

Richard Rhodes

**Police and Crime Commissioner for Cumbria**

Carleton Hall

Penrith CA10 2AU



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**Our reference: DC**

**Date: 24 April 2015**

## **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 **Wednesday 6<sup>th</sup> May 2015** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **13:30**.

**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 meeting between the members 10:15 – 11:00, followed by a development session on the Change Program and Risk Management 11:00 – 13:00.

### **COMMITTEE MEMBERSHIP**

Mrs Fiona Daley (Chair)  
Mr Andy Hampshire  
Mr Jack Jones  
Ms Fiona Moore

## **AGENDA**

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

#### **A. CORPORATE UPDATE**

### **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 10 March 2015 (copy enclosed)

#### **5. EXTERNAL AUDIT FEES**

To receive from Grant Thornton UK LLP the External Audit Fee 2015-16 for

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

#### **6. OPCC RISK MANAGEMENT MONITORING**

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

#### **7. OPCC ANTI FRAUD AND CORRUPTION**

- (i) **OPCC Anti-Fraud and Corruption Activity Monitoring-** To receive an annual report from the Chief Executive on activity in line with the arrangements for

- anti-fraud and corruption (copy enclosed) - *To be presented by the Governance and Business Services Manager*
- (ii) **OPCC Arrangements for Anti-Fraud and Corruption** - To receive a report from the Chief Executive on the arrangements for Anti-Fraud and Corruption for 2015/16 (copy enclosed) *To be presented by the Governance and Business Services Manager*
- 8. MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL AND THE CODE OF CONDUCT**  
To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol and Code of Conduct (copy enclosed) - *To be presented by the Governance and Business Services Manager*
- 9. INTERNAL AUDIT – ANNUAL REPORT 2014/15**  
To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion (copy enclosed)
- 10. REVIEW OF EFFECTIVENESS OF THE ARRANGEMENTS FOR AUDIT 2014/15**  
To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit (copy enclosed) – *To be presented by the PCC's Chief Finance Officer*
- 11. ANNUAL REPORT OF THE JOINT AUDIT AND STANDARDS COMMITTEE 2014/15**  
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 PCC's Chief Finance Officer*
- 12. TREASURY MANAGEMENT ACTIVITY JANUARY TO MARCH 2015 AND ANNUAL REPORT 2015**  
To receive for information the reports on Treasury Management Activity for Jan – Mar and Treasury Management Outturn for the financial year (copy enclosed) – *To be presented by the Deputy Chief Finance Officer*
- 13. ANNUAL GOVERNANCE STATEMENT – OPCC**
- (i) **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 (copy enclosed) – *To be presented by E Toyne*
- (ii) **Effectiveness of Governance Arrangements 2014/15** – To receive a report from the PCCCFO/Chief Executive on the effectiveness of the PCC's arrangements for governance (copy enclosed) – *To be presented by the PCC's Chief Finance Officer*
- (iii) **Code of Corporate Governance 2015/16** – To consider the PCC Code of Corporate Governance (copy enclosed) - *To be presented by the PCC's Chief Finance Officer*

- (iv) **Annual Governance Statement 2014/15** – To consider the PCC Annual Governance Statement for the financial year and to the date of this meeting (copy enclosed) - *To be presented by the PCC's Chief Finance Officer*

#### **14. ANNUAL GOVERNANCE STATEMENT – CONSTABULARY**

- (i) **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 (copy enclosed) – *To be presented by E Toyne*
- (ii) **Effectiveness of Governance Arrangements 2014/15** – To receive a report from the CCCFO on the effectiveness of the PCC's arrangements for governance (copy enclosed) – *To be presented by the CC's Chief Finance Officer*
- (iii) **Code of Corporate Governance 2015/16** – To consider the CC Code of Corporate Governance (copy enclosed) - *To be presented by the CC's Chief Finance Officer*
- (iv) **Annual Governance Statement 2014/15** – To consider the CC Annual Governance Statement for the financial year and to the date of this meeting (copy enclosed) - *To be presented by the CC's Chief Finance Officer*



**Agenda Item 4****CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY****JOINT AUDIT & STANDARDS COMMITTEE**

Minutes of a Meeting of the Joint Audit & Standards Committee held  
on Tuesday 10<sup>th</sup> March 2015 in Conference Room 2, Police Headquarters, Carleton Hall,  
Penrith, at 11 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)  
Principal Auditor, Cumbria Shared Internal Audit Service, Cumbria County Council (Sarah Wardle)  
Engagement Manager, Grant Thornton (Richard McGahon)  
Assistant Chief Constable (Michelle Skeer)  
Constabulary Chief Finance Officer (Roger Marshall)  
Commissioner's Chief Finance Officer (Ruth Hunter)  
Deputy Chief Finance Officer (Michelle Bellis)  
Governance and Business Services Manager (Joanne Head)  
Budget and Finance Assistant (Dawn Cowperthwaite)  
Chief Executive (Stuart Edwards)

**PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC****139. APOLOGIES FOR ABSENCE**

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

**140. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC**

There are no items of urgent business or exclusions of the press and public to be considered by the Committee.



#### **141. DISCLOSURE OF PERSONAL INTERESTS**

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

#### **142. MINUTES OF MEETING**

The minutes of the meeting held on 8 December 2015 had been circulated with the agenda.

The Commissioner's Chief Finance Officer asked for the second sentence in minute number 133 to be removed as it was not an accurate reflection of the meeting, the other attendees at the meeting agreed.

Regarding the resolutions for minute number 129, a member asked for confirmation that the Police and Crime Commissioner had taken advice noted in point (iii). The Commissioners Chief Finance Officer confirmed that they had.

In minute number 128 it was noted in point CP4/2 that agreement had previously been reached regarding the committee members receiving refresher training on managing risk. A member asked if this had been progresses, the Commissioner's Chief Finance Officer confirmed that the matter had been discussed with the Chief Executive and they were currently waiting on feedback but would speak with the Chief Executive again with a mind to confirming for the members.

**RESOLVED,** that, the minutes of the meeting held on 22 September 2014 be approved.  
that, that confirmation is attained regarding risk management refresher training for the members

#### **143. ANNUAL WORK PROGRAMME**

The CFO for the Commissioner presented an updated Annual Work Programme advising that there had been a general restructuring of the document to take account of the changing timescales involved in the year end process with the accounts for 2014/15 to be completed as close to the end of May as possible. Following discussions with the Audit Manager it was planned for a set of reports to be issued to members in April with italic wording. Prior to the May meeting final reports would be issued with the italics removed. The members were in agreement with this strategy but asked that any amendments from the April documents be highlighted so that they would then be able to just read the amendments rather than read the documents a second time in their entirety.

The Commissioner's CFO also advised that two lines relating to Standards Activity had been removed from the document as this work would now come under the perview of the Ethics and Integrity panel.



A member referred to the work on the 'Annual Review of Governance' and asked why Scheme of Consent was listed as (n/a). The Commissioner's CFO advised that no consents had been granted so there was currently no requirement to have a Scheme of Consent, it had been listed as a reminder that there may need to be a Scheme of Consent at some point in the future. The member also asked if the document could be amended to reflect that the members would see all HMIC and ad hoc reports rather than just the Value for Money reports, the Commissioner's CFO confirmed that the requested amendment would be made.

Another member commented that within the next three months they would like to see a training plan added to the bottom of the work programme so that they could more easily track what training had been agreed and within what timeframe.

**RESOLVED,** that, the (i) reports be reviewed and noted  
(ii) members approve the proposed changes to their Annual Work Programme pending the requested amendments being made

#### 144. GRANT THORNTON AUDIT PLAN

The Engagement Manager took the Committee through the Joint Audit Plan for the Police and Crime Commissioner and the Chief Constable. The main points are given below.

- Main focus for the audit is likely to be financial resilience
- The force already has a change programme in place and is clear about the savings required to be made, the challenge will be needing to deliver the savings in the plan
- No issues have emerged from the current testing
- The fees for the upcoming audit year will remain the same as last year at £60,450 with an additional £2,500 for the tax advisory service and £4,000 for specific PAYE related work

A member commented on the wording on page 8. Risks were classed as 'understated' and they felt it would be more accurate to use the wording 'wrongly stated'. The Engagement Manager advised that this specific wording had been used as Grant Thornton believed there was a greater risk of information being missed altogether 'understated' rather than information being reported inaccurately 'wrongly stated'.

Another member suggested that an area not covered explicitly in the audit was the new expenditure on victim support and believed that there needed to be a new risk covering this. The Engagement Manager advised that expenditure in the accounts came under normal testing and that areas around commissioning were also covered under the Value for Money criteria. The member went on to suggest that this is perhaps something which Internal Audit could step in and help with. The Commissioner's CFO stated that this was in Internal Audits plan for the coming audit year.

**RESOLVED,** that, the  
(i) report has been reviewed and noted;



#### **145. GRANT THORNTON – JOINT AUDIT AND STANDARDS COMMITTEE UPDATE – MARCH 2015**

The Engagement Manager presented the report which was an update to highlight any emerging issues. The main issues identified are given below:

- The national conference for Police and Crime Panels identified emerging challenges for panels as workload demands, lack of powers and organisations taking different approaches
- Value for Money profiles – Cumbria is often seen as an outlier in areas such as fleet and IT, due to projects around mobile working, an important factor is ensuring that an organisation knows its high cost areas and why
- The National Audit Office (NAO) have recently started a review of the financial sustainability in the police service and one of the key issues to be examined is whether the Home Office fully understand how funding reductions have affected service delivery across forces
- It is being proposed that the audit deadline for accounts to be completed be brought forward to the end of July, the anticipated deadline for this change is 2017/18. Cumbria is on target for achieving this in 2015, this is not the case nationally

A member commented that they were generally disappointed with the report in respect of 'Issues to be considered' as the members have already seen evidence of some of these issues having been dealt with and they would prefer to see the emphasis on work still to be done rather than a list of general issues. The Engagement Manager confirmed that they were happy with how the force tackles issues and agreed that the 'Issues to be considered' could be amended.

Another member asked if they should be receiving further information and confirmation on issues to consider? The Engagement Manager advised that the reports were not designed to create a lot of extra work for officers and that some other organisations produce a one or two page document to highlight particular issues that are being worked on. The Commissioner's CFO suggested that the easiest way would be to provide feedback before the report was published so that commentaries could be included in the final report as this should minimise the amount of additional work required. Members agreed that this would be useful.

**RESOLVED,** that, the reports be noted;

#### **146. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS**

The CFO for the Chief Constable presented the updated Audit Monitoring Report. At the December meeting there was one outstanding action. Due to a large number of audit reports being completed since December there have been 13 new actions added to the report.



There were 6 actions from the Anti-Fraud and Corruption Audits, two of which had exceeded their original timescales, this was due to an under-estimation of the time required to complete the action.

The action relating to Police Absence Management exceeded its timescale there have been difficulties due to wide-scale changes to digitisation putting pressure on the IT department. It is not likely to be completed until 2016/17.

A member asked if it would be possible if a revised target date could be added to the report, this way members could easily see what both the original and revised target dates are without having to read through the action history, the Chief Constables CFO advised that they would ensure this happened.

Another member asked that as the original recommendation stated 'Consideration should be given to' should the action not be completed as a lot of consideration had been given to issues highlighted. The Commissioner's and the Chief Constables CFO's both agreed that they would be happy with that suggestion and confirmed that the action could be completed and removed.

The chair suggested that a review should be done of how timescales are attributed and priority assigned to actions.

**RESOLVED,** that, the (i) report be noted.  
(ii) amendments suggested by the members be incorporated into the report

#### **147. INTERNAL AUDIT – PROGRESS REPORT**

The Audit Manager presented a progress report which summarised the outcomes of the work of internal audit for the period up to 19 February 2015. The key points of the report are given below:

- Work has progressed according to plan. The percentage of planned days delivered is slightly higher than for the same period last year (81% against 78% in 2013/14)
- All of the risk based audits completed have resulted in at least reasonable assurance for the year to date
- All internal audits completed in the period have been well received by management with completed action plans in place
- The draft audit plan for 2015/16 has been prepared following consultation with senior managers in the OPCC and Constabulary

A member commented that they were disappointed by the number of customer feedback forms that had been returned (3 out of 10), and asked that the organisation puts more onus on the importance of the forms and their being returned. The Chief Constables CFO advised this would be undertaken and the Commissioner's Chief Finance Officer suggested putting a form of words together to be signed by the Chair and sent out with the forms, to put further weight



behind the importance of them being completed. Another member suggested that it would be worth looking at Internal Audit liaising with managers rather than relying on a form to capture feedback.

A member stated that they had noticed a pattern between the level of assurance given to the PCC and the Chief Constable in the same areas of audit, for example, Policy Development. They asked if anyone had looked at joint working to assure better synergy between processes and documents. The Commissioner's CFO advised that there is an element of joint working but that in the area of policy, differences in the size of the organisation and staffing arrangements resulted in a need for separate policies. It is important that the OPCC builds its own framework, it has up to now been focusing on the high risk areas and are now starting to work on the lower risks using the Constabulary documents as a baseline. The Chief Constables CFO advised that this process reflects how fundamentally different the two organisations are.

**RESOLVED,** that, the report be noted.

Note – 12.15pm - The Deputy Chief Constable joined the meeting at this point.

#### **148. INTERNAL AUDIT REPORTS**

##### **(i) Governance: Anti-Fraud and Corruption (OPCC)**

Internal Audit undertook a review of Governance, an overall level of assurance of 'substantial' was given. No recommendations were made.

##### **(ii) Risk Management (Constabulary)**

An audit of Risk Management for the Constabulary was undertaken by Internal Audit, an overall level of assurance of 'Substantial' was given. No recommendations were given.

##### **(iii) Risk Management (OPCC)**

Internal Audit undertook a review of Risk Management for the OPCC, an overall level of assurance of 'reasonable' was given. The following recommendations were made.

- a. Medium – Strategic risks should clearly focus on the delivery of strategic objectives as outlined in the Police and Crime Plan and other core strategies.
- b. Advisory – COPCC and Constabulary risk reporting formats for Joint Audit and Standards Committee should be aligned
- c. Advisory – A suitable risk management training course should be agreed and scheduled
- d. Medium – Guidance should be given to staff regarding risk identification so they can effectively meet their responsibilities as set out in the Risk Management Strategy and make a positive contribution to the risk management process



within their area of work. This guidance should include recognised risk headings for consideration to ensure all key risks are identified.

(iv) Policy Development and Management (Constabulary)

An audit of Policy Development and Management for the Constabulary was undertaken by Internal Audit, an overall level of assurance of 'Substantial' was given. No recommendations were given

(v) Policy Development and Management (OPCC)

Internal Audit undertook a review of Policy Development and Management for the OPCC, an overall level of assurance of 'reasonable' was given. The following recommendations were made.

