deeds, and any other relevant documentation, whether in writing or electronic form.
- 8.2 Where the Recipient is working in partnership and its partner(s) wish to retain such documentation, the Recipient should obtain from the partner(s):
 - (a) an annual, written statement, signed by the partner’s treasurer, of how the money was spent;
and
 - (b) a signed undertaking that the partner will retain such documents for the period prescribed above.
- 8.3 Any funds provided under this Grant Agreement used to purchase capital items must be recorded separately to revenue items and identified on a separate payment request form.

Audit and inspection

- 9.1 The Recipient, without charge, will permit any officer or officers of the Commissioner, external auditing bodies or their nominees, to visit its premises and/or inspect any of its activities and/or to examine and take copies of the Recipient's books of account and such other documents or records as in such officers' view may relate to the use of Grant. In addition, examinations may be carried out into the economy, efficiency and effectiveness with which the Grant has been used. The Commissioner shall endeavour, but is not obliged, to provide due notice of its intent to conduct an audit.
- 9.2 The value and purpose of this grant shall be identified separately in the Recipient's audited accounts (or the notes thereto).

Lawful conduct, equal opportunities, use of volunteers and activities funded by the Grant

- 10.1 The Recipient must ensure that all reasonable steps have been taken to ensure that it and anyone acting on its behalf complies with any applicable law for the time being in force (so far as binding on the Recipient).
- 10.2 No aspect of the activity funded by the Commissioner may be party-political in intention, use, or presentation.
- 10.3 The Grant may not be used to support or promote religious activity. This will not include inter faith activity.

Procurement procedures

- 11.1 The Recipient must secure the best value for money and shall act in a fair, open and non-discriminatory manner in all purchases of goods and services.
- 11.2 If the Recipient follows a single tender procedure it must provide and document a full justification that can be robustly defended and maintain the relevant documentation on file. Such justification may apply in exceptional circumstances for example where:
 - (a) the requirement can demonstrably be met only by proprietary or specialist equipment; or
 - (b) the requirement can demonstrably be met only by a single available entity with extremely niche skills; or
 - (c) there are simply no alternative sources of supply.
- 11.3 The Recipient must ensure it complies with requirements of the Public Contracts Regulations 2006 (SI 2006/5) when procuring works, goods or services as appropriate using Grant monies.

Conflict of interest and financial or other irregularities

- 12.1 The Recipient, and employees of the Recipient shall be careful not to be subject to conflicts of interest.
- 12.2 The Recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the Recipient's activities and to be excluded from any discussion or decision-making relating to the matter concerned.
- 12.3 If the Recipient has any grounds for suspecting financial irregularity in the use of any Grant paid under this Grant Agreement, it must notify the Commissioner immediately, explain what steps are being taken to investigate the suspicion, and keep the Commissioner informed about the progress of the investigation.

- 12.4 For the purposes of Clause 12.3, “financial irregularity” includes fraud or other impropriety, mismanagement, and the use of the Grant for purposes other than those intended by the Commissioner.

Breach of Grant Conditions

- 13.1 If the Recipient fails to comply with **any** of the conditions set out in this Grant Agreement, or if any of the events mentioned in Clause 13.2 occur, then the Commissioner may reduce, suspend, or withhold Grant payments, or require all or any part of the Grant to be repaid. The Recipient must repay any amount required to be repaid under this condition within 30 days of receiving the demand for repayment.
- 13.2 The events referred to in Clause 13.1 are as follows:
- (a) The Recipient purports to transfer or assign any rights, interests or obligations arising under this Grant Agreement without the written agreement in advance of the Commissioner;
 - (b) Any information provided in the application for the Grant (or in a claim for payment) or in any subsequent supporting correspondence is found to be incorrect or incomplete to an extent which the Commissioner considers to be material;
 - (c) The Recipient takes inadequate measures to investigate and resolve any reported irregularity;
 - (d) The Recipient changes the nature of its operations to the extent which the Commissioner considers to be significant or prejudicial.
 - (e) The Recipient is subject to a proposal for voluntary arrangement or has a petition for an administration order or a winding-up order brought against it; or passes a resolution to wind-up; or make any composition, arrangement, conveyance or assignment for the benefit of its creditors, or purports to do so; or is subject to the appointment of a receiver, administrator or liquidator.
- 13.3 It is hoped that most difficulties encountered by the Recipient can be overcome with the advice and support of the Commissioner. In the event that it becomes necessary to take steps to enforce the terms and conditions of this Grant Agreement, the Commissioner will write to the Recipient giving particulars of its concern or of any breach of a term or condition of the Grant.
- 13.4 The Recipient must act within 30 days (or earlier, depending on the severity of the problem) to address the Commissioner’s concern or rectify the breach, and may consult the Commissioner or agree with it an action plan for resolving the problem. If the Commissioner is not satisfied with steps taken by the Recipient to address its concern or rectify the breach, it may take steps to withhold or suspend the further payment of Grant, or to recover Grant funds already paid.
- 13.5 On termination of this Grant Agreement for any reason, the Recipient as soon as reasonably practicable return to the Commissioner any assets or property or any unused funds (unless the Commissioner gives its written consent to their retention) then in its possession in connection with this Grant Agreement.

Insurance coverage

- 14.1 The Recipient shall ensure that it has adequate insurance coverage (including but not limited to public liability insurance) in place, and shall provide evidence of such insurance to the Commissioner on request.
- 14.2 Where the Recipient is a public body and has in place appropriate self-insurance arrangements, the Recipient may request, and the Commissioner, acting reasonably, may agree that the provisions of the Clause 14.1 above shall be waived

Indemnity

- 15.1 The Commissioner accepts no liability to the Recipient or to any third party for any costs, claims, damage or losses, however they are incurred, except to the extent that they arise from personal injury or death which is caused by the Commissioner's negligence.
- 15.2 The Recipient agrees to indemnify the Commissioner for any costs, claims, damages or losses which arise as a result of negligence by the Recipient or out of any breach by the Recipient of any terms of this Grant Agreement.

Intellectual Property Rights

- 16.1 The Recipient shall grant to the Commissioner at no cost an irrevocable, royalty-free perpetual license to use and to sub-license the use of any material created by the Recipient under the terms of this Grant Agreement for such purposes as the Commissioner shall deem appropriate.
- 16.2 The Commissioner's logo must be used on any branding materials (this includes internet sites) that the funding supports and must be agreed by the OPCC prior to its use. All media opportunities must be jointly undertaken with the OPCC and where possible a media launch should be discussed and undertaken jointly by the OPCC.

Funding Period and Termination

- 17.1 The Commissioner does not commit to renew or continue financial support to the Recipient after the Funding Period.
- 17.2 The Commissioner may terminate this Agreement forthwith by serving a written notice on The Recipient if:
 - the grant or any part of it is being used for any purpose other than the purpose set out in this Agreement;
 - The Recipient has made any false, incorrect or misleading statement in order to obtain this grant or has been involved in any illegal activity or improper act in its administration;
 - The Recipient has failed to remedy any breach of this Agreement within 28 days (or such other period as the Commissioner agrees in writing) of being served with a notice pointing out the breach requiring its rectification.
- 17.3 The Recipient may terminate this Agreement forthwith by serving a notice on the Commissioner in writing if it has made a written request for payment of a sum properly due to it under this Agreement and the Commissioner has failed to make payment of that sum within 28 days of receiving the request.
- 17.4 Notwithstanding Clauses 17.2 and 17.3 above, this Agreement may be terminated by either party giving the other at least three months' notice (or other agreed time period) in writing.
- 17.5 With reference to 17.4 above, in the event that either party exercises its right to give notice of termination under this Agreement, the Commissioner will reimburse The Recipient in relation to expenditure reasonably estimated and actually incurred in providing services within the scope of this Agreement up until the effective date of termination. The right to reimbursement can be excluded if termination of the agreement is enacted under the provisions set out in Clause 17.2 above.
- 17.6 Any termination of this Agreement will be without prejudice to any other rights or remedies of the parties under this Agreement or at law and will not affect any accrued rights or liabilities of the parties at the date of termination.