- (a) Medium – Policy developments should be properly identified and documented in a plan, which has been given appropriate approval and shared with the team. There should be regular review and reporting of progress against the plan with management actions to deal with issues in performance to ensure accountability.
- (b) Medium – Policies should be dated or version controlled and only the latest versions should be available for staff to follow. There should be clarity within the document library regarding the application of constabulary policies and these policies should be readily available.

(vi) Communications Centre

Internal Audit undertook a review of Policy Development and Management for the OPCC, an overall level of assurance of 'reasonable' was given. The following recommendations were made.

- (a) Medium – The review of the format of the plan should be used as a means to develop it into a single point for identifying actions required, and monitoring and reporting of progress. Including making more explicit:
  - The source of action, and to whom progress should be reported;
  - Who is responsible for the action, who should be taking the action and any target dates for implementation;
  - Prioritisation of the actions;
  - Steps to address slippage;
  - Details of when and by whom it was last updated
- (b) Medium – All staff should receive regular, diarised one to ones

A member commented that there was no mention of the Communications Centre within the Police and Crime Plan although they heard about it regularly when they sat on the Police Authority. The Deputy Chief Constable advised that current performance is of a high level and that the Quality of Service scores are in the 90's.



The reports not requested to be reviewed at the meeting are listed below and will be viewable on the OPCC website.

- (i) Payroll
- (ii) Governance: Anti-Fraud and Corruption Policy (Constabulary)
- (iii) Custody Evaluation Review

**RESOLVED,** that, the reports be noted.

#### **149. INTERNAL AUDIT PLAN 2015/16**

The Audit Manager presented the proposed Internal Audit plan for 2015/16.

The proposed plan included 232 base days.

The proposed plan had been drafted in accordance with the planning methodology agreed by the Shared Internal Audit Services Board and included:

- Consultation with senior management across the OPCC and the Constabulary
- Review of strategic risk registers and annual governance statement action plans for 2014/15
- Review of the Corporate Support Business Plan
- Review of outcomes of previous audit reviews and other inspections
- Consideration of national, regional or emerging issues
- A risk assessment to rank the audits in priority order

Appendix 1 lists the proposed audits in priority order.

A member asked if the increase in numbers of days for audit from 180 last year was to be a permanent change going forward, the Commissioner's CFO advised that they would be surprised if it was not as it was a direct result of the move away from purely financial system based audits. The Audit Manager stated that it would depend on what requirements were and what came out of Risk Assessments at the time.

Another member asked, given that audits are now less financially based, does Internal Audit have the in-house expertise to conduct all of the audits or do they need to buy in expertise? The Audit Manager confirmed that there was nothing on the list for 2015/16 that they did not have the staff to cover but if that situation did arise in the future they would buy-in the required expertise.

The Engagement Manager suggested that where a specific financial system was not being reviewed in a particular year, the committee would need to look to other sources to receive in year assurance and stated that assurance didn't necessarily need to come from internal audit. The Chief Constables CFO advised that they get assurance from a number of different sources and that any emerging issues would have been flagged up by internal audit at the time of audit.





The Engagement Manager asked how the organisations would get assurance that there had been no changes within the 'non audit' years, as it was their understanding that this assurance would come from the Chief Finance Officers. The Chair suggested that this was an issues best discussed outside of the meeting.

**RESOLVED,** that the, report be noted.  
Consideration be given outside of the meeting to assurance levels during 'non audit' years

## **150. QUALITY ASSURANCE & IMPROVEMENT PROGRAMME**

The Audit Manager presented a report on the quality assurance and improvement programme. This document came into being as the Public Sector Internal Audit Standards (PSIAS) require that the 'chief audit executive' must develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. The QAIP is designed to provide assurance that the work of internal audit is undertaken in accordance with the PSIAS.

The key elements of the QAIP are:

- Ongoing monitoring of the performance of the internal audit activity
- Periodic self-assessments or assessments by other persons within the organisation with sufficient knowledge of internal audit practices
- External assessments conducted in accordance with the PSIAS

**RESOLVED,** that, the report be noted;

## **151. TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES 2015/16**

The Deputy Chief Finance Officer presented the Treasury Management Strategy and Practices for 2015/16, advising that they had been approved by the Police and Crime Commissioner on 24 February. The committee were asked to review the documents to be satisfied that controls are satisfactory. The main points are given below:

- There are several new categories for investments due to greater diversification as risks to more traditional avenues of investment increase
- Changes to counterparty selections criteria are shown in Appendix A, these include changes to the maximum amount and duration of investments, the investments limits will be linked to the credit rating of the counterparty at the time the investment is made
- The Minimum Revenue Provision (MRP) strategy is part of the annual requirements of the MTFF. The strategy is unchanged from that of previous years.



- **Borrowing Strategy** – The Commissioner currently has no external borrowing and there are no immediate plans to borrow during 2015/16. However, the Commissioner does have an underlying need to borrow at some point in the future.

A member asked if the plan was to move current investments into those within the corporate category in order to increase yields from investments. The Commissioner's CFO advised that there was a significant shift into other areas of investment. As the likelihood of being able to place large enough investments for long enough periods of time to reap the benefit of higher interest rates was low they did not feel that this was a suitable option at the moment. The capacity to move towards this type of investment in the future was important but there were no plans in the immediate future to undertake this type of investment. The Deputy CFO advised that at this time they supported this cautious attitude.

A member asked how the organisations would respond to the changing environment as putting money with banks is no longer the safe option it once was. The Deputy CFO commented that the corporate world changes rapidly and that they would be continually cognisant of risks.

**RESOLVED,** that, the report be received and accepted.

#### **152. TREASURY MANAGEMENT ACTIVITIES 2014-15 – OCTOBER TO DECEMBER 2014**

The Deputy Chief Finance Officer presented to members the Treasury Management Activities for October to December 2014. The total interest earned from investments in the period October to December 2013 was £43k, bringing the total for the first three quarters of the year to £121k, exceeding the forecasted position by £32k.

**RESOLVED,** that the report be noted.

#### **153. TERMS OF REFERENCE**

The Governance and Business Services Manager introduced to the members the updated Terms of Reference for the Committee. This follows on from the report taken to the September meeting where it was proposed that the Ethics and Integrity panel would take up responsibility for items 30 and 31, issues relating to standards activity, which have been moved off the Joint Audit & Standards Terms of Reference document and onto that for the Ethics and Integrity Panel.

**RESOLVED,** that the report be approved and accepted.

#### **154. RISK MANAGEMENT STRATEGY – OPCC**

The Governance and Business Services Manager shared with the Committee the annual review of the OPCC Risk Management Strategy. Some of the comments made in the Internal Audit



report have been incorporated into the strategy and there is now a section dealing with risk appetite, the Constabulary's risk appetite has been set at 'Cautious'.

A member commented that they were happy with the report, especially the inclusion of 'risk appetite' and asked if the plan were to assign different levels of risk appetite to different sections of the business, the Governance and Business Services Manager confirmed that there would be.

**RESOLVED,** that the report be noted.

#### **155. OPCC RISK MANAGEMENT MONITORING**

The Governance and Business Services Manager presented a report on OPCC risk management monitoring along with the OPCC strategic risk register which had been updated from the previous quarter.

A member suggested that it might be useful to change the names of 'unmitigated' and 'mitigated' as they felt that these terms did not give the full picture, they were however not able to suggest alternatives. Another member commented that they would like to see the same format employed for the risk registers for both the Chief Constable and the Commissioner. The Deputy Chief Constable advised that it would be quite difficult to align formats as the Chief Constables strategic register is fed from a number of underlying operational registers all using the same formats.

**RESOLVED,** that the report be noted.

Note – 13.10pm - The Chief Executive joined the meeting at this point

#### **156. RISK MANAGEMENT UPDATE**

The Deputy Chief Constable presented a report which updated the committee on the Constabulary's risk management arrangements and included the quarterly review of their strategic risk register which members were guided through.

- Risk 2 – The change programme has a significant track record of delivering against the programme and they are on track for this to continue
- Risk 24 – The scoring for this risk has been mitigated down. There has been an increase in reporting for rape and sexual offences but this is viewed as a positive as it is believed that this is due to an increase in reporting levels rather than an increase in the number of offences

**RESOLVED,** that the report be noted.



**Meeting ended at 13.15 pm**

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

DRAFT



Mr Richard Rhodes  
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17 April 2015

Dear Mr Rhodes

## **Planned audit fee for 2015/16**

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. 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 2015/16 has been set by the Audit Commission at £30,338, which compares to the audit fee of £ 40,450 for 2014/15. The scale fee for the Chief Constable's office (CC) is £15,000, which compares to the audit fee of £20,000 for 2014/15. The total fee for the audit of the Police and Crime Commissioner's (PCC) group financial statements, including the statements of the Chief Constable, is £45,338, which compares to the audit fee of £60,450 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives [http://webarchive.nationalarchives.gov.uk/\\*/http://www.audit-commission.gov.uk/](http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/) and on the Public Sector Audit Appointments PSAA website [psaa.co.uk](http://psaa.co.uk)

The audit planning process for 2015/16, 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.

### **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. We will assess the PCC's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

### **Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2015	7,585
December 2015	7,584
March 2016	7,584
June 2016	7,585
<b>Total</b>	<b>30,338</b>

### **Outline audit timetable**

We will undertake our audit planning and interim audit procedures in December 2015 to March 2016. 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 2016.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	December 2015 - March 2016	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the PCC's accounts and VfM.
Final accounts audit	June to Sept 2016	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	Jan to Sept 2016	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	September 2016	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	October 2016	Annual audit letter to the PCC	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2015/16 are:

	Name	Phone Number	E-mail
Engagement Lead	Fiona Blatcher	0161 234 6393 / 07880 456196	<a href="mailto:Fiona.C.Blatcher@uk.gt.com">Fiona.C.Blatcher@uk.gt.com</a>
Engagement Manager	Richard McGahon	0141 223 0889 / 07880 456156	<a href="mailto:Richard.A.McGahon@uk.gt.com">Richard.A.McGahon@uk.gt.com</a>
In Charge Auditor	Richard Robinson	0141 223 0888	<a href="mailto:Richard.Robinson@uk.gt.com">Richard.Robinson@uk.gt.com</a>

### Additional work

The scale fee excludes any work requested by the PCC 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 the PCC.

**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 [Sarah.Howard@uk.gt.com](mailto:Sarah.Howard@uk.gt.com)

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 Ms Ruth Hunter, Commissioner's Chief Finance Officer/Deputy Chief Executive, The Office of the Police and Crime Commissioner





Mr Jerry Graham  
Chief Constable  
The Chief Constable for Cumbria Constabulary  
Carleton Hall  
PENRITH  
Cumbria  
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17 April 2015

Dear Mr Graham

## **Planned audit fee for 2015/16**

Before it closed on 31 March 2015, the Audit Commission was asked to set the scale fees for audits for 2015/16. The Commission published its work programme and scales of fees for 2015/16 at the end of March 2015. 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 2015/16 has been set by the Audit Commission at £15,000, which compares to the audit fee of £20,000 for 2014/15. The scale fee for the Police and Crime Commissioner's Office (PCC) is £30,338, which compares to the audit fee of £40,450 for 2014/15. The total fee for the audit of the Police and Crime Commissioner's group financial statements, including the statements of the Chief Constable, is £45,338, which compares to the audit fee of £60,450 for 2014/15. The reduction in fees has been enabled by the procurement exercises run by the Commission across both the Local Government and Health sectors.

After the Commission's closure, the 2015/16 work programme and fees will be accessible from the archived Audit Commission website from the National Archives [http://webarchive.nationalarchives.gov.uk/\\*/http://www.audit-commission.gov.uk/](http://webarchive.nationalarchives.gov.uk/*/http://www.audit-commission.gov.uk/) and on the Public Sector Audit Appointments PSAA website [psaa.co.uk](http://psaa.co.uk)

The audit planning process for 2015/16, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

## **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, Mellon 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.

### **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.

### **Value for Money conclusion**

Under the Audit Commission Act, we must be satisfied that the CC 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. We will assess the CC's financial resilience as part of our work on the VfM conclusion and provide feedback in our Audit Findings Report.

### **Billing schedule**

Fees will be billed as follows:

<b>Main Audit fee</b>	<b>£</b>
September 2015	3,750
December 2015	3,750
March 2016	3,750
June 2016	3,750
<b>Total</b>	<b>15,000</b>

### **Outline audit timetable**

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In Charge Auditor	Richard Robinson	0141 223 0888	<a href="mailto:Richard.Robinson@uk.gt.com">Richard.Robinson@uk.gt.com</a>

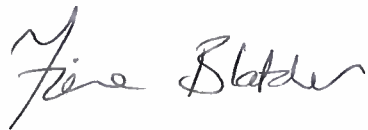
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**Quality assurance**

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 [Sarah.Howard@uk.gt.com](mailto:Sarah.Howard@uk.gt.com)

Yours sincerely

A handwritten signature in black ink, appearing to read 'Fiona Blatcher', with a stylized, cursive script.

Fiona Blatcher

For Grant Thornton UK LLP

cc Mr Roger Marshall, Chief Constable's Chief Finance Officer , Cumbria Constabulary



Agenda Item 6

# Joint Audit & Standards Committee

## Title: OPCC Risk Management Monitoring

**Date:** 06 May 2015

**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 The OPCC has an agreed Risk Management Strategy which sets out the OPCC's responsibility for risk management, what the OPCC does and how it does it. The strategy is reviewed on an annual basis and presented to the Joint Audit & Standards Committee for comment prior to being presented to the Police & Crime Commissioner for approval.
- 2.2 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.

- 2.3 The overall arrangements for risk are reviewed annually by the OPCC Chief Executive 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 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 The Commissioner's project to set up a Sexual Assault Referral Centre (SARC) within the county is still continuing. A separate project risk register is live and continually updated throughout the different stages of the project by the appointed Project Manager. If necessary any risks are brought to the attention of the Commissioner along with any mitigations which may be put into place to deal with or prevent the risk.

### Risk Training

- 2.15 In March 2015 a Risk Management Training session was held for all OPCC staff provided by a Chartered Institute of Public Finance & Accountancy (CIPFA) approved trainer. The trainer had previously provided risk training to police authority members and had recently delivered training to other OPCC offices so was well versed in the functions and responsibilities of the OPCC and the Police and Crime Commissioner.
- 2.16 The purpose of the session was to ensure that all staff had a baseline level of knowledge of identifying and managing strategic and operational risks; understanding the different stages of risk management; risk profiles and risk appetite/tolerance; and discussion on how the OPCC's risk register is constructed.
- 2.17 The day consisted of a mixture of presentations and group activities to enable learning to become understood and put into practice. Feedback from all staff was that the day had been informative and relevant to their role. Information gained during the training session has been utilised when updating the OPCC Risk Management Strategy.
- 2.18 Following the risk training the OPCC Executive Team are due to look at the content and make-up of the strategic risk register. The purpose will be to ensure that it reflects the risks facing the Police & Crime Commissioner and the OPCC in line with the Commissioner's Police and Crime Plan; taking into consideration recommendations contained within the recent internal audit inspection report.