Amendments to the Grant Agreement

- 18.1 This Grant Agreement sets out the entire agreement between the parties. They replace all previous negotiations, agreements, understandings and representations between the parties, whether oral or in writing.
- 18.2 Any amendments to this Grant Agreement shall only be valid if they are in writing and signed by an authorised representative of both parties.

Freedom of Information

- 19.1 Where applicable, the Recipient and the Commissioner are required to comply with the Freedom of Information Act 2000 (the "FOI Act"), any subordinate legislation made under the FOI Act and any guidance issued by the Information Commissioner.
- 19.2 The Recipient agrees to assist and cooperate with the Commissioner to enable the Commissioner to comply with its obligations under the FOI Act whenever a request is made for information which relates to or arises out of this Grant Agreement

Transparency

- 20.1 The Recipient acknowledges that the Commissioner shall disclose this agreement and payments made against this grant of value £500 and above, in accordance with the Government's transparency agenda.
- 20.2 No information shall be disclosed if such disclosure would be in breach of the Data Protection Act, or is exempted from disclosure under the Freedom of Information Act.

Notices

- 21.1 All notices, invoices and other communications relating to this Grant Agreement shall be in writing and in English and shall be served by a party on the other party at its address shown at the head of this Grant Agreement.
- 21.2 Notices delivered hereunder shall be deemed to be delivered:
- 21.2.1 if delivered by hand, upon receipt;
 - 21.2.2 if sent by pre-paid registered first class post (providing it is not returned as undelivered to the sender), two (2) working days after posting.
 - 21.2.3 if sent by electronic mail, on the date of delivery subject to the following conditions:
 - a) electronic mail should be sent to the Commissioner at commissioner@cumbria-pcc.gov.uk
 - b) when an electronic mail is sent on a day which is not a working day or after 3:00pm on a working day, the electronic mail is deemed to have been received on the next working day, and
 - c) each electronic mail containing a formal notice under this Agreement shall be sent with a delivery receipt requested and shall not be deemed to have been received until the sender receives a confirmation delivery receipt.

Contract (Rights of Third Parties) Act 1999

- 22.1 No person who is not a party to this Grant Agreement shall have the right to enforce any its terms.

Governing Law

- 23.1 This Grant Agreement shall be subject to and construed in accordance with English Law and subject to the exclusive jurisdiction of the courts of England and Wales.

ACCEPTANCE OF GRANT

(Name of Organisation) accepts the offer of Grant contained in this Grant Agreement and agrees to comply with the terms and conditions of the Grant on which the offer is made.

On behalf of (Name of Organisation)

Project Manager/Project Contact:-

Signature:	
Name:	
Date:	
Position:	

The Recipient's Chief Finance Officer:-

Signature:	
Name:	
Date:	
Position:	

Bank details for grant payment

Bank name:	
Branch name:	
Sort code:	
Account name:	
Account number:	
Address:	
Post code:	

On behalf of the Police and Crime Commissioner for Cumbria

Authorised Signatory:-

Signature:	
Name:	
Date:	
Position:	

SCHEDULE 1 – THE PURPOSE

Insert details of the purpose of the grant including any related specification, performance/outcome/outputs upon which funding is conditional. Include details of any monitoring or reporting requirements to evidence delivery.

SCHEDULE 2 – PAYMENT SCHEDULE

Payment	Period From:	Period To:	Payment date*

SCHEDULE 3 – IN-YEAR MONITORING INFORMATION REQUIREMENTS

In addition to the provision of Annex A, the Commissioner requires the following in-year monitoring information to be provided within 15 days of each quarter within the payment Schedule

Breakdown of expenditure (items)	£(0,000s)
Total:	

Note: The in-year monitoring information requirements are separate to the requirements detailed in Clause 7.5. The Commissioner may request the Recipient to clarify any information provided.

The Commissioner requires monitoring information to be provided within 15 days of each quarter against the outcomes and measures of performance set out in Schedule 1.

ANNEX A

PAYMENT REQUEST AND FINANCIAL MONITORING REPORT

Grant Recipient: <i>(Name of Organisation)</i>	Grant Stream: Crime and Disorder reduction grant
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Period From: To:	Resource (£)	Capital (£)
(1) Total funding received for this financial year		
(2) Actual expenditure in this period ^[1]		
(3) Funding request for this period		
(4) Total funding received and requested (1+3)		

MONITORING INFORMATION REQUIREMENTS

Where monitoring information, as set out in schedule 3, is a requirement for the period the payment is requested for, please confirm what has been attached to this payment request form e.g. invoices/payments

--

CONFIRMATION BY GRANT RECIPIENT

I confirm that on the basis of the information provided in this report, progress and costs are accurate and in compliance with the terms and conditions of the Grant Agreement:

Signature:			
Name (printed):		Date:	
Position:			

COPCC sign off:

Signature:			
Name (printed):		Date:	
Position:			

^[1] To be supported by a breakdown of expenditure against the cost breakdown in Schedule 1. The expenditure breakdown to be itemised in Schedule 3.

Model Grant Agreement: Small Grant Schemes

Grant Agreement

The Police and Crime Commissioner for Cumbria and *(name of organisation)*

Terms and conditions for small grant schemes made by the Police and Crime Commissioner for Cumbria

Definitions:

“Commissioner” means the Police and Crime Commissioner for Cumbria

“Grant” means grants made by the Commissioner

Terms of Funding:

- 1) Grants may only be used for the purpose specified in the approved application and offer letter.
- 2) Assets or equipment purchased with grant monies may not be sold or otherwise disposed of without written approval of the Commissioner. Where sale or disposal does take place (approved or otherwise), repayment of grant may be required. The level of repayment and the timescale for this will be determined by the Commissioner.
- 3) Payment of grant will not be made until the confirmation of acceptance of these terms and conditions and any additional conditions outlined in the offer letter are received by the Commissioner.
- 4) Any approved grant does not imply any on-going commitment by the Commissioner to make further payments to the applicant organisation.
- 5) Applicant organisations will inform the Commissioner of any changes to bank details.
- 6) Applicant organisations shall comply with all relevant legislation, law and taxation rules that apply to their organisation.
- 7) Applicant organisations agree to participate in publicity the Commissioner may wish to undertake around the grant made to the organisation. The organisation will inform the Commissioner where confidentiality considerations are relevant.

- 8) The organisation will share with the Commissioner prior to publication any publicity that they may wish to undertake in respect of the grant to allow the Commissioner to contribute to the publicity.
- 9) Applicant organisations will acknowledge the Commissioner in any publicity material they produce specific to the grant. Applicants agree to provide copies of any such materials to the Commissioner.
- 10) The Commissioner agrees his name “Police and Crime Commissioner for Cumbria” may be used by the applicant organisation to indicate the grant support he has provided.
- 11) Grants must be spent within 12 months of receipt unless otherwise outlined in the offer letter.
- 12) Where an applicant overspends on the activity which was the subject of the grant application, no further Funds will be made available by the Commissioner.
- 13) Where the grant is not spent in its entirety, any unspent balance must be returned to the Commissioner.
- 14) Grant recipient organisations must retain all financial records and accounts, including receipts, related to the grant, for at least two years from receipt of the grant or in line with legal and/or taxation rules requirements, whichever is the longer. These records shall be made available to the Commissioner on request. The applicant organisation will permit any officer of the Commissioner or its appointed auditors to visit its premises and/or inspect any activities and records related to this grant.
- 15) The Commissioner may withhold some of all of the grant or require repayment, in the following circumstances:
 - a) These terms and conditions and those of the offer letter are not complied with
 - b) If the application form was completed dishonestly, or its contents or those of supporting documentation false or misleading
 - c) The applicant organisation does not promote equality of opportunity or is in breach of the requirements of equalities or health & safety legislation
 - d) The applicant organisation does not follow appropriate policies on safeguarding children or adults
 - e) The activities of the applicant organisation or its staff and/or volunteers are likely to bring the Commissioner into disrepute
 - f) The applicant organisation fails to complete the evaluation report.
- 16) An evaluation and monitoring report must be completed in respect of the grant as outlined in the offer letter. Failure to complete this may result in the grant being repayable.