### Risk Based Internal Audit

- 2.19 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.
- 2.20 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.
- 2.21 As part of the Internal Audit Plan for 2014-15, an internal audit inspection was undertaken of the OPCC's Risk Management with the final report being issued in February 2015. The agreed scope areas for consideration during the inspection were identified as follows:
- Appropriate governance arrangements are in place for risk management, including roles and responsibilities and reporting arrangements.
  - There is a defined risk management policy, strategy and procedures and these have been communicated appropriately.

- Risk registers are in place for all key services, partnerships and projects and are subject to regular review and reporting.
- Risks identified cover the full range of strategic and operational risks and have been properly assessed and controls identified and assigned.
- Arrangements are in place to ensure that risk management is embedded in the organisation.

2.22 The Internal Audit report gave it's assurance as 'Reasonable' identifying areas of good practice and there were no high priority issues which were identified during the course of the audit. The four issues identified have in the main been addressed and will be completed within the next few months. Members of the Joint Audit and Standards Committee considered this report at their committee meeting in March 2015.

#### Oversight of Constabulary Risks

2.23 The Constabulary presents their strategic risk register to the Joint Audit and Standards Committee on a quarterly basis to enable them to be assured that the Constabulary are actively managing strategic and subsequently operational risks. This enables the Commissioner's officers on his behalf to have oversight of current risks affecting the force and seek assurance in how they are being managed.

2.24 The OPCC's Governance and Business Services Manager meets with the Constabulary's Director of Corporate Improvement on a quarterly basis. The purpose of the meetings are to review the Constabulary and the OPCC's strategic risk registers, to identify risks which may impact upon the other organisation; and which may to the extent that it requires recording on their strategic risk register.

#### 2.25 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.

2.26 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.

2.27 During committee meetings the members question and test the validity of the recorded risks and mitigations; reviewing the arrangements in place. The members seek assurance that strategies and policies are supported by adequate risk assessments and that risks are being actively managed and monitored.



## 2.28 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.

- 2.29 As part of their role they ensure that new members of staff are provided with a briefing on the OPCC's Risk management Processes and appropriate support where necessary. A briefing note has been prepared to provide guidance and act as an aide memoire regarding risk and an individual's responsibilities. Ongoing support is provided to all OPCC staff in relation to risk management of either strategic or operational risks. This can be undertaken on an individual or team basis.

## 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
- Internal Audit Inspection Report – Audit of Risk Management 2015

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Agenda Item 7 (i)

# Joint Audit & Standards Committee

## Title: OPCC Anti-Fraud and Corruption Activity Monitoring

**Date:** 06 May 2015

**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 implementation and monitoring of anti-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 operating 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 and has been updated and is presented to the Committee as a separate agenda item. The revised strategy will be approved by the Commissioner, following which a copy will be published on the OPCC website.
- 2.3 Following the annual review OPCC staff are advised that the review has taken place and of potential changes to the documentation at team meetings. This is to ensure that they are familiar with the processes and procedures.

### Whistleblowing Policy

- 2.4 In addition to the above strategy and policy there is a Confidential Reporting Policy (Whistleblowing) which provides effective mechanisms for 'open' and 'confidential' reporting of suspected wrongdoing. The OPCC is currently in the process of consulting on a draft Whistleblowing Policy which once approved will replace the Confidential Reporting Policy.
- 2.5 The OPCC has distributed posters which encourage staff to report anything they are concerned about and information on who to contact. During the 2014-15 financial year there were no whistleblowing reports received either directly or via a third party.

### 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 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 and signed off with participation in the 2014 initiative completed and the outcome awaited.

- 2.7 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.

#### 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 Constabulary and 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 offences of misuse of systems and data held therein. As part of the Commissioner's duty to hold the Chief Constable to account, an Ethics and Integrity Panel has been set up to monitor the Constabulary and OPCC processes for dealing with complaints. They dip sample finalised complaint files on a quarterly basis and report their findings to the Commissioner's public Executive Board meetings.

### 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 It is the responsibility of line managers to scrutinize expense claims submitted by OPCC staff and Independent Custody Visitors before approval. Members of the Joint Audit and Standards Committee and the Ethics and Integrity Panel are entitled to claim expenses for attending meetings. These expenses are checked and signed off by the Chief Executive or the Governance and Business Services Manager.

### 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. All forms are reviewed by the Chief Executive on a quarterly basis.

- 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 Members of the Ethics and Integrity Panel and the Joint Audit and Standards Committee are also required to complete register of interest forms as part of their oversight role of the Commissioner and the Constabulary. The forms are completed on an annual basis with any updates or amendments being included when circumstances change. These forms are also monitored by the Chief Executive on a quarterly basis.

2.21 Contact with Service Providers 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 Where the OPCC is directly involved with the running of a project, a separate register is held for contact with service provides. By the nature of a project a number of contractors and potential contractors and suppliers will be met and spoken to during the course of the life of the project and therefore in order to easily identify these a separate register is kept. At present the OPCC has a register for the Sexual Assault Referral Centre project.
- 2.23 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.

2.24 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.

- 2.25 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.

2.26 This information is collated and reviewed by the external auditors prior to them providing an opinion on the Statement of Accounts. In 2013-14 no issues were identified either by the OPCC or the Auditors.

2.27 The process for the 2014-15 financial year has commenced and is due to be completed by the end of May as part of the finalisation of the Statement of Accounts. A process is being introduced whereby the related party transactions forms will be checked against the individual's register of interest form. With regard to the Constabulary this process will be carried out via the Professional Standards Department.

#### 2.28 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.

2.29 As part of the 2014-15 Internal Audit plan an audit was undertaken of the OPCC's Anti-Fraud & Corruption Policy and arrangements. No recommendations were made within the report and a number of areas of good practice were identified. These included comprehensive and up to date arrangements, monitoring of activity and the clear promotion of high standards of integrity within the organisation.

2.30 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.

#### 2.31 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>)

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Agenda Item 7 (ii)

# Joint Audit & Standards Committee

## Title: OPCC Arrangements for Anti-Fraud and Corruption

**Date:** 06 May 2015

**Originating Officer:** Joanne Head

**CC:**

### **Executive Summary:**

The purpose of this report is to provide Members of the Joint Audit and Standards Committee with an overview of the changes to the OPCC Arrangements for Anti-Fraud & Corruption

### **Recommendation:**

Review the governance documentation and where appropriate make recommendations for any areas of improvement

### **1. Introduction & Background**

Anti-fraud and corruption arrangements set out the overall arrangements for the Office of the Police and Crime Commissioner. The arrangements within the OPCC are managed by the Monitoring Officer and Chief Finance Officer in consultation with internal audit.

### **2. Issue to Consider**

The OPCC has undertaken a review of its arrangements for Anti-Fraud and Corruption. The arrangements have been updated to reflect the replacement of the OPCC Confidential Reporting Policy with a Whistleblowing policy and the Comptroller and Auditor General of the National Audit Office.

### **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**

Appendix 1 – COPCC Arrangements for Anti-Fraud and Corruption



# Cumbria Office of the Police and Crime Commissioner

COPCC Arrangements for Anti-Fraud and Corruption  
2015 - 2016

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# Anti-Fraud and Corruption Strategy

## ANTI FRAUD AND CORRUPTION STRATEGY

### Introduction

This strategy sets out the approach that will be adopted by the Cumbria Office of the Police and Crime Commissioner (COPCC) to ensure effective procedures and responsibilities are in place to deliver the Anti-Fraud and Corruption Policy. This strategy and the related procedures set out how the commitments and principles within that document are put into practice.

To support the Policy appropriate resources will be committed to fraud and corruption prevention and detection. A series of interrelated procedures designed to frustrate any attempted fraudulent or corrupt act will be put in place by the COPCC and investigation of any instances or suspected instances of fraud and corruption which may arise will be undertaken in accordance with those procedures.

## ANTI FRAUD AND CORRUPTION STRATEGY

### Measures

The COPCC will maintain appropriate procedures and documentation to assure that staff those organisations that we do business with are aware of the requirements of this strategy and related procedures.

The COPCC will maintain financial and other control measures, which will be subject to internal and external audit and scrutiny of its practices and their outcomes. It will co-operate with audit agencies in the legitimate pursuit of their interests and, in particular, it will maintain a Joint Audit and Standards Committee in partnership with the Constabulary to oversee the processes of audit of the COPCC business.

The Chief Executive is responsible, in consultation with the Chief Finance Officer, for ensuring effective Arrangements for Anti-Fraud and Corruption are in place.

Staff of the COPCC are responsible for ensuring they adhere to the requirements of the Arrangements for Anti-Fraud and Corruption.

## ANTI FRAUD AND CORRUPTION STRATEGY

## Terms and Definitions

## FRAUD

“The intentional distortion of financial statements or other records by persons internal or external to the Authority which is carried out to conceal the misappropriation of assets or otherwise for gain”  
(Audit Commission)

## CORRUPTION

“The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person” (Audit Commission)

## THEFT

“The dishonest appropriation of property belonging to another with the intention of permanently depriving the other of it” (Theft Act 1968)

## IRREGULARITY:

“The violation or non-observance of established rules and practices”

## ANTI FRAUD AND CORRUPTION STRATEGY

## Detection and Investigation

The COPCC will always investigate any actual or suspected cases of fraud, corruption, theft or irregularity and implement misconduct procedures where appropriate. Specifically:

- Staff are required to report all suspected irregularities to the Commissioner’s Chief Finance Officer (PCCFO), who will instigate the necessary investigation.
- Misconduct Procedures will be used where the outcome of the investigation indicates improper behaviour.
- Where financial or other impropriety is discovered and sufficient evidence exists to suspect that a criminal offence may have been committed, the matter may be referred to the Police.



## ANTI FRAUD AND CORRUPTION STRATEGY

## Supporting the Strategy

## External Bodies

The COPCC will co-operate with the following external bodies, whose prerogatives extend over the conduct of the COPCC business. The list is not exhaustive.

- Externally appointed auditors and the Audit Commission
- Independent Police Complaints Commission
- HM Revenue and Customs
- Department of Social Security/ Contributions Agency
- The Local Government Ombudsman

## Internal Bodies

The internal bodies set out below each have a responsibility to ensure that the COPCC comply with their respective elements of their Anti-Fraud and Corruption Policy and Procedures:-

**Chief Finance Officer:** The Commissioner must appoint a Chief Finance Officer who has statutory responsibility for the integrity of financial administration (including the legality of expenditure) and the provision of the Internal Audit function.

**Monitoring Officer (Chief Executive to the Commissioner):** This is the statutory officer whose role is to warn of illegality or maladministration, (whether actual or potential), in matters touching the business or responsibilities of the COPCC.

**Internal (Management) Audit:** Provided as part of a shared service agreement from Cumbria County Council, Internal (Management) Audit is responsible for compliance audits in respect of regularity and systems.

## The Seven Principles of Public Life (Nolan Committee)

### Selflessness

Holders of public office take decisions 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 influence them in their performance of the 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 information only when the wider public interest clearly demands.

### 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.

All staff members of the COPCC are expected to comply with the principles of public life and the Arrangements for Anti-Fraud and Corruption. Failure to do so may result in disciplinary action.

# Anti-Fraud and Corruption Policy and Plan

## ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Introduction

This statement has been prepared in response to the recommendations contained in the Audit Commission document "Protecting the Public Purse – Ensuring Financial Probity in Local Government 2001 Update, Promoting Good Governance."

In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the OPCC or from within, the Commissioner is committed to an effective Anti-Fraud and Corruption policy designed to;

- encourage prevention
- promote detection; and
- identify a clear pathway for investigation

The expectation regarding propriety and accountability is that the Commissioner and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.

The Commissioner also demands that individuals and organisations that they come into contact with will act towards them with integrity and without thought or actions involving fraud or corruption.

This Anti-Fraud and Corruption policy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:-

- Culture (Section 2);
- Prevention (Section 3);
- Detention and Investigation (Section 4); and
- Training (Section 5)

The Commissioner is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:-

- Her Majesty's Inspector of Constabulary
- Internal Audit

- HM Customs and Excise
- Inland Revenue
- The General Public
- The Audit Commission
- The Police and Crime Panel

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Culture

The Commissioner is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption. To support this, the arrangements for whistleblowing will be clearly signposted for staff and others within COPCC offices.

There is an expectation and requirement that all individuals and organisations associated in whatever way with the OPCC will act with integrity, and that the Commissioner and staff at all levels will lead by example in these matters.

The Commissioner and staff are important in the stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the activities of the OPCC. Concerns may be about something that:

- is unlawful
- is against the Commissioner's Procurement Regulations, Financial Regulations or policies
- falls below estimated standards or practices
- results in waste or loss to the Commissioner
- amounts to improper conduct

Staff can do this in the knowledge that such concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:

- The Chief Executive (01768 217732)
- The PCCCFO (01768 217631)
- External Auditors – Grant Thornton (0141 2230000)
- Internal Audit – (01228 606280)

The Public Interest Disclosure Act 1988 protects employees, who report suspected fraud or corruption activities, from any reprisals as long as they meet the rules set out in the Act. In simple terms the rules for making a protected disclosure are:-

- the information disclosed is made in good faith
- the person making the disclosure must believe it to be substantially true
- the person making the disclosure must not act maliciously or make false allegations
- the person making the allegation must not be seeking any personal gain

The designated officer required under the Act to receive disclosures is the PCCCFO. Members of the public are also encouraged to report concerns through any of the above avenues. Allegations/concerns can be made anonymously, however it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:

- the seriousness of issues raised
- credibility of the concern
- likelihood of confirming the allegation from attributable sources

Senior management are responsible for following up on any allegation of fraud and corruption received and will do so by:

- dealing promptly with the matter;
- recording all evidence received;
- ensuring that evidence is sound and adequately supported;
- ensuring security of all evidence collected;
- notifying the PCCFO, and implementing disciplinary procedures where appropriate.

The Commissioner will deal swiftly and thoroughly with any member of staff who attempts to defraud the OPCC or who are corrupt. The Commissioner will be robust in dealing with financial malpractice.

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Prevention

The Commissioner recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Chief Executive and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made

All employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the internal Codes of Conduct, policies and procedures. This policy and the role that appropriate staff are expected to play in the Corporate Governance framework and systems of internal control will be featured in staff induction procedures.

The Commissioner and Deputy Commissioner are required to adhere to the Code of Conduct relating to the declarations of interest. Staff are also required to declare pecuniary interests.

The Commissioner and all staff are required to declare in a public register any offers of gifts, gratuities or hospitality which are in any way related to the performance of their duties. Records of supplier contact are also required as part of these arrangements and the procurement regulations. Gifts, gratuities, hospitality and supplier contact disclosure forms are circulated to staff on a monthly basis with entries reviewed by the Chief Executive. The Chief Finance Officer reviews entries in respect of the Chief Executive. The Deputy Monitoring Officer undertakes an annual dip sample between the gifts, gratuities and hospitality registers, the supplier contact register and contracting activity undertaken within the COPCC.

Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the financial systems used for the Commissioner's financial transactions is independently monitored by both Internal Audit and External Audit. Senior Management place great weight on being responsive to audit recommendations

The Joint Audit and Standards Committee provides an independent and objective view of internal control by receiving and considering audit plans, reports and management letters and reports as appropriate.

As part of the prevention approach the Commissioner will participate in National Fraud Initiatives organised by the Audit Commission. The Audit Commission and External Audit will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and corruption.

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Detection and Investigation

The array of preventative systems, particularly internal control systems within the OPCC, has been designed to provide indicators of any fraudulent activity. Although generally they should be sufficient in themselves to deter fraud, it is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.

Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or 'tip off', and arrangements are in place to enable such information to be properly dealt with.

Depending on the nature and anticipated extent of the allegations, Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.

The OPCC's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviours.

The Commissioner may wish the police to prepare a case for the CPS regarding the prosecution of offenders where financial impropriety is discovered.

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Training

The Commissioner recognises that the continuing success of its Anti-Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.

To facilitate this, the Commissioner supports the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Conclusion

The Commissioner has in place clear networks of systems and procedures to assist it in the fight against fraud and corruption. These arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

To this end there is continuous overview of such arrangements, in particular, by the PCCCFO, through the Chief Internal Auditor and External Auditor.

#### ANTI FRAUD AND CORRUPTION POLICY AND PLAN

### Fraud Response Plan

All instances of fraud and corruption will be investigated in accordance with this plan.

Fraud and corruption may be reported through a range of channels including direct to a line manager, by another manager or by means of external reports. The means of reporting fraud will be publicised within the OPCC and will be made known to partners and those individuals and organisations that we come into contact with.

The arrangements for detection and investigation are set out in the Anti-Fraud and Corruption Policy. The PCCCFO and the Chief Internal Auditor will agree the approach to any investigation and ensure all parties are aware of reported fraud and corruption. Any investigation will ensure any weaknesses in internal control are identified and that corrective action is taken in order to minimise the risk of any reoccurrence. Issues considered will be reported to the Joint Audit and Standards Committee.

Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result in dismissal of the employee. Misconduct includes fraud committed by a member of staff against the organisation.

Where financial impropriety is discovered arrangements may be made where appropriate for the prosecution of offenders by the CPS.

In instances where the misconduct takes another form such as the misuse of systems and equipment that does not result in financial loss then the outcomes will be monitored by the Commissioner through the processes in place to oversee Human Resources issues.

The Commissioner will seek to ensure that lessons are learned from any mistakes made that allowed any instances of fraud or corruption to be perpetrated or to have gone unnoticed. This will be achieved by ensuring that system weaknesses or other contributory factors are identified and addressed. This will normally be achieved through an Internal Audit investigation, report and action plan to ensure that audit recommendations are implemented.



The External Auditor also has the powers to investigate fraud and corruption independently and the Commissioner will make use of these services in appropriate cases.

The PCCCFO will determine if a matter needs to be brought to the attention of the Chief Executive and Commissioner.

In the event that the Commissioner is involved the matter will be brought to the attention of the Monitoring Officer.

The PCCCFO and the Chief Internal Auditor will maintain a link with the Audit Commission in order to keep them apprised of developments in serious cases.

# Anti-Fraud and Corruption Procedure

This procedure has been written to support the Police and Crime Commissioner's Anti-Fraud and Corruption Policy.

## ANTIFRAUD AND CORRUPTION PROCEDURE

### Introduction

The COPCC has a policy against fraud and corruption. In summary, the COPCC will not tolerate fraud or corruption including theft and irregularity in the administration of their responsibilities, and expect staff to take positive action wherever fraudulent or corrupt activity is suspected.

The COPCC is clear that Misconduct Procedures will be invoked where improper behaviour is indicated, and that if there is evidence of criminal behaviour this is prima facie gross misconduct requiring immediate action to be taken where suspension or summary dismissal are likely. Where there is evidence of criminal behaviour the matter may be referred to the Police.

The Anti-Fraud and Corruption Procedure provides guidance to all staff to ensure adherence to the policy.

## ANTIFRAUD AND CORRUPTION PROCEDURE

### What is meant by Fraud and Corruption?

Fraudulent or corrupt acts may include:

- **System Issues:** where a process/system exists which is prone to misuse/abuse by either employees or public, (e.g. misuse of the order processing systems).
- **Financial Issues:** where individuals or companies have fraudulently obtained money from the Authority, (e.g. invalid invoices/work not done).
- **Equipment Issues:** where Authority equipment is used for unauthorised personal use, (e.g. personal use of the organisation's assets - vehicles/computers/telephones etc.).
- **Resource Issues:** where there is a misuse of resources, (e.g. theft of cash/assets).
- **Other Issues:** activities undertaken by Staff, which may be: unlawful; against policies or procedures; fall below established standards or practices; or amount to improper conduct, (e.g. receiving unapproved hospitality).

## ANTIFRAUD AND CORRUPTION PROCEDURE

### Your Duty

It is the duty of everyone:

- Not to commit or connive at any fraudulent or corrupt act.
- To raise with a senior officer or manager or the people listed in the contacts section of this procedure, any suspicion of improper activity which indicates fraudulent or corrupt behaviour on the part of a colleague or an external third party
- Not to discuss suspicions of improper practice other than with a senior officer or manager or the people listed as Contacts.
- Senior officers or managers must investigate or cause to be investigated, any such suspicion which has been raised with them.
- To maintain and constantly monitor the necessary controls to guard against fraud and corruption, which are laid out in the COPCC's procedural documentation, principally the Procurement Regulations and the Financial Regulations/Rules.
- Ensure any payments due to an employee are authorised by an independent member of staff.
- Always maintain controls that ensure functions involving the safe guarding of resources are administered by two members of staff (for example the order and certification of receipts of goods).
- As a public servant, to assess the needs of the public, partners and our suppliers impartially, professionally and without personal prejudice and to determine the outcome of competitive situations with these same qualities.
- When private or personal interests arise in any matter which presents when at work, not to let those interests influence actions on behalf of the Commissioner. (The test is – “can I justify my actions if they become public?” If in doubt, consult your manager/supervisor).
- To adhere to the guidelines below regarding ‘Special Interests’ and offers or acceptance of hospitality and gifts and gratuities.
- To record supplier contact

## ANTIFRAUD AND CORRUPTION PROCEDURE

### What to do if you suspect Fraud or Corruption

The Public Interest Disclosure Act 1998 provides legal protection for employees who raise genuine concerns in relation to suspected fraud and corruption issues.

If you have reason to suspect fraud or corrupt activity on the part of a colleague, you should raise the matter discreetly and as soon as possible ~~with your line manager~~. The OPCC has a Whistleblowing Policy which members of staff or the public can follow to report suspected fraud or corruption. Members of staff can report instances to their line manager, however If you feel that immediate contact with your manager is inappropriate under the circumstances, the following people are also directly approachable.

## Contacts

- The Chief Executive (Monitoring Officer) (01768 217732)
- The PCCCFO (01768 217631)
- Internal Audit – (01228 606280)

In ordinary circumstances, these are the normal points of contact for these issues in the COPCC, however in an exceptional case if an individual feels that concerns cannot be raised through any of the above routes, then the following external organisations offer alternative confidential ‘helpline’ services. .

- External Auditors – Grant Thornton (0141 2230000)

The Comptroller and Auditor General of the National Audit Office will be a prescribed person to whom whistleblowing disclosures can be made in respect of public businesses in England, this includes value for money, fraud and corruption in providing centrally funded public services. They can be contacted as follows:

The Comptroller and Auditor General, National Audit Office, 157-197 Buckingham Palace Road, Victoria, London, SW1 9SP Tel: 020 7798 7999 (website) [www.nao.org.uk/about\\_us/concerns\\_about\\_public\\_spending.aspx](http://www.nao.org.uk/about_us/concerns_about_public_spending.aspx) )

## ANTIFRAUD AND CORRUPTION PROCEDURE

### What to do if a member of staff raises concerns with you

If an allegation of fraud or corruption is made to you as a line manager you must raise the matter with the Chief Executive and/or the PCCCFO. In line with the Whistleblowing Policy they will determine the appropriate investigative response and whether the Internal Auditor should become involved or a criminal investigation undertaken.

Notwithstanding the above procedure the manager may feel, due to the nature of the allegation, that it is inappropriate to inform the personnel listed and in such exceptional circumstances any other of the contacts listed above may be informed. Arrangements will then be made to:

- Deal promptly with the matter
- Record all evidence received
- Ensure the evidence is sound and adequately supported
- Ensure the security of all evidence collected
- Advise the PCCCFO and the Internal Auditor

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Advice to members of the public

In the event of a member of the public becoming suspicious of fraudulent or corrupt administrative or financial activity within the COPCC, the matter should be reported to the Monitoring Officer in the first instance. Any information will be treated in confidence and can, if you wish, be provided anonymously.

### Contact Details

01768 217734

[commissioner@cumbria-pcc.gov.uk](mailto:commissioner@cumbria-pcc.gov.uk)

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Special Interests

Employees must disclose in writing any financial interest (direct or indirect) which they may have in any contract the COPCC has entered into, or may enter into. They must not accept of any fees or rewards whatsoever other than proper remuneration from their employer. The standards expected from staff in commercial transactions are set out in the Business Code of Conduct.

Interests other than financial can be equally as important – and include for example, kinship, friendship, membership of a society or association, or trusteeship and so on. The individual must judge whether the interest is sufficiently close as to give rise to suspicion, or create a perception that a transaction can give rise to suspicion. It is always better to err on the side of caution than to deal

with a challenge after the event. If a matter which involves such intangible interests arises at a meeting of the COPCC in which you are a participant, you must orally disclose that interest and ensure that it is minuted in the record of the meeting.

The Chief Executive and Monitoring Officer to the COPCC will maintain a Register of Interests for the Commissioner and COPCC staff. These are available for public inspection on the COPCC website. Policies and procedures for vetting, secondary employment and business interests will be used to support obligations in respect of declarations of interest.

Members of OPCC staff will be required to complete the register of interests form, forms for secondary employment and related party transactions. The forms will be countersigned by the individual's line manager following a meeting. It is important that the responses and completion of the form is done honestly and that it is updated if changes to an individual's circumstances occur. Forms are completed by all members of OPCC staff. Forms for the Commissioner and COPCC staff will be held by the Chief Executive. The forms for related party transactions and secondary employment will remain confidential subject to inspection by Senior Managers, internal / external audit or other persons undertaking approved investigations.

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Politically Restricted Posts (PORP)

All posts within the Office of the Police and Crime Commissioner will be designated as a PORP.

Posts that have been designated as PORPs will include reference to this fact in the job description and post holders will be informed of the restrictions which apply.

Designation as a PORP means that the post holder is disqualified from election to a Local Authority or National and European Parliaments. (This does not include Parish or Community Councils). Designation as a PORP also restricts PORPs from:

- Candidature for public elected office (other than to a Parish or Community Council);
- Holding office in a political group;
- Canvassing at elections;
- Speaking or writing publicly (other than in an official capacity) on matters of party political controversy.

In addition to the specific restrictions placed on an individual who is nominated as a PORP, the organisations of the COPCC and Constabulary should not issue material which is likely to affect public support for a legally-constituted political party.

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Gifts, Gratuities, Hospitality and Supplier Contact Records

The Chief Executive is responsible for ensuring a register is maintained to record all interests and of all gifts, gratuities and hospitality offered and declined or retained. The Chief Executive is responsible for ensuring records are maintained of supplier contact.

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Offers and Acceptance of Hospitality

It is essential when dealing with organisations or individuals likely to benefit from the goodwill of the COPCC or existing/potential contractors that:

- You are never placed in the position of owing favours.
- Your conduct does not allow for any suspicion that you could be unfairly favouring any particular third party over others.
- Invitations of hospitality should only be accepted if they do not exceed £25. Invitations to events should only be accepted if: You are participating (e.g. speaking) or attending as part of your duties and responsibilities, and attendance has been properly authorised by the Chief Executive. The Chief Executive's attendance must be authorised by the Commissioner.
- Hospitality that could be considered excessive or might give the perception of influence should be avoided. Any hospitality received should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a use of public funds.

Whilst a working lunch is often an acceptable part of normal working relations, the following should be avoided:

- Hospitality received which constitutes more of a social function.
- An excess of hospitality, both in terms of frequency or lavish meals. Meals should not exceed £25.
- Hospitality which could give rise to suspicions of favour.

If there is any doubt as to whether an invitation should be accepted or declined, your line manager should be consulted.

The Commissioner and COPCC staff should record offers of Hospitality (accepted or declined) on the Gifts and Hospitality and Gratuities Declaration form available in the OPCC/Governance/Gifts and Hospitalities folder. Staff will be reminded on a monthly basis to complete the relevant forms and quarterly at team meetings of their obligations. Forms will be monitored by the Chief Executive and published on the OPCC website.

The Gifts and Hospitality Register for the Chief Constable will be countersigned by the COPCC Chief Executive. The Register is to be reviewed by the Chief Executive on a quarterly basis and published on the COPCC and force website.

#### ANTIFRAUD AND CORRUPTION PROCEDURE

### Offers and Acceptance of Gifts and Gratuities

Gifts other than small value, not exceeding £10, should be courteously declined, other than where this may cause offence. In these circumstances the Chief Executive may be consulted and can determine to accept the gift on behalf of the COPCC. Such gifts must be recorded by the Chief Executive in the gift, gratuity and hospitality register with a record of where the gift is held.

Examples of gifts which could be accepted are:

- Modest promotional gifts provided to staff at seminars and conferences (pens, diaries, calendars, office requisites, mugs and coasters).
- Small commemorative items from visiting overseas law enforcement or governmental agencies or similar organisations.
- Unsolicited and inexpensive gifts of thanks from members of the public or victims of crime may be offered to individuals in genuine appreciation of outstanding levels of service.

Gifts of a modest nature (below £10) should not be accepted where the volume/frequency of the gift is excessive. In cases of uncertainty the Deputy Monitoring Officer should be asked for advice.

A gratuity may be accepted if it is:

- An offer or discount negotiated through a staff association or trade union.



- Discounts to public service workers including members of the police service, offered on the basis that the organisation has a large customer base and explicit approval has been given.

Donations to the organisation as a whole (e.g. sponsorship of an event or a piece of equipment) are acceptable but must be dealt with in accordance with the Financial Regulations. The Chief Executive must determine whether the donation will be accepted.

As a general rule all gifts and gratuities should be graciously declined. Gifts delivered should be returned to the sender with an appropriately worded letter, and your line manager must be informed.

Gifts can include loans, legacies, favours such as trading discounts and free or discounted admission to sporting or other events. In the event of a legacy from clients or others who have benefited from the services of the COPCC, the Chief Executive must be informed immediately. Where refusal of a gift might cause actual offence, steps are likely to be taken to transfer the value of the gift to a charity as a gift from the COPCC.

If there is any doubt, the items should be refused, and the principles outlined here apply equally if gifts are offered to your immediate family but might be perceived as being an inducement, given your relationship with the donor.