- 17) By agreeing to these terms and conditions, the applicant organisation permits the Commissioner to record the information they have supplied to the Commissioner in an electronic format. All information will be held in line with the Data Protection Act 1998 and other relevant legislation. Information held will only be used for the purposes of the grant, publicity and monitoring the grant. The Commissioner will, for the purposes of transparency and public accountability, publish details of all grants awarded and this grant agreement.
- 18) Where applicable the Commissioner and the applicant organisation are required to comply with the Freedom of Information Act 2000.
- 19) The decisions made by the Commissioner in awarding grants are final. There is no appeal process.
- 20) In no event will the Commissioner be liable to the applicant organisation or any third party for any actions, claims, demands, proceedings, costs, charges, expenses and damages, whether direct, indirect, incidental or consequential, arising out of the use or inability to use the Grant, even if the Commissioner has been advised of the possibility of such actions, claims, demands, proceedings, costs, charges, expenses and damages.
- 21) The applicant organisation shall insure with a reputable insurance company against all loss of and damage to property and injury to, or death of persons arising out of or in consequence of the Applicant organisation's obligations under this Agreement and against all actions, claims, demands, proceedings, damages, costs, charges and expenses in respect thereof. If your organisation does not have insurance or you think you are unable to comply with this term please contact us.

Payment schedule:

Payments of the grant will be made 80% in advance and 20% in arrears and will be subject to the above terms and compliance with the section in this agreement on the purpose of funding.

Purpose:

The purpose of this funding agreement is to:

Either:

Deliver the scheme proposed by *(name of organisation)* and set out within the application to the *(name of fund)* fund. Full award of funding is subject to the COPCC being in receipt of the final scheme evaluation report.

Or:

Form of words setting out purpose of funding, performance, outcome and/or outputs and information requirements to secure the monitoring and evaluation of the schemes effectiveness.

Acceptance of grant

(Name of Organisation) accept the grant of £ *(amount)* contained in this grant agreement and agrees to comply with the terms and conditions of the grant under which the grant is issued.

(Name of Organisation)

Signature	
Name	
Date	
Position	

Police and Crime Commissioner

Signature	
Name	
Date	
Position	



Joint Audit & Standards Committee

Title: OPCC Anti-Fraud and Corruption Activity Monitoring

Date: 23 June 2014

Agenda Item No: 13

Originating Officer: Joanne Head

CC:

Executive Summary:

The Office of the Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. The OPCC must ensure that effective procedures and responsibilities are in place to deliver that service in an environment free from fraud and corruption. This annual report is to provide assurance to the Joint Audit & Standards Committee on the OPCC's monitoring of fraud and corruption activity.

Recommendation:

That the report be noted.

1. Introduction & Background

- 1.1 The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. To enable it to carry out this function effectively it must ensure that the organisation is free from fraud and corruption.
- 1.2 To safeguard against fraud and corruption the Commissioner and the staff within the Office of the Police and Crime Commissioner are committed to operate within an open and transparent environment. This is achieved by making decisions in public, and publishing information on its website such as decisions, registers of interests and declarations of gifts and hospitality.
- 1.3 New employees or staff on secondment or temporary contracts who are working for the OPCC are advised of the protocols and codes which they will need to adhere to when they

commence with the organisation. Where appropriate protocols are signed by individuals and a copy kept within their personnel file.

2. Issues for Consideration

- 2.1 The OPCC has a number of policies and procedures in place to assist in the prevention of fraud and corruption activity. These are detailed below.

Anti-Fraud and Corruption Strategy and Policy

- 2.2 The OPCC has in place an Anti-Fraud and Corruption Strategy, Policy and Procedure. This provides staff with information on fraud and corruption and who to contact should they need to report any concerns. This policy is reviewed on an annual basis, presented to the Joint Audit and Standards Committee to ensure that it meets recommended practices and approved by the Commissioner. Following approval a copy is published on the OPCC website.
- 2.3 In addition to this there is a Confidential Reporting Policy (Whistleblowing) which provides effective mechanisms for 'open' and 'confidential' reporting of suspected wrongdoing. The OPCC has distributed posters which encourage staff to report anything they are concerned about and information on who to contact.
- 2.4 Following the annual review OPCC staff are advised of the review and potential changes to the documentation at team meetings. This is to ensure that they are familiar with the processes and procedures.

National Fraud Initiative

- 2.5 The OPCC have a legal requirement under Section 6 of the Audit Commission Act 1998 to provide relevant data and to participate in the National Fraud Initiative (NFI). The NFI is an innovative data matching exercise which uses advanced data matching techniques to tackle a broad range of fraud risks faced by the public sector. Matches are provided as referrals to participating bodies to allow prioritisation of matches and dissemination to investigators without compromising data privacy requirements.
- 2.6 As part of the preparation process for the financial statement of accounts, evidence and assurances are provided to the external auditors for scrutiny and assessment prior to being incorporated into the final accounts. The Joint Audit and Standards Committee are provided with a copy of the final statement of accounts for consideration and can monitor any fraud issues which are raised.
- 2.7 Cumbria Constabulary, on behalf of the OPCC undertakes annual fraud risk assessment, information and action taken in respect of actual incidents of fraud and the outcomes by its participation in the Audit Commission National Fraud Initiative. The 2013 initiative has

been completed with final checks being made prior to being signed off. Participation in the 2014 initiative is assured.

Fraud Risk Assessment

- 2.8 In order that the OPCC can mitigate and combat potential fraud and corruption it must assess the fraud risk that it is exposed to. With regard to financial matters such as the accounts, assurances are provided from both internal and external audit in relation to processes and practices. Any suspected or proven fraud or corruption would be highlighted to the OPCC and actively managed.
- 2.9 When assessing fraud risk it should be recognised that fraud can never entirely be eliminated, however as a public body it is the responsibility of the OPCC to ensure that all reasonable steps are taken to minimise the risk of fraud or corruption.
- 2.10 Fraud and corruption is included as part of the OPCC Risk Monitoring process. Any potential threats or incidents may be included within the risk registers and managed appropriately.

Constabulary Anti-Corruption Report and Complaints

- 2.11 In order for the Police & Crime Commissioner to hold the Chief Constable to account, Cumbria Constabulary produce a quarterly report to the Commissioner's public Executive Board meetings. The report provides information on the number and categories of reported incidents, officer and staff suspensions, ongoing cases and investigations which are being dealt with by the Constabulary's Anti-Corruption Unit.
- 2.12 It illustrates any emerging trends or patterns which can be utilised by the OPCC to ensure any preventative measures are put in place. On a regular basis the Constabulary issue a publication which provides high level information regarding incidents and how these have affected the organisation and the individuals concerned. A copy of this publication is circulated to everyone within the OPCC for their information and attention.
- 2.13 Some fraud and corruption incidents are dealt with as part of the Constabulary's complaint process due to misuse of systems and data held therein. As part of the Commissioner's duty to hold the Chief Constable to account, the Governance and Business Services Manager dip samples finalised complaint files on a quarterly basis.

Gifts and Hospitality Register

- 2.14 The Anti-Fraud and Corruption procedure advises staff of what gifts and gratuities may be accepted, recommending that gifts should not exceed a value of £10. The Commissioner and all OPCC staff are required to complete gifts and hospitality registers on a monthly basis.