COPCC staff should record offers of gifts and gratuities (accepted or declined) on the Gifts, Gratuities and Hospitality Declaration form available in the OPCC/Governance/Gifts and Hospitalities folder. Staff should also record on supplier contact forms any contact, other than unsolicited mail, irrespective of whether a gift, gratuity or hospitality has been offered. Forms will be monitored by the Chief Executive. Audits of this register will be carried out on a quarterly basis by the Deputy Monitoring Officer. Any issues or trends identified from the review will be reported to the Chief Executive.

## ANTIFRAUD AND CORRUPTION PROCEDURE

### Reward Points

The Commissioner and COPCC staff should not accept, retain or utilise any reward points accrued through business purposes for private or personal gain, e.g. points accrued at a petrol station, air miles. Gratuities which amount to individual gain from a points scheme when purchasing services, items or fuel are not acceptable.

## ANTIFRAUD AND CORRUPTION PROCEDURE

### Review of the Arrangements and Risk

These arrangements will be included in the list of Risk Items from which the recurring review programmes of Internal Audit are selected.

Fraud risk will be considered as part of the COPCC's wider strategic and operational risk management. Any identified risks will be classified to the possible type of offence; assessed for each area and process of business and the potential members of staff this could affect.



## Cumbria Office of the Police & Crime Commissioner OPCC Staff Register of Interests

Cumbria Office of the Police and Crime Commissioner (COPCC) has adopted an Anti-Fraud and Corruption Policy and Code of Conduct consistent with the highest levels of conduct from its employees.

In accordance with this policy (which includes the avoidance of suspicion of fraudulent or corrupt behaviour), you 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 this policy.

### PERSONAL / POST DETAILS

**Name**

**Job / Title**

**Grade / Rank**

### FINANCIAL INTERESTS

**It is important that employees are seen not to have a financial interest in any aspect of procurement carried out by the Organisation.**

Do you have secondary employment or trade on a self-employed basis or as a partner in a firm? If so indicate your role and the employer's / firm's address and nature of business.

*Tick the appropriate response.*

<input type="checkbox"/>	<b>No I do not.</b>
<input type="checkbox"/>	<b>Yes I do.</b>
<input type="checkbox"/>	Details:

Do you hold any paid or unpaid directorships? If so indicate the companies or charity concerned and the nature of their business.

*Tick the appropriate response.*

	<b>No I do not.</b>
--	---------------------

	<b>Yes I do.</b>
	Details:

Are you a member of an unlimited company or a company limited by guarantee (which may include a charity that has been set up in accordance with *company rules*)? If so name the company and the nature of its business.

*Tick the appropriate response.*

	<b>No I do not.</b>
--	---------------------

	<b>Yes I do.</b>
	Details:

Do you through shareholding or your nominees hold a significant financial interest in a company? 'Significant' means a shareholding in excess of 10% of the nominal issued share capital of the company – normal shareholding in companies quoted on the Stock Exchange are therefore most unlikely to fall under this heading.

*Tick the appropriate response.*

	<b>No I do not.</b>
--	---------------------

	<b>Yes I do.</b>
	Details:

To your knowledge do you – spouse / partner have an interest declarable under the above?  
If so give details of the individual, their relationship to you and the nature of the interest.

*Tick the appropriate response.*

	<b>No I do not.</b>
--	---------------------

	<b>Yes I do.</b>
	Details:

#### **OTHER INTERESTS**

**It is important that staff in influential positions should not be perceived as being open to 'influence' in the provision of the COPCC service.**

Indicate below your membership of any societies / associations / clubs, which in your opinion give rise to unwarranted suspicions of partiality in the discharge of the duties of your post.

*Tick the appropriate response.*

	<b>I do not belong to a society / association / club that could give rise to suspicions about my partiality in the discharge of my post.</b>
--	--

	<b>Yes, I do belong to the following society(s) / association(s) / club(s) that could give rise to unwarranted suspicion about my partiality in the discharge of my post.</b>
--	---

	Details:

Indicate below if you are a member of a Local Authority or statutory undertaking (including ministerial appointee to any statutory body or undertaking) which is constituted to discharge or assist in discharging a statutory function (e.g. member of a statutory working group [i.e. Food & Drink Advisory Panel], lay-minister etc.).

*Tick the appropriate response.*

	<b>I am not a member of a Local Authority or statutory undertaking constituted to discharge or assist in the discharging a statutory function.</b>
--	--

	<b>Yes, I am a member of a Local Authority or statutory undertaking constituted to discharge or assist in the discharging a statutory function.</b>
	Details:

Indicate below any relationships you have with current or potential suppliers to the OPCC, which in your opinion may give rise to unwarranted suspicions of partiality in the discharge of the duties of your post.

	<b>I do not have any relationships with current or potential suppliers to the OPCC</b>
--	--

	<b>Yes, I have a relationship with current or potential suppliers to the OPCC</b>
	Details:

--	--

**Signed:**

**Line Manager**

**Date**

The forms will be forwarded to the Chief Executive (Monitoring Officer) when complete for retention.

**CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER****Declaration of Related Party Transactions 200+ / ++**

Name:

In answering each question please state the dates, amounts and any other relevant details.

Have you or any partnerships, companies, trusts or any other entities in which you have a controlling interest undertaken any transactions with Cumbria Office of the Police and Crime Commissioner during the 200+ / 200+ financial year, which should be disclosed under the criteria specified in the covering letter?

Have any of your close family, members of your household or any partnerships, companies, trusts or any other entities in which they have a controlling interest undertaken transactions with Cumbria Office of the Police and Crime Commissioner in the 200+ / 200+ financial year, which should be disclosed under the criteria specified in the covering letter?

Are you involved with any interest groups which have undertaken transactions with Cumbria Office of the Police and Crime Commissioner in the 200+ / ++ financial year, which should be disclosed under the criteria specified in the covering letter?

Have you or any partnerships, companies, trusts or any other entities in which you have a controlling interest undertaken any transactions with Cumbria Constabulary during the 200+ / 200+ financial year, which should be disclosed under the criteria specified in the covering letter?

Have you received any services free of charge to which a charge is normally levied?

Any other relevant information should be disclosed in the space below.

Signed:-

---

Date:-

---

Please return the signed form to the Monitoring Officer by 4 April 20++.  
Please note that nil returns should still be submitted.





## CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER

### CODES OF CONDUCT UNDERTAKING

I, .....having become a Member of the COPCC and Constabulary Audit and Standards Committee, declare that I will duly and faithfully fulfil the requirements of this role according to the best of my judgement and ability and within codes adopted by the COPCC / Constabulary:

I undertake to observe and comply with the model Code of Conduct (1) expected from Members, as adopted by the COPCC / Constabulary; of which I am supplied with a copy.

I confirm receipt of a form (2) for notification by a member of their financial and other interests under which I will complete and return to the Monitoring Officer for entry in the COPCC's Register. I undertake to update the Monitoring Officer on any changes to those notifiable interests.

I further undertake to observe and stand by the Anti-Discrimination Code of Conduct (3) adopted by the COPCC for its members and staff, of which I am also supplied with a copy.

I finally undertake to observe and stand by the Member-Officer Protocol (4) adopted by the COPCC / Constabulary, of which I am additionally supplied with a copy.

Signed ..... Date .....

This undertaking was made and signed before me

Signed ..... Date .....

Proper Officer



## CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER

### CODES OF CONDUCT UNDERTAKING

I, .....as a Member of staff of Cumbria Office of the Police and Crime Commissioner, declare that I will duly and faithfully fulfil the requirements of this role according to the best of my judgement and ability and within codes adopted by the COPCC.

I undertake to observe and comply with the model Code of Conduct (1) expected from members of staff, as adopted by the COPCC; of which I am supplied with a copy.

I confirm receipt of a form for notification by a member of staff of their financial and other interests under which I will complete and return to the Monitoring Officer for entry in the COPCC's Register. I undertake to update the Monitoring Officer on any changes to those notifiable interests.

I further undertake to observe and stand by the Anti-Discrimination Code of Conduct adopted by the COPCC for its members and staff, of which I am also supplied with a copy.

I finally undertake to observe and stand by the Commissioner-Officer Protocol adopted by the COPCC, of which I am additionally supplied with a copy.

Signed ..... Date .....

This undertaking was made and signed before me

Signed ..... Date .....

Proper Officer

## RELATED PARTY TRANSACTIONS PROCESS

Cumbria Office of the Police & Crime Commissioner (COPCC) 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.

Staff within the COPCC 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.

Information regarding Related Party Transactions is retained within the OPCC IT System. A process has been developed to deal with Related Party Transactions as follows –

- Within the relevant year there is a procedures log to complete when actions have been carried out.
- Create covering letter which the Chief Finance Officer (CFO) will approve.
- Send covering letter and form to be completed to Printing to print. (The form must be printed on a different coloured paper from the previous year – eg 2011 forms were pink)
- Update the list of who is to receive the letter with whether they have left or been appointed during the financial period.
- The recipient will receive a copy of the letter, form to complete and a stamped addressed envelope.
- They are given approximately 1 month to complete the form and return it to the COPCC.
- If the form is not received within the time given then contact the individual and also sent out a chase up letter. This will include a follow-up letter, the original letter and a blank form to complete.
- Upon receipt of completed forms, check to see if there are any 'positive' returns. These are then given to the CFO and Monitoring Officer to look at.
- The OPCC will undertake to review the constabulary's completed forms as part of its oversight and scrutiny role on an annual basis.
- All returned forms are kept in alphabetical order with any 'positive' returns placed in a separate section at the top of the pile.
- A copy of the completed procedures log is printed off and attached to the top of the pile.
- The forms will be viewed by the Auditors on an annual basis.

# Cumbria Office of the Police and Crime Commissioner

## Register of Gifts, Hospitality and Gratuities – Police & Crime Commissioner / OPCC Staff

Date of Offer	Date of Event	Offered To	Description of Offer and Reason	Estimated /Actual Value £	Action Taken Accepted Refused Returned	Reasons for Accepting / Declining

Reviewed by OPCC Chief Executive on - xxxxxxxx 2014  
Updates to this document will be provided following the end of the calendar month.

# Cumbria Office of the Police and Crime Commissioner

## Register of Supplier Contacts – Police & Crime Commissioner / OPCC Staff

Date of Contact	Supplier Name	Contact With	Description of contact

Reviewed by OPCC Chief Executive on - xxxxxxxx 20xx

Updates to this document will be provided following the end of the calendar month.



## **CUMBRIA OFFICE OF THE POLICE AND CRIME COMMISSIONER**

### **CUSTODY VISITING SCHEME**

#### **MEMORANDUM OF UNDERSTANDING**

You will be issued with a copy of the full guidance for the Scheme, but you should particularly note the following points, which highlights the expectations of each Custody Visitor.

#### **1. ROLE AND RESPONSIBILITIES**

The purpose of your role is to observe and report upon the conditions under which persons are detained at Police Stations. Your concern is for the welfare of the person in custody and the operations in practice of the statutory and other rules governing their welfare including a consideration of their welfare in regard to equality.

#### **2. APPOINTMENT**

Your appointment is initially for a period of three years.

After three years and six years you will be eligible for re-appointment for a further three years subject to the approval of the Chairman of the panel to which you are appointed and the Scheme Administrator. No visitor may serve more than three terms of appointment.

#### **3. IDENTITY CARDS**

Your Custody Visitor identity card will be valid for the period that you are appointed as a Custody Visitor. The identity card authorises you to visit police stations within your Panel area. The identity card should only be used for the purpose of making visits. If it is used for any other purpose, it will be withdrawn and your appointment as a Custody Visitor may be terminated. Identity cards must be returned on termination of appointment as a Custody Visitor.

#### 4. UNDERTAKING VISITING

You are required to make visits in pairs at all times. There are no exceptions to this requirement, and custody staff are aware that they should not allow anyone who is unaccompanied to make a visit. You can only make a visit when accompanied by another Custody Visitor from your Panel.

#### 5. VISITS

You are expected to make a minimum of six visits per year; if there are exceptional circumstances, which prevent you from fulfilling this requirement, you should ensure that the Scheme Administrator is aware of these. If you have not made a visit within a four month period, the Chair of your Panel will advise the Scheme Administrator who will write to you to ascertain the reason and seek an explanation.

#### 6. DOCUMENTATION

You are required to complete reports for every custody visit made (even when there were no detainees in custody) and submit them promptly to the Office of the Police and Crime Commissioner.

#### 7. CHANGE IN CIRCUMSTANCES

You are expected to notify the Scheme Administrator of any change in circumstances which will affect your position as a Custody Visitor, e.g. if you are charged with a criminal offence or become a Magistrate, Special Constable, Police Officer or undertake any other work which may present you with a conflict of interest.

#### 8. ATTENDANCE AT TRAINING SEMINARS

You will be expected to attend the training events arranged by the Office of the Police and Crime Commissioner and encouraged to attend regional or national conferences where appropriate. Induction training will cover the following areas Diversity, Equality and Human Rights training.

#### 9. ATTENDANCE AT PANEL MEETINGS

You will be expected to attend the periodic Panel meetings. If you have not attended any Panel meetings within a twelve month period, the Chair of your Panel will advise the Scheme Administrator who will write to you to ascertain the reason and seek an explanation.

#### 10. IMPARTIALITY AND CONFIDENTIALITY

During the course of your duties, you may acquire considerable personal information about persons connected with police enquiries, the majority of whom will not at that time have appeared in Court. Some will never appear in Court. That information must be protected against improper or unnecessary disclosure. You should be aware that improper disclosure of information acquired during the course of a visit may attract civil or criminal proceedings. Additionally, unauthorised disclosure of facts concerning police operations or the security of police stations may constitute an offence under the Official Secrets Act 1989.

You must undertake not to disclose any information related to persons connected with police enquiries or police operations that you may acquire as part of your duties as a Custody Visitor.

## 11. QUERIES

Queries on any aspect of the scheme should be addressed to the Scheme Administrator, John Askew, on 01768 217158 or e-mail [john.askew@cumbria-pcc.gov.uk](mailto:john.askew@cumbria-pcc.gov.uk)

You should sign below to indicate your agreement to be bound by the guidance for the Cumbria Independent Custody Visiting Scheme. A copy of this agreement will be returned to you for your reference.

John Askew  
Scheme Administrator  
Cumbria Office of the Police and  
Crime Commissioner  
Carleton Hall  
PENRITH  
Cumbria  
CA10 2AU

[www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk)

Name: .....  
(BLOCK CAPITALS)

Signed: .....

Date: .....

Appointed to : ..... Panel



## **COMMISSIONER AND OFFICER** **PROTOCOL - DECLARATION**

I agree to conduct myself in accordance with and abide by the Police & Crime Commissioner and Officer Protocol whilst conducting duties of the Office of the Police and Crime Commissioner for Cumbria.

**Signed:** ..... **Date:** .....

Police & Crime Commissioner/ Deputy Police & Crime Commissioner/Appointed  
Person/Member of staff of the Office of the Police & Crime Commissioner for  
Cumbria

(Delete as not applicable)



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Agenda Item 8

# Joint Audit & Standards Committee

## Title: Monitoring and Effectiveness of the PCC/Officer Protocol and Code of Conduct

**Date:** 06 May 2015**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. 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.
- 2.8 There have been no issues brought to the attention of the Chief Executive/Monitoring Officer with regard to either the Commissioner's or a member of staff's conduct.

### Code of Conduct & Ethical Framework

- 2.9 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.
- 2.10 The code provides guidance on disclosable interests, use of resources, conflicts of interest, disclosure of information, transparency and complaints.
- 2.11 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.
- 2.12 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.
- 2.13 Again there have been no issues brought to the attention of the Chief Executive/Monitoring Officer with regard to the conduct of the Commissioner whilst in the execution of his duties.

### Police & Crime Panel

- 2.14 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).
- 2.15 The Panel have 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.
- 2.16 During the year 2014/2015 a total of 2 separate complaints have been received by the Panel with regard to the Commissioner. With regard to both of the complaints received by the panel, the OPCC provided relevant documentation or information as requested. This

information was subsequently provided by the County Council's monitoring officer to the individuals as way of an explanation regarding the issues that they raised. It should be noted that no action has been taken or sanctions made against the Commissioner following the complaints being made.

- 2.17 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. No sanctions have been made against the Commissioner.

#### Ethics and Integrity Panel

- 2.18 The Police and Crime Commissioner and Chief Constable have recently created and appointed members to an Ethics and Integrity Panel. The purpose of the panel is to provide a forum which challenges, encourages and supports the Commissioner and the Chief Constable in monitoring and dealing with integrity and ethical issues within Cumbria Constabulary and the Office of the Police and Crime Commissioner.
- 2.19 In March 2015 the Joint Audit & Standards Committee's terms of reference were amended and the monitoring of the operation and effectiveness of the PCC's Code of Conduct and PCC/Officer Protocol were removed to reflect the setting up of the Ethics and Integrity Panel.
- 2.20 This will be the final report that the Joint Audit & Standards Committee will receive with regards to this area of work as these matters will now be monitored by the Ethics & Integrity Panel. However responsibility for dealing with such issues sits with the Police and Crime Panel.

### **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>

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<b>JOINT POLICE &amp; CRIME COMMISSIONER AND CUMBRIA CONSTABULARY AUDIT &amp; STANDARDS COMMITTEE</b>	<b>Paper No.</b>
<b>Meeting date: 6 May 2015</b>	
<b>From: Audit Manager (Cumbria Shared Internal Audit Service)</b>	

## **INTERNAL AUDIT: ANNUAL REPORT 2014/15**

### **1.0 EXECUTIVE SUMMARY**

**1.1 This report provides a summary of the outcomes of the work of internal audit for 2014/15 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 13 audit reviews have been completed. This represents 76% of the planned audit work for the year.**
- The earlier timescales for reporting mean that this annual report contains our draft audit opinion which will be monitored and reviewed pending completion of four pieces of work currently underway.**
- Overall levels of assurance are considered to be high with 100% of finalised 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.**

**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 2014/15 in delivering the audit plan.*
- *The Head of Internal Audit's draft opinion and assurance statement on the PCC and Constabulary's overall systems of governance, risk management and internal control for the year ended 31<sup>st</sup> March 2015.*
- *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 1<sup>st</sup> 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 31<sup>st</sup> March 2015.
- 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.

- 4.10 The Shared Service Group Audit Manager has undertaken review of all internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager or nominated deputy and is supported by appropriate evidence.
- 4.11 The Group Audit Manager supports the assurance opinion provided in this report.

### **Internal audit performance**

- 4.12 A suite of performance measures were used to monitor Internal Audit's performance during 2014/15. The results are shown below.

<b>Measure</b>	<b>Description</b>	<b>Benchmark</b>	<b>Actual</b>
Completion of audit plan	% of audits completed to final report	95% (annual target)	76%
	Number of planned days delivered	180	175*
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%
Timeliness of final reports	% of final reports issued for corporate director comments within five working days of management response of closeout meeting.	90%	100%
Recommendations agreed	% of recommendations accepted by management	95%	100%
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%
Quality assurance checks completed	% of QA checks completed	100%	100%

Measure	Description	Benchmark	Actual
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	86%
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	77%

\* Includes work undertaken to 17 April 2015.

### **Internal audit coverage and outputs**

- 4.13 13 reviews have been finalised with all receiving at least reasonable assurance levels.
- 4.14 There are four reviews which are work in progress. At the time of preparing this report, one of these reviews had been issued in draft.
- 4.15 The following table summarises the total number of audit evaluations made during 2014/15.

	Constabulary		OPCC		Joint	
Assurance level	Total	%	Total	%	Total	%
Substantial	3	43	2	67	1	100
Reasonable	4	57	1	33	-	-
Partial	-	-	-	-	-	-
No / limited	-	-	-	-	-	-
N/A	1	-	1	-	-	-
<b>Total to date</b>	<b>8</b>	<b>100</b>	<b>4</b>	<b>100</b>	<b>1</b>	<b>100</b>

- 4.16 Appendix 1 provides the detail of audit work undertaken over the year to 31<sup>st</sup> March 2014. Text that is shaded in grey was reported to Audit & Standards Committee at its meeting on 10th March and is included here for completeness.

### **Statement of Conformance with Public Sector Internal Audit Standards**

- 4.17 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.

4.18 The outcomes of the review confirm that internal audit work has been undertaken in accordance with the Public Sector Internal Audit Standards.

**Emma Toyne**  
**Audit Manager**  
*21 April 2015*

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## **APPENDICES**

### ***Appendix 1: Audits completed for the year ended 31<sup>st</sup> March 2015***

Contact: Emma Toyne, 01228 226261, [emma.toyne@cumbria.gov.uk](mailto:emma.toyne@cumbria.gov.uk)

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
Annual report 13/14	Presented to Audit and Standards Committee 23 June 2014.	N/A	Complete
Annual Governance Statement 13/14 - PCC	Presented to Audit and Standards Committee 23 June 2014.	N/A	Complete
Annual Governance Statement 13/14 - Constabulary	Presented to Audit and Standards Committee 23 June 2014.	N/A	Complete
Absence Management – Constabulary	<p>The purpose of the audit was to provide assurance over the arrangements in place within the Constabulary to manage attendance.</p> <p>The audit identified the level of commitment to reducing employee absence as a strength.</p> <p>Three recommendations were made in respect of:</p> <ul style="list-style-type: none"> <li>• Documenting procedures for the collation and reporting of quarterly absence data (<i>medium priority</i>)</li> <li>• Further developing the Origin HR system (<i>medium priority</i>) and;</li> <li>• Completing the review of the absence management policy by the revised target date (<i>advisory issue</i>).</li> </ul>	Reasonable Assurance	Report circulated to Audit and Standards Committee 22/09/14

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
Project Management Arrangements – New Barrow Police Station	<p>The purpose of the audit was to provide assurance over the project management arrangements for the new police station at Barrow.</p> <p>The audit identified several areas of good practice including:</p> <ul style="list-style-type: none"> <li>• Sound governance arrangements;</li> <li>• A suitably qualified and skilled project team;</li> <li>• Input from internal specialists as required (eg finance and legal)</li> <li>• Budget monitoring and financial processes</li> <li>• Systems for recording and reporting risks.</li> </ul> <p>No recommendations were made.</p>	Substantial assurance	Report presented to Audit and Standards Committee 22/09/14
Payroll	<p>The purpose of the audit was to provide assurance over the arrangements in place for payroll data, deductions, procedures and security.</p> <p>The audit identified several areas of good practice including:</p> <ul style="list-style-type: none"> <li>• Clearly stated targets which are consistently achieved;</li> <li>• Regular monitoring and reporting of payroll performance;</li> <li>• Good level of training</li> <li>• Robust access controls</li> <li>• Management review of input and reconciliation prior to payment;</li> <li>• Strict adherence to timetables.</li> </ul> <p>No recommendations were made.</p>	Substantial Assurance	Report circulated to Audit and Standards Committee



## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
<p>Governance – Anti Fraud &amp; Corruption policy (Constabulary)</p>	<p>The purpose of the audit was to provide assurance over the arrangements in place for the anti-fraud and corruption policy.</p> <p>A number of strengths were identified during the audit including:</p> <ul style="list-style-type: none"> <li>• Quarterly reporting to the OPCC on anti-fraud and corruption activity;</li> <li>• Clear promotion and publication of anti-fraud and corruption activity and procedures through an on-going programme of staff awareness raising and training presentations;</li> <li>• Promotion of high standards of integrity, conduct and ethical behaviour within the organisation.</li> </ul> <p>Six medium priority recommendations were made regarding:</p> <ul style="list-style-type: none"> <li>• Timely approval, publication and implementation of the anti-fraud and corruption policy;</li> <li>• No job description for the Director of Professional Standards</li> <li>• The need for supervisory review and challenge of gifts and gratuity submissions;</li> <li>• Reporting monitoring activity for gifts and gratuities to Professional Standards Department management team for review and action on a regular basis.</li> <li>• Cross checking of contract / procurement records with other records</li> <li>• The need to promptly report incidents as they arise to the Chief Finance Officers of both organisations.</li> </ul>	<p>Reasonable Assurance</p>	<p>Report circulated to Audit and Standards Committee</p>

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
Governance – Anti Fraud & Corruption policy (OPCC)	<p>The purpose of the audit was to provide assurance over the arrangements in place for the anti-fraud and corruption policy.</p> <p>A number of areas of good practice were identified including:</p> <ul style="list-style-type: none"> <li>• Comprehensive and up to date arrangements for anti-fraud and corruption</li> <li>• Strong accountability through reporting on anti-fraud and corruption activity</li> <li>• Clarity of roles and responsibilities and the duty of all staff in respect of their own conduct</li> <li>• Monitoring adherence to the policy and procedures.</li> </ul> <p>No recommendations were made.</p>	Substantial Assurance	Report presented to Audit and Standards Committee 10/03/15
Risk Management (Constabulary)	<p>The purpose of the audit was to provide assurance over the constabulary's risk management arrangements.</p> <p>The review confirmed that:</p> <ul style="list-style-type: none"> <li>• there is an approved, current risk management policy, clearly stating risk management responsibilities, which has been communicated to staff.</li> <li>• Quarterly quality assurance processes are in place to monitor compliance with the policy and there is challenge of both strategic and operational risks at an appropriate level.</li> <li>• The constabulary have taken on board the findings of an independent review of their risk management arrangements.</li> </ul>	Substantial Assurance	Report presented to Audit and Standards Committee 10/03/15

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
	No recommendations were made.		
Risk Management (OPCC)	<p>The purpose of the audit was to provide assurance over the arrangements in place for risk management.</p> <p>A number of areas of good practice were identified during the audit including:</p> <ul style="list-style-type: none"> <li>• An approved, up to date risk management strategy is in place and has been clearly communicated to staff;</li> <li>• Clear roles and responsibilities for risk management</li> <li>• Arrangements are in place to oversee the Constabulary's risk management arrangements.</li> </ul> <p>Four recommendations were made in respect of:</p> <ul style="list-style-type: none"> <li>• Clearly focussing strategic risks on the delivery of strategic objectives; (<i>medium priority</i>)</li> <li>• Aligning OPCC and Constabulary risk reporting formats (<i>advisory issue</i>)</li> <li>• Provision of a risk management training course (<i>advisory issue</i>)</li> <li>• Providing guidance to staff on risk identification (<i>medium priority</i>).</li> </ul>	Reasonable Assurance	Report presented to Audit and Standards Committee 10/03/15
Policy development and management (Constabulary)	<p>The purpose of the audit was to provide assurance over the Constabulary's arrangements for policy development and management.</p> <p>Points of good practice identified during the audit included:</p>	Substantial Assurance	Report presented to Audit and Standards

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
	<ul style="list-style-type: none"> <li>• Clear allocation of responsibility / accountability to Strategic Development Unit;</li> <li>• Development of a programme of policy review;</li> <li>• Use of Authorised Professional Practice published by the College of Policing to avoid duplication of effort and ensure best practice;</li> <li>• Withdrawal of out of date policies from the policy library.</li> </ul> <p>No recommendations were made.</p>		Committee 10/03/15
Policy development and management (OPCC)	<p>The purpose of the audit was to provide assurance over the OPCC's arrangements for policy development and management.</p> <p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>• Clear allocation of responsibility / accountability to the recently appointed Head of Partnerships and Commissioning;</li> <li>• A defined process for consulting on and approving policies;</li> <li>• Arrangements for communication of and training on new policies.</li> </ul> <p>Two medium priority recommendations were made in respect of :</p> <ul style="list-style-type: none"> <li>• A policy development plan</li> <li>• Maintenance of the document library.</li> </ul>	Reasonable Assurance	Report presented to Audit and Standards Committee 10/03/15
Communications Centre	<p>The purpose of the audit was to provide assurance over the Constabulary's arrangements in place within the Communications Centre.</p> <p>Areas of good practice identified included:</p> <ul style="list-style-type: none"> <li>• A comprehensive induction and training programme for staff</li> <li>• Clearly defined roles and responsibilities</li> </ul>	Reasonable Assurance	Report presented to Audit and Standards Committee 10/03/15

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
	<ul style="list-style-type: none"> <li>A standard framework for call logging.</li> </ul> <p>Two medium priority recommendations were made in respect of:</p> <ul style="list-style-type: none"> <li>The Communications Centre Action Plan</li> <li>Regular 1:1's between staff and their managers.</li> </ul>		
Custody Evaluation Review	<p>The purpose of the audit was to provide assurance over the arrangements for the review of custody evaluation.</p> <p>Areas of good practice identified during the audit included:</p> <ul style="list-style-type: none"> <li>A clear documented process through the use of the 'review evaluation toolkit'</li> </ul> <p>One medium priority recommendation was made in respect of completion of the evaluation record sheet.</p>	Reasonable Assurance	Report circulated to Audit and Standards Committee
Business Continuity Planning - OPCC	This information will be available once the report has been finalised.	Limited / No Assurance	Report issued in draft and discussed with management.
Business Continuity Planning - Constabulary	This information will be available once the report has been finalised.	-	Draft report being prepared
Budget Management	This information will be available once the report has been finalised.	-	Draft report being prepared

## Appendix 1 – Final reports issued to 20 April 2015

Assignments	Main Points	Assessment	Current Status
Debtors	This information will be available once the report has been finalised.	-	Fieldwork underway.



## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee  
May 6<sup>th</sup> 2015  
Agenda Item 10

### Review of effectiveness of the arrangements for Audit 2014-15

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). 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 guidance<sup>1</sup> 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 During 2014-15 the service has completed 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 has moved to a new office location which enables the audit team to work more closely together, thereby increasing knowledge sharing and further enhancing the delivery of the shared internal audit service.