The registers are then reviewed and signed off by the Chief Executive or Chief Finance Officer following which they are published on the OPCC website.

- 2.15 OPCC staff are reminded on a quarterly basis at team meetings to familiarise themselves with the OPCC policy on gifts and hospitality, paying particular attention to monetary limits imposed. To date no irregularities have been identified.

Expenses

- 2.16 The Elected Local Policing Bodies (Specified Information) Order 2011 specifies the information that must be published by the Commissioner which includes their expenses. Strict guidelines have been set by the Secretary of State on the types and amount of allowances which the Commissioner can claim. Any expenses claimed are approved or declined by the Chief Executive, following which authorised expenses are published on a monthly basis on the OPCC website.
- 2.17 Expense claims submitted by staff and Independent Custody Visitors receive similar scrutiny before approval.

2.18 Register of Interests

In accordance with the Anti-Fraud and Corruption Policy (which includes the avoidance of suspicion of fraudulent or corrupt behaviour), the Commissioner and all OPCC staff are asked on an annual basis to complete a Register of Interests form. They are asked to indicate or disclose any interest which may give rise to any suspicion of favouritism or other breach of the seven principles of public life (Nolan Committee) of the policy. The completed forms are countersigned by their line manager and reviewed by the Chief Executive on a quarterly basis. Following completion the Commissioner's, Chief Executive's and Chief Finance Officer's forms are published on the OPCC website.

- 2.19 Information contained within the Commissioner's register of interests form is consulted prior to the completion of every decision form prepared for the Commissioner to consider. This ensures that any declaration of interest is made by the Commissioner prior to taking any decisions. All decisions taken by the Commissioner are published on the OPCC website.
- 2.20 Similarly should any individual preparing a report or decision for the Commissioner to consider have notified of any interests in their register these should also be declared within the report or decision. Where a clear conflict of interest arises then an individual may decide, or be asked to, be removed from any involvement or providing advice in relation to a decision.

2.21 Contact with Contractors Register

The OPCC has a Contact with Contractors Register to ensure any contact an employee has with a current or potential service provider is recorded. The information is then used to make any decisions as to the appropriateness or otherwise of that employee being involved in any procurement process where the supplier may be a potential bidder. All OPCC staff are requested on a monthly basis to complete the contact with contractors register, following which the register is published on the OPCC website.

2.22 When undertaking any procurement process or awarding of any contract or funding agreements the register will be consulted to ensure that staff integrity is not compromised or any declarations of interest are known and actively managed. To date this has not affected the OPCC in its work, however with future projects and potential changes to working practices this will need to be closely monitored.

2.23 Related Party Transactions

Cumbria Office of the Police and Crime Commissioner must prepare its annual accounts in accordance with the applicable reporting standard (IAS24: Related Party Transactions) and the requirements set out in the Chartered Institute of Public Finance and Accountancy Code of Practice.

2.24 Officers and Staff within the Constabulary and OPCC, including the Commissioner, above a certain pay scale are requested to complete a 'Declaration of Related Party Transactions' Form for each financial year they are employed by either organisation. This declaration will include information relating to –

1. The purchase, sale, lease, rental or hire of assets.
2. Loans.
3. Guarantees provided by the Authority to a third party in respect of liabilities or obligations of the related party.
4. The provision of services by the Authority.

2.25 This information is collated and reviewed by the external auditors prior to them providing an opinion on the Statement of Accounts.

2.26 Internal and External Auditors

As part of the preparation for the final statement of accounts, evidence and assurances are provided in relation to Fraud Risk Assessment to the external auditors. Any concerns or issues raised can be dealt with and monitored appropriately.

2.27 During work carried out by the Internal auditors any identified areas of concern with regard to fraud and corruption will be raised and brought to the attention of the OPCC. These can then be appropriately managed. Members of the Joint Audit and Standards Committee are

provided with copies of all internal audit reports and would therefore be made aware of any issues raised and could appropriately monitor their resolution.

2.28 Joint Audit & Standards Committee

Part of the Joint Audit & Standards Committee's role as identified in their terms of reference is to review the arrangements for the assessment of fraud risks, the potential harm from fraud and corruption, and monitor the effectiveness of the counter-fraud strategy, actions and resources.

3. **Implications**

- 3.1 Financial – if the OPCC does not actively manage any actual or potential fraud and corruption then there is the potential for the organisation to suffer financially, therefore having an impact upon its ability to provide a policing service in Cumbria.
- 3.2 Legal - the OPCC has a statutory obligations with regard to preventing and dealing with fraud and corruption as outlined within the report.
- 3.3 Risk - there is the potential for the organisation to suffer not only financially, but with regard to its reputation leading to a loss of public confidence. If it does not actively identify and manage fraud and corruption it could be open to legal challenge.
- 3.4 Procurement – Ethical procurement is part of the ethos of the OPCC. Procurement processes and procedures are in place that minimise the risk of fraud and corruption.

4. **Supplementary information**

- COPCC Arrangements for Anti-Fraud & Corruption 2014-15
(This document can be viewed on the OPCC website - <http://www.cumbria-pcc.gov.uk/governance-transparency/document-library.aspx?fm1=Show+All&fm2=Show+All&fm3=fraud>)



Joint Audit & Standards Committee

Title: Monitoring and Effectiveness of the PCC/Officer Protocol and Code of Conduct

Date: 23 June 2014

Agenda Item No: 14

Originating Officer: Joanne Head

CC:

Executive Summary:

The Office of the Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. The public is entitled to expect the conduct of the Commissioner to be of the highest standard and act with impartiality. Public confidence in their integrity would be shaken were the least suspicion to arise that they could be influenced by improper motives. The OPCC must ensure that effective procedures and responsibilities are in place to deliver that service. This annual report is to provide assurance to the Joint Audit & Standards Committee on the Chief Executive's monitoring of the PCC/Officer Protocol and the Code of Conduct.

Recommendation:

That, the report be noted.

1. Introduction & Background

- 1.1 The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. As leader of the local policing body the Commissioner is critical to setting the culture of transparency and ethical behaviour in which the public can have trust across the criminal justice system in their area. Since coming into office the Police and Crime Commissioner has agreed and signed up to a number of protocols and codes which will enable him to carry out his role with integrity and transparency.
- 1.2 Staff employed by the OPCC are also bound by codes of conduct relating to how they conduct themselves whilst carrying out their roles and functions. In addition the volunteers recruited for the Independent Custody Visiting Scheme sign a 'Memorandum of Understanding' which details what is expected of them whilst carrying out their role.

- 1.3 New employees or staff on secondment or temporary contracts who are working for the OPCC are advised of the protocols and codes which they will need to adhere to when they commence with the organisation. Where appropriate protocols are signed by an individual and a copy kept within their personnel file.

2. Issues for Consideration

- 2.1 The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012 sets out the oath of office which Commissioners take, which includes promises to act with integrity, give the public a voice, be transparent and be accountable to the public. In support of that declaration a set of governance documents have been adopted by the Commissioner.

PCC / Officer Protocol

- 2.2 Upon taking up office the Commissioner agreed, as part of a suite of governance arrangements and documents, to undertake to abide by the PCC/Officer Protocol.
- 2.3 The purpose of this Protocol is to assist the Commissioner and OPCC staff to perform effectively by giving clearer guidance on their respective roles and expectations and about their relationship with each other. The Protocol also gives guidance on what to do should things go wrong. Responsibility for the operation of this Protocol in the case of employees lies with the Chief Executive.
- 2.4 Should any employee wish to raise an issue in relation to the Commissioner, which cannot be resolved informally, they will have recourse through the OPCC's Grievance Procedure or to the Office of the Police and Crime Commissioner's Monitoring Officer, as appropriate to the circumstances.
- 2.5 Since the inception of the Office of the Police and Crime Commissioner no complaints have been received from any member of staff or secondee in relation to the Commissioner. Neither has any complaint been made by the Commissioner about any member of staff.

Anti-Discrimination Code of Conduct

- 2.6 In addition to the PCC/Officer Protocol the Commissioner has signed a declaration that he will not accept discrimination within the OPCC. The Commissioner has taken personal responsibility with regard to his behaviour and to treat everyone with dignity and respect.
- 2.7 This code of conduct also confirms that the Commissioner will ensure that all communities are treated fairly and without prejudice. Ensuring that everyone has the opportunity to comment or be involved in the work of the OPCC ensuring that the police service they receive is appropriate to their needs. The Commissioner has undertaken to remain impartial in his approach to work.

Code of Conduct & Ethical Framework

- 2.8 Upon entering office the Commissioner agreed to abide by a Code of Conduct which regulates his conduct when acting or representing to act in that role. The code has been developed in line with the seven Nolan principles as set out in Standards in Public Life: First Report of the Committee on Standards in Public Life.
- 2.9 The code provides guidance on disclosable interests, use of resources, conflicts of interest, disclosure of information, transparency and complaints.
- 2.10 An Ethical Framework has been developed by the Association of Police and Crime Commissioners (APCC), following discussions between the APCC and the Committee on Standards in Public Life (CSPL). It supports documents developed and adopted locally in Cumbria such as the Code of Conduct, Commissioner-Officer Protocol, Anti-Discrimination Code of Conduct, Complaints Policy and Decision Making Protocol. It also supports the Oath of Office sworn by all Police and Crime Commissioners on election. The Commissioner has adopted the Ethical Framework.
- 2.11 The adoption of Ethical Framework for Police and Crime Commissioner is optional, and locally the Commissioner has already signed up to a number of documents that vouch for his commitment to operating in a highly ethical way. By adopting the Ethical Framework the Commissioner has sought to highlight that commitment.

Police & Crime Panel

- 2.12 In line with the Police Reform and Social Responsibility Act and the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, complaints received in relation to the Police and Crime Commissioner, including regarding their conduct, are provided to and dealt with by the Police and Crime Panel (the panel).
- 2.13 At their meeting on 17 December 2012 the Panel agreed to adopt a complaints procedure to consider non-criminal complaints in relation to the Commissioner. The procedure states the Monitoring Officer of Cumbria County Council would consider all non-criminal complaints regarding both quality of service and conduct, and act to broker local resolutions to resolve the complaints and resolve relationships. The procedure provides that if local resolutions could not be brokered and the complainant wished to take the matter further this could then be brought to the attention of the Panel.
- 2.14 Since the Commissioner came to office on 22 November 2012 a total of 9 separate complaints have been received by the panel, two of which had been submitted by the same complainant. Whilst it was an option for the Panel to set up a sub-committee to look at the complaints, the panel members did not feel there would be any merit in doing so.
- 2.15 In relation to the complaints received by the panel, the OPCC provided relevant documentation or information as requested. It should be noted that no action has been taken or sanctions made against the Commissioner following the complaints being made.

The complainants were advised accordingly and provided with any information or explanation as appropriate.

3. Implications

- 3.1 Financial – if the OPCC and Commissioner do not actively manage their conduct then there is the potential for the organisation to be subject to costly litigation which could have an impact upon its ability to provide a policing service in Cumbria.
- 3.2 Legal - the OPCC has a statutory obligation to prevent and deal with conduct issues as outlined within the report.
- 3.3 Risk - there is the potential for the organisation and the Commissioner to suffer with regard to its reputation leading to a loss of public confidence, if it does not actively prevent, identify and deal appropriately with conduct issues.

4. Supplementary information

- Commissioner/Officer Protocol
- Anti-Discrimination Code of Conduct
- Code of Conduct
- Ethical Framework for Police and Crime Commissioners

All of the above documents are available to view on the OPCC website via the following link:
<http://www.cumbria-pcc.gov.uk/richard-rhodes/role-of-the-pcc.aspx>



Joint Audit & Standards Committee

Title: OPCC Risk Management Monitoring

Date: 23 June 2014

Agenda Item No: 15

Originating Officer: Joanne Head

CC:

Executive Summary:

The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. This takes place in a constantly changing and challenging environment and the OPCC must ensure that it has robust systems and processes in place to monitor and react appropriately to risk.

Recommendation:

That the report be noted

1. Introduction & Background

- 1.1 The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. To enable it to carry out this function effectively it must monitor and react appropriately to risks. This annual report is to provide assurance to the Joint Audit and Standards Committee that risk is being actively managed.

2. Issues for Consideration

Risk Management Strategy

- 2.1 A Risk Management Strategy has been agreed which sets out the OPCC's responsibility for risk management, what the OPCC does and how it does it. In utilising the strategy it provides assurance and contributes to the overall governance arrangements in place for the OPCC. It also sets out a consistent way in which risks are scored taking into account the impact of the risk and likelihood of it occurring.

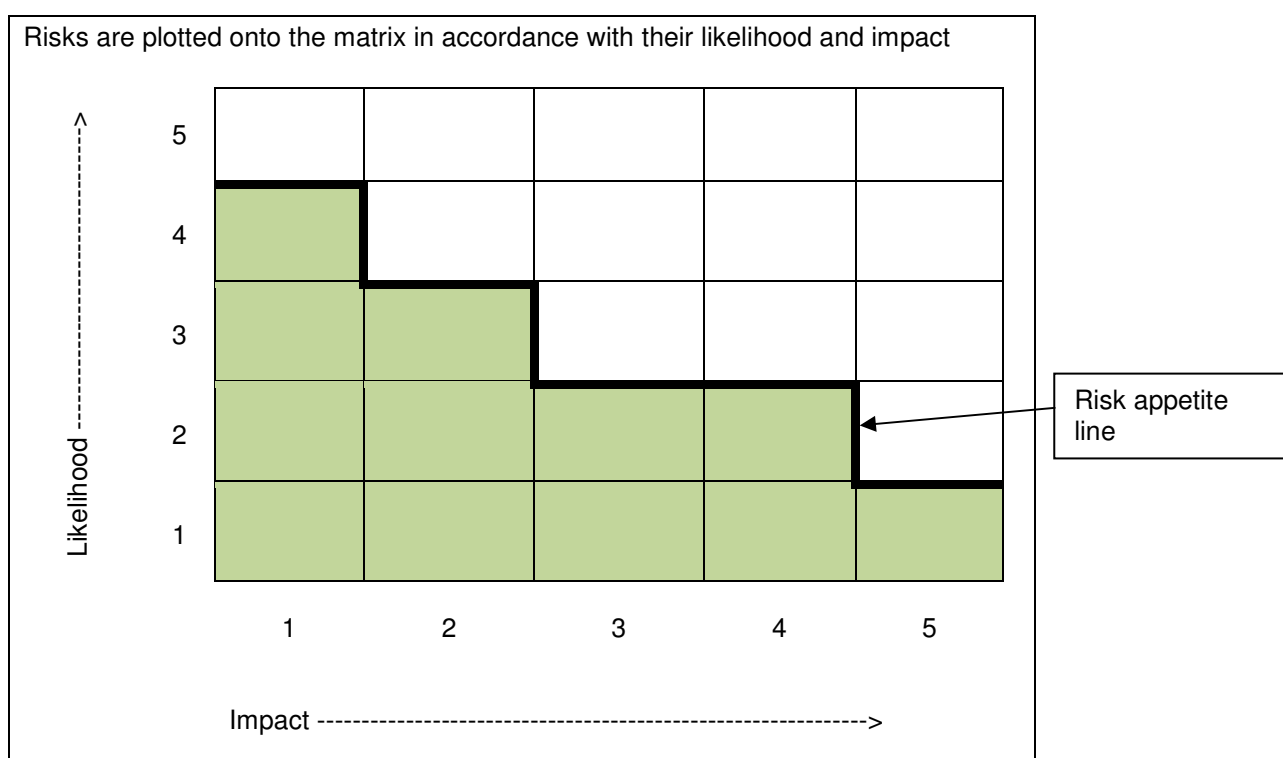
- 2.2 The overall arrangements for risk are reviewed annually by the OPCC Chief Finance Officer as part of the wider governance arrangements. This review is reported within the Annual Governance Statement alongside the Statement of Accounts. The statement is approved by the Police and Crime Commissioner (the Commissioner), subject to external audit and presented with the accounts to the Joint Audit and Standards Committee.