2.4 The service has also completed a small number of actions where conformance with standards was identified as not being fully achieved following the 2013-14 review. This has included developing and monitoring a comprehensive set of performance measures for the service. These were agreed at the start of the year and appended to the Internal Audit Charter. Members of the Audit and Standards Committee have received monitoring reports on actual performance against the framework at their quarterly meetings. Further actions relate to the arrangements for retention of internal audit documentation that have been agreed through the Shared Service Board during the year and arrangements for a Quality Assurance and Improvement Programme that has been developed and reviewed by members of the Joint Audit and Standards Committee at their meeting in March 2015.

2.6 Internal audit was also subject to a review by Grant Thornton during 2013-14 who made a number of recommendations designed to assist with conformance with the Standards. During 2014-15 all recommended actions arising from that review have been fully implemented.

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<sup>1</sup> audit committees\Practical Guidance for Local Authorities and Police



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.

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 Report received by members at the Committee meeting on 10<sup>th</sup> March 2015. The external auditors have completed a high level review of internal audit's overall arrangements. Their work has not identified any issues that they wish to bring the Commissioner or Chief Constable's attention. Overall, they conclude that the internal audit service continues to provide an independent and satisfactory service to the PCC and the Chief Constable and that internal audit work contributes to an effective internal control environment at both entities.

### 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:

- Committee members have carried out their duties diligently, meetings are well attended and members have made a valued contribution to governance arrangements
- For 2014-15, the Committee's work programme has been expanded to facilitate a wider scope of reporting arrangements and strengthened the assurance members provide. This has resulted in the score for effectiveness moving up from Grade 4 to Grade 5 across four areas of the CIPFA assessment.
- Members have kept up to date with training and developments. From 2015-16 these arrangements will be formalised with the inclusion of a corporate briefing prior to Committee meetings and bi annual sessions to support development and a more in-depth understanding of areas of business within the Committee's remit.

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.

### 3. 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 2015, or to the date of this meeting.

### 4. 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 2015 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 2015-16.

**Stuart Edwards**  
Commissioner's Chief Executive

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

**Roger Marshall**  
Chief Constable's Chief Finance Officer

21 May 2015

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 have the opportunity to discuss this at team meetings.
- 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 (S151 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 revised during 2013-14 and fully 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.
- 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 in place during 2014-15. The programme has been formally documented and was reported to the Joint Audit and Standards Committee on 10 March 2015. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit and Standards Committee have received quarterly reports monitoring actual performance against the framework.

#### 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. During 2014-15 there has been significant updating of the audit manual to reflect new working practices and arrangements are in place to ensure it is continually updated 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 was 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 has been 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. During 2014-15 a document retention policy has been agreed with the Shared Service Board.
- 6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.
- 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. Clients have the opportunity to discuss the draft reports with the auditor.

- 6.7. Audit final reports issued in relation to 2014-15 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.
- 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 Government: 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 Principles

- 2.1 The 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 was included within the Internal Audit annual plan for 2014-15.	✓		
	<b>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.</b>				
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"> <li>▪ to bring influence to bear on material decisions</li> </ul>	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"> <li>▪ direct access to the Chief Executive, other Leadership Team members, the Audit Committee and</li> <li>▪ external audit; and</li> <li>▪ to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.</li> </ul>				
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.	✓		
<b>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.</b>					
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.	A range of performance measures have been reported quarterly to The Joint Audit & Standards Committee.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	Internal audit was subject to an independent review by Grant Thornton during 2013-14. Further to this, as external auditors, Grant Thornton undertake an annual high level review of internal	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
		audit's overall arrangements. There work has not identified any issues they wish to bring to the attention of the Commissioner or Chief Constable.			
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.	✓		
<b>Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced</b>					
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 19 years' internal audit experience within Local Government and undertakes CPD to keep her skills up to date.	✓		





## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee

6 May 2015

Agenda Item 11

### Annual Report of the Joint Audit and Standards Committee 2014-15

Report of the Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer

#### 1. Introduction and background

1.2 On an annual basis the work of and arrangements for the Commissioner and Chief Constable's Joint Audit and Standards Committee are assessed 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 assessment forms the basis of the judgement made on the effectiveness of the overall arrangements for audit. It is also used to develop the Committee's Annual Report, the review process involving consideration of the work carried out by the committee over the course of the year and the impact of that work in supporting improvement.

#### 2. 2014-15 Annual Report

2.1 The draft 2014-15 annual report is presented to members for consideration. The overall conclusions from the report are that the Committee continues to be effective in its role, and that the widening of Committee's assurance framework during 2014-15 has resulted in a number of areas within the CIPFA framework achieving the highest level of compliance with the CIPFA framework.

2.2 Whilst the process of assessment has provided sufficient assurance for the Chief Finance Officer to make his/her judgement on the effectiveness of the overall arrangements for Audit, the Annual Report document is presented in a draft format, to facilitate Committee members contributions ahead of the report being finalised. The final approved report will be presented to the Commissioner and Chief Constable as part of the arrangements for approving and signing the Annual Governance Statements. It will also be available to

the public on the Commissioner's website and be presented by the Committee Chair to the Police and Crime Panel.

### 3. Recommendations

3.1 Members of the Joint Audit and Standards Committee are asked to review the draft annual report of the Committee and determine:

- i. whether they wish to make any changes to the content/wording of the document
- ii. whether they wish to make any changes to the self-assessment score of the Committee's compliance with the CIPFA framework or checklist
- iii. whether they wish to identify any further areas for development in respect of the work of the Committee

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

**Roger Marshall**  
Chief Constable's Chief Finance Officer

**21 May 2015**

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 review of the Joint Audit and Standards Committee 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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Joint Audit and Standards Committee  
Annual Report 2014-15



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## Joint Audit and Standards Committee Annual Report

### Foreword of the Committee Chair

Welcome to the 2014-15 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 report of the Committee that reflects its operations for 2014-15 financial year and against CIPFA guidance<sup>1</sup> 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 cyclical review of key elements of the governance framework, advising on the approach to risk management and making recommendations regarding improvements and scrutinising the effectiveness of arrangements to secure value for money.

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

*During 2014-15 Committee members have received 67 reports covering matters of governance including 17 internal audit reviews and the Commissioner and Chief Constable's Statement of Accounts.*

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

provides supports a wider understanding of the contribution made by the Committee to the Commissioner and Chief Constable's arrangements for governance.

Fiona Daley

Joint Audit and Standards Committee Chair

#### Joint Audit and Standards Committee: Our Members Are:

**Fiona Daley: Committee Chair** - Fiona comes to the OPCC with a strong public sector audit background. Having worked for the Audit Commission for more than 20 years in a variety of roles, including being appointed District Auditor, Fiona then went on to senior financial management and leadership roles. As well as being a member of the Joint Audit and Standards Committee Fiona has a portfolio of other appointments including working for the Local Government Association on setting up a successor body to the Audit Commission; sitting as an independent appointments panel member for the Judicial Appointment Commission; an accountant member of the Financial Reporting Council's disciplinary panel and; chair of a local charity.

**Andy Hampshire: Committee Member** - Andy had a 30 year career in banking with a variety of roles including both Business and Personal Banking, Branch and Area Management. He then went on to work within Education and Health before becoming an independent member for Cumbria Police Authority where he was the Chair of the Finance and Policing Plan Working Group. He is also a member of South Lakeland District Council Independent Remuneration Committee. Andy has undertaken numerous voluntary posts on committees for both local organisations and charities.

**Jack Jones: Committee Member** - Jack has spent his whole career working within the finance sector, including South Lakeland District Council where he was Treasurer/Director of Finance, and is currently working as an Internal Auditor with a small Cumbrian firm. As a result, Jack has brought with him experience of working in local government as well as a sound understanding of financial management and relevant technical knowledge.

**Fiona Moore: Committee Member** - Fiona, a solicitor by profession, has considerable experience working in Criminal Justice based organisations most recently in a Head of Governance role in the Ministry of Justice. Fiona is Deputy Chairman of Two Castles Housing Association and Chair of Governors of Windermere C of E Primary School. Fiona has served on a number of Committees in a range of roles and as a member of the Two Castles Audit Committee.

## Executive Summary

The purpose of an audit committee is to provide those charged with governance<sup>2</sup> 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 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'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:

- Committee members have carried out their duties diligently, meetings are well attended and members have made a valued contribution to governance arrangements

- For 2014-15, the Committee's work programme has been expanded to facilitate a wider scope of reporting arrangements and strengthened the assurance members provide. This has resulted in the score for effectiveness moving up from Grade 4 to Grade 5 across four areas of the CIPFA assessment.
- Members have kept up to date with training and developments. From 2015-16 these arrangements will be formalised with the inclusion of a corporate briefing prior to Committee meetings and bi annual sessions to support development and a more in-depth understanding of areas of business within the Committee's remit.

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 score a grade 5 and Membership and Effectiveness both score a grade 4, being

<sup>2</sup> The Commissioner and the Chief Constable

evidenced as compliant with best practice requirements.

## Joint Audit and Standards Committee CIPFA Assessment Score

The table below sets out the score assessed as being met by the Committee in carrying out its core functions during 2014-15 and compared to the assessment for 2013-14, highlighting improvements in the committee's effectiveness.

Committee Core Functions	2014-15 Score	2013-14 Score
Promoting Good Governance	5	5
Supporting Internal Audit and Internal Control	5	4
Supporting Risk Management	4	4
Assurance Frameworks and Planning	5	5
Supporting Value for Money	5	4
Values and Countering Fraud and Corruption	5	4
External Audit and Inspection	5	4
Promoting Reporting and Accountability	4	4

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 2015-16 include:

- Increasing the number of Committee meetings from four to five to accommodate growth in the committee's work programme and strengthen the Committee's advisory role.
- Development sessions that aim to increase the knowledge and understanding members in

respect of arrangements for risk management/change management (June 2015) and the medium term financial forecast/change management (March 2016). This aims to strengthen the overall score of the Committee in its effectiveness in supporting arrangements for risk management.

- Receiving the Commissioner and Chief Constable's pre-audit financial statements, moving towards CIPFA best practice guidance. This actions moves the Committee closer to the CIPFA best practice requirements, making a stepped change that works towards a higher judgement in the area of promoting reporting and accountability.
- Developing effective and supportive relationship between the Committee Chair and the Chair of the Police and Crime Panel.

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

- Quarterly Internal Audit Progress reports from 2014-15 now include the performance of the Internal Audit service against an agreed range of benchmarks. This has supported the judgement that the Committee is fully effective in its assurance on supporting Internal Audit and Internal control.
- Recommendations to support improvements in OPCC risk management arrangements have resulted in CIPFA training/development sessions for staff and an improved Risk Management Strategy identified as a strength by Internal Audit. Further work with members will continue in 2015-16 to strengthen their



understanding of the changes in the arrangements for risk management, working towards a grade 5 score.

- The Committee has also improved the openness and transparency of the Constabulary's arrangements for risk management through agreement that reports would be moved from the private to public part of the agenda.
- Advice on a range of governance documents including the Code of Corporate Governance, AGS, and financial regulations has improved the quality and accessibility of final published documents and strengthened internal controls.
- Significantly, the Committee has widened their assurance framework to incorporate scrutiny of reports across a number of areas including value for money, HMIC inspections and anti-fraud and corruption monitoring activity. This has sufficiently strengthened the ability of the Committee to demonstrate their effectiveness in supporting improvement across a wider area of assurance and achieve a number of grade 5 scores against the CIPFA framework.

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.

The Committee's full Annual Report provides further information on the assessment process and CIPFA standards, including the Committee's Terms and Reference and the detailed work programme for 2014-15. 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>

## Joint Audit and Standards Committee Annual Report 2014-15

### Introduction

The purpose of an audit committee is to provide those charged with governance<sup>3</sup> 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 2014-15 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.

<sup>3</sup> 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 score a grade 5 and Membership and Effectiveness both score a grade 4, being evidenced as 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:

- Committee members have carried out their duties diligently, meetings are well attended and members have made a valued contribution to governance arrangements
- For 2014-15, the Committee's work programme has been expanded to facilitate a wider scope of reporting arrangements and strengthened the assurance members provide. This has resulted in the score for effectiveness moving up from Grade 4 to Grade 5 across four areas of the CIPFA assessment.
- Members have kept up to date with training and developments. From 2015-16 these arrangements will be formalised with the inclusion of a corporate briefing prior to Committee meetings and bi annual sessions to support development and a more in-depth understanding of areas of business within the Committee's remit.

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 10-24
- Section Two: Possible Wider Functions of an Audit Committee page 25-26
- Section Three: Independence and Accountability page 27-28
- Section Four: Membership and Effectiveness page 29-31
- Appendix A: Committee Activities 2014-15 page 32-34
- Appendix B: Committee Terms of Reference Assurance Framework page 35-41
- Appendix C: Committee Attendance page 42
- Appendix D: Committee Member Role Profiles page 43-46
- Appendix E: CIPFA Good Practice Checklist page 47-49

## 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 cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2014-15 the work of the Committee has included:

- Reviewing and advising on revisions to and the updating of financial regulations, the OPCC risk management strategy and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors in respect of changes to the regulatory environment for investment counterparties, following which Members were able to robustly challenge changes in the approach to investment strategy. Members input to financial regulations has resulted in a recommendation accepted by the Commissioner to document the rationale behind approval decisions for the capital programme, improving the transparency of decision making.
- A review of the role of the Commissioner and Chief Constables Chief Finance Officer against the CIPFA guidance for police and consideration of the Chief Finance Officer's review of the effectiveness of

arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.

- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in June, prior to the publication of the statement and again in September prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance. These documents had been substantially re-written following input from the Committee during 2013-14 and members noted the clear difference in approach following members' comments. This resulted in less duplication and a clearer relationship between the Code and AGS.
- The Committee receive all audit reports in full, at the point in which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering data quality with regular updates from the Deputy Chief Constable as part of their arrangements for monitoring the implementation of audit recommendations.
- The annual audit programme includes a number of governance specific audits. During 2014-15 this has included audit of the arrangements for anti-fraud and corruption, audit of the arrangements for risk management and audit of the arrangements for policy development. During 2015-16 the approved audit plan will review the governance arrangements for procurement and commissioning.
- The scope of the audit plan has been significantly developed during 2014-15 to ensure it provides wider governance assurance beyond financial systems and financial governance e.g. the plan has included audit reviews of the Constabulary Communication Centre and the arrangements for Custody. The approved 2015-16 plan will further increase the scope of audit work with audit work covering firearms and Tasers, Cumbria safeguarding hub and a number of ICT audits.
- At their meeting on June 23<sup>rd</sup> internal audit provided members with an annual audit opinion and an audit report on the Annual Governance Statement providing assurance from the Head of Internal Audit. Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in September setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

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 provided the basis on which Committee members provided assurance and add value with regard to governance.

### 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 Board<sup>4</sup> 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 and Charter was received by members in March 2014 in respect of the 2014-15 financial year. In March 2015 members approved the Plan and Charter for 2015-16 which has increased the number of audit days from 180 in 2014-15 to 232, reflecting the widening of the risk assurance provided by internal audit. 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 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.