Risk Profile & Risk Appetite

- 2.3 A risk profile is defined as an organisation's willingness to take risks, as well as the threats which the organisation is exposed to. A risk profile examines:
- the nature and level of the threats faced by an organisation
 - the likelihood of adverse effects occurring
 - the level of disruption and costs associated with each type of risk
 - the effectiveness of controls in place to manage those risks

By identifying the organisation's risk profile and the OPCC's willingness to take risk will ensure that risk does not adversely affect the OPCC and Commissioner's decision making strategy or process.

- 2.4 Current risks are identified within the strategic and operational risk registers. The potential strategic risks which could currently affect the OPCC are in relation to Finance, Priorities and Objectives, Reputation and Engagement.
- 2.5 Following approval of the OPCC Risk Management Strategy in March 2014 the OPCC is currently developing/agreeing what its risk appetite should be. The appetite will be determined by the organisation, risks above the agreed score are actively managed with an action plan to reduce risk to an acceptable level. Those risks below the appetite score are monitored to ensure that the risk does not increase.
- 2.6 The OPCC is looking to organise a training session in the summer with all staff to ensure their knowledge and skills in relation to risk management or monitoring are up to date. As part of the training all the current and potential risks will be discussed, which will afford an opportunity to discuss and agree a risk appetite for the OPCC.
- 2.7 A potential risk appetite which will be discussed at the training session is illustrated below.



Risk Monitoring

- 2.8 The OPCC has in place a strategic risk register and an operational risk register which identify the risks faced by the OPCC and what processes or actions have been put in place to mitigate, or where appropriate, to accept the risk. Most of the OPCC risks are identified through the development of strategic and business plans.
- 2.9 Risk owners have been identified for each risk and continually monitor the risk environment when carrying out their duties and functions, identifying any new risks, changes to risks and implement any mitigation accordingly. There is a strong culture of actively managing risks and this would be used when considering decisions within the business plan.
- 2.10 Quarterly reviews are undertaken of both the strategic and operational risk registers to ensure that they are up to date and that any new risks are identified and actioned. Any risks which have escalated would be flagged up and re-scored ensuring that mitigations were identified and put in place.
- 2.11 Strategic and operational risk is discussed at team meetings, ensuring that all OPCC staff have familiarised themselves with the OPCC Risk Strategy, strategic risk register and operational risk register. They are also reminded to check and update the risk registers and where appropriate discuss potential risks either strategic or operational which are currently, or could in the future, affect the OPCC or the Constabulary.
- 2.12 Reports and decision forms considered by the Commissioner include a section on the risk implications of any decision and any possible course of action which needs to be considered.

This enables informed decisions to be made and risks identified and dealt with appropriately.

Project Risks

- 2.13 Where the OPCC or the Commissioner are responsible for a project, any related risks are dynamically managed due to the timescales of the project being delivered. Risks are reviewed prior to each project board meeting where they are discussed and any subsequent action agreed. Terms of reference for all project boards includes responsibility for managing project risks.
- 2.14 For example, from 1 June 2014 a member of OPCC staff has been seconded to carry out work to set up a Sexual Assault Referral Centre (SARC) within the county. This project will require a detailed risk register to be developed, actioned and continually updated throughout the life of the project.

Risk Based Internal Audit

- 2.15 Cumbria Shared Internal Audit Service undertakes the internal audit function for the OPCC. The service has adopted the Public Sector Internal Audit Standards (PSIAS) which ensures that they undertake risk based internal auditing. Compliance with PSIAS requires that internal audit activity evaluates the exposure to risks relating to the organisation's governance, operations and information systems.
- 2.16 Internal audit reports are provided to all the members of the Joint Audit and Standards Committee following completion. Where reports by auditors and inspectors identify risks the members can ask for the reports to be presented to the next committee meeting to ensure they are integrated into the risk management process.

Oversight of Constabulary Risks

- 2.17 In order to enable the Commissioner hold the Chief Constabulary to account for Constabulary Risk Management, Constabulary strategic risks are presented to the Commissioner's public Executive Board meetings. This enables the Commissioner to have oversight of current risks affecting the force and seek assurance in how they are being managed.
- 2.18 In addition the Constabulary present their strategic risk register to the Joint Audit and Standards Committee to enable them to be assured that the Constabulary are actively managing strategic and subsequently operational risks.

2.19 Joint Audit & Standards Committee

Part of the role of the Joint Audit and Standards Committee is to ensure that the OPCC is actively managing strategic risks and one member of the committee has been appointed as the lead member for risk. Consultation with this member was sought during the development of the current Risk Management Strategy.

2.20 On a quarterly basis the committee review both the OPCC and the Constabulary's strategic risk registers. This affords an opportunity for the committee to oversee the OPCC's risk management policy and strategy including their implementation; the integration of risk management into governance and decision making processes; and to ensure that the risks are an adequate reflection of the risk environment.

2.21 During committee meetings the members question and test the validity of the recorded risks and mitigations; reviewing the arrangements in place and the risk profile of the organisation. The members seek assurance that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored.

2.22 Lead Officer

The Governance and Business Services Manager has been appointed as the lead officer for risk within the OPCC. Their role involves ensuring that OPCC policies and strategies with regard to risk are maintained and embedded into every day working practices. Driving forward the management of risk; monitoring the implementation and development of action plans; bring any concerns regarding risk management to the attention of the Commissioner and/or Joint Audit and Standards Committee.

3. **Implications**

3.1 Financial - the inability of the OPCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPCC but Cumbria Constabulary and other partner organisations which are financially dependent.

3.2 Legal - the OPCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.

3.3 Risk - if the OPCC does not identify and mitigate risks then it may mean that the OPCC cannot carry out its statutory function efficiently and effectively.

4. **Supplementary information**

- OPCC Risk Management Strategy
- Joint Audit & Standards Committee terms of reference
- CIPFA – Practical Guidance for Local Authorities and Police 2013 Edition



CUMBRIA POLICE AND CRIME COMMISSIONER

Agenda Item No 16

STRATEGIC RISK REGISTER

DATE: June 2014

VERSION CONTROL NO: 02/2014

Risk Mitigation Strategies:

- Avoid** : Stop the risk completely or stop it having an
Reduce : Reduce the likelihood and/or impact of the risk
Transfer : Outsource, use contractors or insure against things going wrong
Accept : The risk is tolerable/accepted

Risk Score:	Impact	Likelihood	
5	Very High	Very High	> 90% probability
4	High	High	65% > 90% probability
3	Medium	Medium	20% > 65% probability
2	Low	Low	5% > 20% probability
1	Very Low	Very Low	< 5% probability

		Unmitigated Score			Mitigated Score			Risk Owner			
Risk No.	Risk Description	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Risk Owner	Action Owner	Frequency of Assessment & Proposed Cycle	Date of Next Review
R1	Governance / Internal Control	5	4	20	4	2	8	Chief Executive	Chief Finance Officer	Annual	March 2015
R2	Strategic Finance	4	5	20	4	2	8	Chief Executive	Chief Finance Officer	Annual	March 2015
R3	Diversity	4	3	12	4	2	8	Chief Executive	Communication & Media Executive	Annual	March 2015
R4	Reputation	4	3	12	3	2	6	Chief Executive	Communication & Media Executive	Annual	March 2015
R5	Priorities and Objectives	4	5	20	4	3	12	Chief Executive	Partnership & Strategy Manager	Half Yearly	October 2014
R6	Consultation / Engagement	4	3	12	4	2	8	Chief Executive	Communication & Media Executive	Annual	March 2015

Scores

15 - 25	Quarterly Reviews
10 - 14	Half Yearly Reviews
9 or less	Annual Reviews

CUMBRIA POLICE AND CRIME COMMISSIONER STRATEGIC RISK REGISTER

Risk Mitigation Strategies:

Avoid : Stop the risk completely or stop it having an impact.
Reduce : Reduce the likelihood and/or impact of the risk
Transfer : Outsource, use contractors or insure against things going wrong
Accept : The risk is tolerable/accepted

Risk Score:	Impact	Likelihood
5	Very High	Very High > 90% probability
4	High	High 65% > 90% probability
3	Medium	Medium 20% > 65% probability
2	Low	Low 5% > 20% probability
1	Very Low	Very Low < 5% probability

Risk Description	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions					Review Date
	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Actions Already Taken to Mitigate the Risk	Outstanding Risk Mitigation Actions	Response Action or Management Approach to be Taken if Risk Occurs	Action Owner(s)		
R1 - Governance/Internal Control													
Failure of governance/internal controls resulting in risks materialising & potential for fraud, error, irregularity.	5	4	20	4	2	8	Chief Executive (reduce)	Internal control arrangements subject to annual review; Internal and external audit arrangements; Section 151 Officer post; annually reviewed financial regulations, procurement regulations, scheme of delegation and code of governance. Risk management strategy and risk register in place. Further assurance through Independent Audit and Standards Committee.		Review of the the control environment; specific internal audit investigation; implementation of revised control procedures.	Chief Finance Officer / Governance & Business Services Manager	Mar-15	
Decision making fails to take account of all relevant information and inherent risks or fails to follow procedure resulting in unexpected consequences/poor decision making or judicial challenge.	5	4	20	5	2	10	Chief Executive (avoid)	Reports are required to follow a specific format that takes cognisance of risk, financial, legal, HR implications etc. Reports are considered by the commissioners staff prior to decision making. Procurement Regulations are in place. The governance manager has responsibility for ensuring compliance with the requirements. The Chief Executive is the Commissioner's monitoring officer with oversight of the arrangements.	An annual report is to be presented to the Joint Audit & Standards Committee providing assurance on how risk is embedded within the OPCC processes and in particular it's decision making process. A risk workshop is to be held in summer 2014 for all OPCC staff to ensure their knowledge and understanding is up to date.	Consider the need for any further or specialised training of staff as appropriate. Time allowing, reports will be returned to the author for the inclusion of implications within reports. Alternatively a decision will be deferred if it is felt that the information is not sufficient.	Governance & Business Services Manager	Mar-15	
Risk - Failure to hold the Constabulary to account for having robust governance/internal control arrangements including arrangements for managing risk.	4	4	16	4	2	8	Chief Executive (reduce)	Joint Audit and Standards Committee, Commissioners CFO leads on arrangements for internal audit for both organisations. The Commissioner requires the Chief Constable to adopt financial regulations & procurement regulations as part of the funding arrangements. Chief Constable must appoint a statutory CFO who is professionally qualified and has statutory/professional responsibilities. The Commissioners Governance & Business Services Manager has specific responsibilities with regard to assurance on Constabulary risk management practices.		A review would be undertaken to establish whether there are any weaknesses in the control framework that may need improving. Consideration would be given to further internal audit review either to investigate a specific area or as part of the annual audit.	Governance & Business Services Manager	Mar-15	

CUMBRIA POLICE AND CRIME COMMISSIONER STRATEGIC RISK REGISTER

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Risk Description	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions					
	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Actions Already Taken to Mitigate the Risk	Further Risk Mitigation Actions	Response Action or Management Approach to be Taken if Risk Occurs	Action Owner(s)	Review Date	
R2 - Strategic Finance													
Failure to meet the statutory requirement to deliver a robust balanced budget.	4	5	20	3	2	6	Chief Executive (Reduce)	Medium term capital and revenue plans align resources and expenditure; balances and reserves annually assessed to ensure financial risks are provided for; in year monitoring ensures an understanding of actual costs and income against budget and provides information for future budget cycles; subscriptions to the technical information service ensures regular updates on funding assumptions at a national level and modelling on their potential local implications.		Use of balances and reserves to manage any unexpected funding loss. Recruitment/expenditure freeze could be implemented to reduce costs and allow time for the delivery of planned savings.	Chief Finance Officer	Mar-15	
Potential for challenge/judicial review on setting a legal budget:	4	2	8	3	1	3	Chief Executive (Reduce)	Annual community engagement exercise to determine priorities. Budget consultation process and service change consultation process for measures where public views should be sought. Procedure standing orders and professional input into all reports. Monitoring officer oversight of decision making process.		Legal advice would need to be sought on the likelihood of the challenge being successful. Implementation of an individual savings proposal may need to be put on hold and alternative savings sought or use of reserves pending the outcome of the challenge.	Chief Finance Officer	Mar-15	
Failure to manage expenditure within the annual budget:	4	4	16	3	2	6	Chief Executive (Reduce)	Budget monitoring processes; accurate budget setting process; financial regulations/budget holder responsibilities; financial systems and processess provide for early identification of pressures and mitigating action; balances and reserves can be utilised.		fund overspend from balances and/or implement recrtment/expenditure freeze. Review the reasons for the overspend and make decisions on permanent mitigations.	Chief Finance Officer	Mar-15	
Failure to meet statutory, regulatory and professional requirements and dealines including the arrangement for the statement of accounts and arrangements for financial systems, monitoring, budgeting and other key processess. The inability to do this can result in reputational damage, poor internal control and an inability to comply with statutory and professional requirements.	3	5	15	3	2	6	Chief Finance Officer (Reduce)	Appropriately qualified and experience staff, detailed accounts closure process overseen by PCCCFO and CCCFO, external auditors engage with and monitor the process, internal audit review underlying systems that produce the financial informtion to assure its reliability and robustness. The CFO and Deputy CFO will keep under review and advise on the level of finance staff required. The Financial Services team has been increased by 1FTE to provide a greater capacity and resilience. From March 2014, the team is now at full strength.	Additional resources have been agreed for the finance function and the team is currently being restructured to improve capacity and resilience. The risk will remain higher until these actions have been implemented.	A fundamental review of the procces and issues resulting in this risk materialising would need to be undertaken. This would aim to establish the underlying causes and ensure appropriate controls/resources are put in place in future years.	Deputy Chief Finance Officer	Mar-15	

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R3 - Diversity Failure to ensure OPCC / Constabulary effectively promote and take into account equality and diversity in developing policy / operational practices in line with the Equalities Act 2010	4	2	8	2	2	4	Chief Executive (Avoid)	Equality Analysis undertaken for all new policy / operational practices. Following consultation the Police & Crime Plan has been amended to focus on hate crime and this will then be linked to the performance framework. The police and Crime Commissioner has scrutinised the Constabulary performance at the Executive Board and a six monthly update is to be given by the Constabulary. As part of any decision forms considered by the Commissioner contain a section which would highlight any HR or Diversity issues.		To take appropriate advice from the Strategic Independent Advisory Group and the Constabulary Diversity Manager	Communications and Engagement Executive	Mar-15	
Failure to meet statutory requirements and public expectations in respect of diversity, including the adoption and review of an Equality Scheme may lead to legal challenge, public criticism and/or loss of public confidence.	4	3	12	4	2	8	Chief Executive (Avoid)	Policies and procedures are in place to ensure statutory requirements are met. Subscriptions to national bodies ensure advice and guidance is available. An equality statement and strategy is used as the basis for compliance with the Equality Act.		Immediate action to address any issues of non-compliance and review of systems and processes for determining the cause of the failure to comply.	Governance & Business Services Manager	Mar-15	
Failure by the OPCC to undertake an Equality Impact Assessment of its policies and understand the implications may result in particular groups and communities being adversely affected or discriminated against.	4	3	12	4	2	8	Chief Executive (Avoid)	Full equality impact assessments are included with PCC new policies and strategic decisions and are requested in respect of Constabulary policies/decisions.		Immediate action to address any issues of non-compliance and review of systems and processes for determining the cause of the failure to comply. Change policies as appropriate.	Governance & Business Services Manager	Mar-15	
Failure to hold the Constabulary to account for their arrangements in respect of diversity may result in particular groups and communities being adversely affected or discriminated against.	4	3	12	4	2	8	Chief Executive (Avoid)	The requirements in respect of Constabulary equality practices and information is included in within the Constabulary/COPCC information sharing protocol and made a requirement of the PCC/Force funding agreement. The PCC holds the Chief Constable to account on a six monthly basis via the Executive Board. The Commissioner meets with the Constabulary's lead for Diversity on quarterly basis when issues can be raised and discussed.		Consider possible legal or financial penalties within the funding agreement.	Governance & Business Services Manager	Mar-15	

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Risk Description	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions Already Taken to Mitigate the Risk	Outstanding Risk Mitigation Actions	Response Action or Management Approach to be Taken if Risk Occurs	Action Owner(s)	Review Date	
R4 - Reputation													
Failure to deal with conduct issues promptly, fairly and transparently could lead to a loss in confidence in systems and processes or public confidence.	4	3	12	3	2	6	Chief Executive (Avoid)	code of conduct for members and officers; independent audit and standards committee; membership of cumbria and lancashire standards group.		Review conduct issue and take corrective action. Communications and media support where the issue is public/reputational. Legal advice where appropriate.	Communications & media Executive	Mar-15	
Failure to robustly deal with an incident that significantly damages the reputation or public perception of the OPCC and the Commissioner.							Chief Executive (Avoid)	The office of public engagement has an approved strategy. Reputational issues are discussed at weekly joint OPCC / Constabulary Comms Management meetings. Where necessary the OPCC will develop individual strategies to cover specific reputational issues.		Establish as soon as possible a Strategic Working Group with the Commissioner or Chief Executive as the lead. Challenge any misinformation or inaccuracies and be pro-active in getting information across in as many different forms as possible.	Communications & media Executive	Mar-15	
Failure to scrutinise the Constabulary significantly that results in the Constabulary suffering damage to its reputation	4	2	8	3	2	6	Chief Executive (Avoid)	The office of public engagement has an approved strategy. Reputational issues are discussed at weekly joint OPCC / Constabulary Comms Management meetings		Strategic Working Group to be established with clear corporate objectives led by the Commissioner or Chief Executive. To be supported by a pro-action media strategy.	Communications & media Executive	Mar-15	
	4	2	8	3	2	6							

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R5 - Priorities and Objectives													
Failure to achieve the organisational objectives and priorities set out within the Police and Crime Plan and Service Plan	4	5	20	4	3	12	Chief Executive (reduce)	Plans are monitored through out the year and areas of concern scrutinised/ challenged. Performance data and actions are carefully considered as to their deliverability when setting the plans. Dedicated Partnerships and Strategy Manager works closely with the Constabulary to consult and agree outcomes and the information requirements in-year to ensure delivery is on track. Performance monitoring arrangements are in place for the Constabulary. Funding agreements developed with partners which provide performance reporting arrangements.	Processes for monitoring delivery of the Police and Crime Plan are currently under annual review and will be amended to reprioritise and improve them. Staffing structure under review to align with priorities for the delivery of the Police and Crime Plan.	A fundamental review of the process and issues resulting in this risk materialising would need to be undertaken. This would aim to establish the underlying causes and ensure appropriate action is taken. The area of underperformance would be reviewed and appropriate action taken.	Partnerships and Strategy Manager (Constabulary performance)	Oct-14	

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R6 - Consultation / Engagement												
There is a risk that the Office of Public Engagement doesn't deliver in line with its agreed strategy and this negatively impacts on the effectiveness of the OPCC and the reputation / public perception of the OPCC and the Commissioner this includes (community engagement, communications, complaints/standards) There is a risk that the OPCC may not have sufficient capability and capacity to deal with a major incident.	4	3	12	4	2	8	Communication and Media Executive (Avoid)	A Community Engagement Strategy is reviewed on an annual basis. The strategy encompasses consultation to gain public perception on such areas as local policing priorities. It includes a media strategy. The assistance of the Constabulary's Independent Advisors' Group and external agencies may be used to ascertain how best to engage and communicate with some hard to reach groups. Consultation with a wide range of members' of the public takes place throughout the year with half yearly reports to the Executive Board and linked to the setting of the policing priorities.		There is a comprehensive Office of Public Engagement strategy that covers all of the relevant areas of Communications / Community Engagement, Complaints / Standards with key deliverables over a rolling program of the next year and the following 3 years. This is supported by weekly updates to media and six monthly complaint / Standard and community engagement reports as well.	Communication & Media Executive	Mar-15
There is a risk of judicial challenge which may result in a decision being over-turned with consequent financial implications if the PCC fails to consult appropriately or fails to take into account consultation responses when decision making.	4	3	12	3	2	6	Communication and Media Executive (Avoid)	Consultation processes are used to support all decisions with service user implications and final decisions take these into account. When required Legal advice is sought on consultation processes.		Legal and communications advice to manage the risk.	Community Engagement Manager	Mar-15
Risk of failure to comply with legislation and regulations in respect of requirements for statutory reports, publications and information.	4	2	8	4	1	4	Comms and Media Executive (Reduce)	Communications & Engagement Executive ensures that the statutory publication requirements of the annual report and Police and Crime Plan are met and kept under review. Post of Governance & Business Services Manager ensures requirements in respect of transparency/published information is kept under review and met through the PCC website. Individual officers responsible for ensuring any published documents within their area of responsibility meet statutory requirements. Subscriptions to professional bodies ensure relevant guidance is recieved on the requirements. Take part in all the reviews to esnure that we are meeting our statutory obligations.		Take immediate action to provide the required information.Review of systems and processes to determine the reasons for failing to meet requirements.	Governance & Business Services Manager	Mar-15



CUMBRIA POLICE AND CRIME COMMISSIONER

Agenda Item No 16

STRATEGIC RISK REGISTER

DATE: June 2014

VERSION CONTROL NO: 02/2014

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		Unmitigated Score			Mitigated Score			Risk Owner			
Risk No.	Risk Description	Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score	Risk Owner	Action Owner	Frequency of Assessment & Proposed Cycle	Date of Next Review
R1	Governance / Internal Control	5	4	20	4	2	8	Chief Executive	Chief Finance Officer	Annual	March 2015
R2	Strategic Finance	4	5	20	4	2	8	Chief Executive	Chief Finance Officer	Annual	March 2015
R3	Diversity	4	3	12	4	2	8	Chief Executive	Communication & Media Executive	Annual	March 2015
R4	Reputation	4	3	12	3	2	6	Chief Executive	Communication & Media Executive	Annual	March 2015
R5	Priorities and Objectives	4	5	20	4	3	12	Chief Executive	Partnership & Strategy Manager	Half Yearly	October 2014
R6	Consultation / Engagement	4	3	12	4	2	8	Chief Executive	Communication & Media Executive	Annual	March 2015

Scores

15 - 25	Quarterly Reviews
10 - 14	Half Yearly Reviews
9 or less	Annual Reviews