<sup>4</sup> The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

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 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.

*Internal Audit's work is designed to provide assurance to management and members that effective systems of governance, risk management and internal control are in place in support of the delivery of the Commissioner and Chief Constable's objectives*

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. During 2014-15 this has included the introduction of a new reporting format for audit reports to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. Members have considered reports across a diverse range of Constabulary and OPCC business including a new payroll system, arrangements for anti-fraud and corruption, absence management, and project management of a large new build police HQ capital scheme.

Further to this, during 2014-15 the work of the Committee has included a review of Internal Audit's Quality Assurance and Improvement Programme (QAIP). This is a requirement under the PSIAS and has been implemented during 2014-15 in line with the Committee's monitoring of recommendations arising from the 2013-14 review of internal audit against the standard.

2014-15 has also seen the introduction of monitoring against performance measures and benchmarks for the Internal Audit service. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark. This has resulted in recommendations have been made by members in regarding ways in which the service might improve the volume of post audit customer feedback.

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.

#### 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 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.

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.

*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.*

### Self-evaluation, examples, areas of strength and weakness

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2014-15 included:

- Receipt at the Committee's meeting in June of a retrospective report from the Chief Executive setting out the OPCC arrangements for monitoring the effectiveness of risk management. This was the first annual report on the arrangements for risk management following a recommendation made by the Committee in 2013-14.
- Reviewing the arrangements for risk management within the Constabulary and making specific recommendations regarding improving the openness and transparency of those arrangements. This has resulted in agenda items on risk management being moved from the private agenda to the public meetings.
- Review of the Commissioner's annual Risk Management Strategy. The strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed. On recommendation from the Committee, the 2014-15 updated document included arrangements for determining risk appetite. The review of Risk Management Strategy 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.

- Receipt of an internal audit report on the arrangements for risk management within the Constabulary and the OPCC. This followed a request by members that those arrangements were included in the 2014-15 audit plan. The Constabulary audit resulted in an audit opinion providing substantial assurance. The OPCC audit resulted in an audit opinion providing reasonable assurance. The OPCC audit identified a number of strengths in the arrangements, including the risk management strategy and clear risk management responsibilities. It also made a number of recommendations including the need for the strategic risk register to be more clearly aligned to strategic objectives and the need for staff development in the area of risk management. As a result of the audit the OPCC is receiving development support from CIPFA to review and challenge the approach to risk management including a full review of the risk registers.

*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 best practice, the Committee also compiles and maintains a separate, dedicated risk register to manage risks relating to the Committee's own activities.

Self-assessment by the Committee of its own effectiveness in supporting the arrangements for risk management has identified that members would benefit from a more in depth understanding of risk management practice across both the Constabulary and OPCC. This has resulted in the Committee's work programme being extended in 2015-16 to include member development sessions that will provide the opportunity for a more detailed

dialogue on the arrangements. This aims to improve in year scrutiny and supporting member's capability to undertake risk interrogation, a more robust scrutiny of the management of key strategic risks.

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

The Committee is compliant with the CIPFA guidance but recognises that members could be more effective in their role through having a more in-depth understanding of the application of risk management arrangements within the Constabulary and OPCC. 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 that was in place for 2014-15 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2014-15 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the June meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring, and monitoring the effectiveness of the Commissioner's code of conduct and PCC/Officer protocol. At their December meeting the Committee received reports covering the Commissioner and Chief Constable's arrangements for providing value for money.
- Improved 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.
- Received an assurance report from the Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Agreed to increase the number of Committee meetings from 2015-16 to 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

### 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 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.*

### 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 2013-14 was positive.*

The Commissioner's Code of Corporate Governance and 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. These documents also reference the receipt annually of HMIC value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's Code of Corporate Governance 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 the specific reviews that have been undertaken during the year and the improvements in efficiency and effectiveness arising from that work.

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 2013-14, received by the Committee in the External Auditor's September 2014 Audit Findings Report was positive.

From 2014-15 the new format internal audit reports have supported wider assurance for members by covering a specific control objective on 'value: the effectiveness and efficiency of operations and programmes.' Specific audit recommendations with value for money implications are categorised within audit reports under this heading.

Following a review by the Committee during 2013-14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee has also received during 2014-15 a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMIC value for money profiles for the Constabulary and OPCC, including further work to benchmark OPCC costs and structure, and the outcome of the HMIC PEEL review of efficiency and effectiveness.

#### 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.

## 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 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.

*During 2014-15, the Audit and Standards Committee has received internal audit reports on the Commissioner and Chief Constable's arrangements for anti-fraud and corruption which received substantial and reasonable assurance opinions.*

### Self-evaluation, examples, areas of strength and weakness

The Audit and Standards Committee undertakes a cyclical 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. This review was carried out in 2013-14 and as a result of members feedback arrangements for whistle-blowing have been strengthened during 2014-15.

In June 2015 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2013-14 financial year and members will receive in May 2015 a report covering the 2014-15 financial year.

During 2014-15 the arrangements for anti-fraud and corruption within the OPCC and Constabulary were subject to internal audit with members receiving reports with an audit judgement of substantial assurance for the OPCC and reasonable assurance for the Constabulary. The Constabulary report made six medium priority recommendations primarily covering the areas of cross checks and reviews of disclosure registers. Members oversee the implementation of the recommendations through their quarterly monitoring reports.

In September 2014, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the respective

Chief Finance Officers and include a full fraud risk assessment. Within the assessment members are briefed on any actual or suspect fraud that has taken place during the year and any changes to the control environment as a consequence of that fraud.

Members further support their understanding of the control environment through receipt of audit reports. During 2014-15 members received audit reports with judgements of substantial or reasonable assurance on audits across the major financial systems including payroll. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2014-15 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. From 2015-16 the Commissioner and Constabulary have established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The Ethics and Integrity Panel will report to the Audit and Standards Committee the findings of its work.



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/cambdipcc](https://twitter.com/cambdipcc) [facebook.com/cambdipcc](https://facebook.com/cambdipcc)

## 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.

## 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 during 2014-15. 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 2014-15 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2013-14 financial year.
- Received the External Auditors Annual Fee letter that includes a disclosure from the external auditors in respect of their tender to provision of tax and VAT helpline services to the Commissioner and Constabulary. This was not considered to create any conflicts.
- Challenged the purpose of audit questions raised within the External Auditors progress report, resulting in agreement that the report will be more specifically tailored to the Constabulary/OPCC and will include a management response to issues raised.

- Scrutinised HMIC reports covering value for money (HMIC annual profiles) and efficiency and effectiveness (PEEL inspections). Members have also received a report and briefing from the Deputy Chief Constable covering the full HMIC inspection programme for the Constabulary and issues that need to be brought the attention of members. From 2015-16 members will receive regular briefings on any relevant inspection matters as they arise through the introduction of a formal corporate update session prior to the start of each meeting.
- Members have also agreed a change to their terms of reference to incorporate responsibility as an audit panel for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

### Conclusion<sup>5</sup> : Assessment Grade 5

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.

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<sup>5</sup> 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 dialogue assists in explaining a number of complex transactions within the 2013-14 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. The 2014-15 report also highlighted to members the work undertaken by the finance team to improve the presentation and accessibility of the financial 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 with the

financial statements for policing that require a set of group statements and two single entity statements. During 2013-14 the accounts were presented to the Committee in September alongside the External Auditors Audit Findings report. Planning for the expected early closedown timetable for Local Authority financial statements means that members will receive the 2014-15 statements at their meeting in June 2015, at the start of the external audit.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2013-14 members received, reviewed and contributed to the development of Financial Regulations that include the overall governance requirements in respect of partnerships<sup>6</sup>, Procurement Regulations incorporating a Code of Business Conduct and the requirements in respect of collaborative procurement. Members also received in June 2014 the Commissioner's Grant Regulations that provide a framework for working with partners and the third sector. During 2014-15 Financial Regulations were further subject to review by members. This included changes to the arrangements for grant making which on member's recommendation have been strengthened in respect of responsibilities for ensuring compliance with requirements. Commensurate changes were also made to the grant regulations to incorporate this recommendation.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in June 2014 alongside the AGS, setting out how those arrangements have been complied with. The Internal Auditor's report on the Annual Governance Statement received alongside the Code and AGS confirmed for members that the AGS was accurate and had been prepared in line with the correct process.

#### 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.

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<sup>6</sup> 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 corruption<sup>7</sup>. In respect of treasury management the Committee received and reviewed at its March 2014 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2014-15 financial year.

During 2014-15 members have also received and reviewed the arrangements for Treasury Management proposed for 2015-16. This included a robust scrutiny of changes to the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the widening of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

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

<sup>7</sup> The conclusion and assessment of that review is a grade 5

every regular meeting. This understanding is further supported by the skills and experience profile of members of the Committee.

#### Conclusion<sup>8</sup> : 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.

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<sup>8</sup> 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 governance<sup>9</sup> and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Executive Board<sup>10</sup>, 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. From 2015-16 the Committee will meet at least 5 times a year.
- The Committee meets privately and independently with the external auditors and the internal auditors as part of its annual agenda.
- The Chief Officers<sup>11</sup> 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. The Committee is well attended, attendance for 2014/15 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Executive Board and the Police and Crime Panel.
- 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.

<sup>9</sup> The Commissioner and the Chief Constable

<sup>10</sup> The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer

<sup>11</sup> Chief Finance Officers, Chief Executive, Deputy 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 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 and constructive challenge.
- 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.

### Conclusion<sup>12</sup> : 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.

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<sup>12</sup> 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.
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- 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. Appointed committee Members are required to abide by a Code of Conduct and Member/Officer Protocol.

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. <sup>13</sup>	Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair. <sup>13</sup>	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.		

<sup>13</sup> Relevant only to the committee chair



Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2014-15 recruitment was undertaken for a new Committee Chair due to the tenure of the existing chair coming to its term. The recruitment process has resulted in the appointment of an existing member of the Committee as Chair and a further appointment of a new member to the Committee. The tenure of the new member formally commences on April 1<sup>st</sup> 2015 with that member having attended the Committee's March 2015 meeting as a visitor for induction.

Members have the opportunity to undertake development seminars prior to each Committee meeting. During 2014-15 members have included a session on Treasury Management with the Commissioner's external advisors as part of these arrangements and one of the members has represented the Committee at a regional police audit committee workshop. From 2015-16 these arrangements are being strengthened through the introduction of a formal briefing session prior to the start of each Committee meeting and through the inclusion within the annual work programme of two development sessions to support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference.

#### Conclusion<sup>14</sup> : **Assessment Grade 4**

The Committee is 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. Effectiveness of members scrutiny function could be enhanced through a more structured approach to member development.

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<sup>14</sup> 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 &amp; Standards Committee 2014-15 Activities

23 JUNE 2014	22 SEPTEMBER 2014	8 DECEMBER 2014	10 MARCH 2015
<p><b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of the Committee members only and the Internal Auditors</p> <p><b>ANNUAL GOVERNANCE STATEMENT:</b>  <ul style="list-style-type: none"> <li>▪ <b>Effectiveness of Governance Arrangements:</b> 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</li> <li>▪ <b>Code of Corporate Governance:</b> To consider the PCC/CC Code of Corporate Governance</li> <li>▪ <b>Annual Governance Statement:</b> To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting</li> <li>▪ <b>Report of the Internal Auditor: Annual Governance Statement:</b> To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting</li> </ul> </p> <p><b>ANNUAL REPORT OF THE AUDIT AND STANDARDS COMMITTEE:</b> To receive a report reviewing the activities of the Committee as a contribution to the effectiveness of the arrangements for governance</p> <p><b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the PCC Chief Finance</p>	<p><b>PRIVATE EXTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the external auditors</p> <p><b>AUDIT FINDINGS REPORT:</b> To receive from Grant Thornton the audit findings report 2013-14</p> <p><b>ANNUAL STATEMENT OF ACCOUNTS:</b> 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> <p><b>ANNUAL STATEMENT OF ACCOUNTS: REPORT OF THE CHIEF FINANCE OFFICER:</b> To receive an annual report from the PCCCFO and CCCFO setting out arrangements for governance and audit relevant to the Committee's review of the Commissioner's accounts and the Chief Constables accounts</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p>	<p><b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over three years</p> <ul style="list-style-type: none"> <li>▪ Role of the Chief Finance Officer</li> <li>▪ Annual Governance Statement – Development and Improvement Plan</li> <li>▪ Financial Regulations – revision of capital section</li> </ul> <p><b>HMIC REPORTS:</b> To receive an annual report on the HMIC Value for Money Profile and arrangements for securing value for money &amp; HMIC Value for Money inspection reports</p> <p><b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions, implemented in response to audit and inspection recommendations</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p> <p><b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity</p>	<p><b>ANNUAL WORK PROGRAMME:</b> To agree the details of the Committee's work programme for 2015</p> <p><b>EXTERNAL AUDIT PLAN:</b> To receive from the external auditors the Annual External Audit Plan</p> <p><b>GRANT THORNTON – JOINT AUDIT AND STANDARDS UPDATE – MARCH 2015:</b> To receive a report from Grant Thornton UK LLP on their progress in delivering on responsibilities as external auditors</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions, implemented in response to audit and inspection recommendations</p> <p><b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan</p> <p><b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the committee</p> <p><b>PROPOSED INTERNAL AUDIT PLAN FOR 2014/15:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions</p>

<p>Officer in respect of the effectiveness of internal audit</p> <p><b>GRANT THORNTON FEES 2014-15:</b> To receive from Grant Thornton UK LLP the External Audit Fee for 2014-15</p> <p><b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations</p> <p><b>INTERNAL AUDIT CHARTER – PERFORMANCE MEASURES:</b> To receive the Performance Measures proposed by the Internal Audit Service</p> <p><b>INTERNAL AUDIT – ANNUAL REPORT:</b> To receive the Head of Audit’s Annual Report including the Annual Audit Opinion</p> <p><b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee</p> <p><b>TREASURY MANAGEMENT ACTIVITIES AND OUTTURN:</b> To receive for information reports on Treasury Management Activity</p> <p><b>GRANT REGULATIONS:</b> To receive and approve the Commissioner’s Grant regulations guidance document</p> <p><b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> 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</p>	<p><b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee</p> <p><b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity</p> <p><b>FUTURE MEETING REQUIREMENTS:</b> To receive a report on the proposed new schedule of meetings for 2015-16</p> <p><b>STRATEGIC RISK REGISTER:</b> To consider the COPCC strategic risk register as part of the Risk Management Strategy</p> <p><b>CONSTABULARY RISK MANAGEMENT UPDATE:</b> To receive a report from the Constabulary on their management of risk, including an updated Strategic Risk Register</p>	<p><b>OPCC RISK MANAGEMENT MONITORING:</b> To consider the COPCC strategic risk register as part of the risk management strategy</p> <p><b>RISK MANAGEMENT UPDATE – CONSTABULARY:</b> To receive an update on the Constabulary Risk Management Strategy, including the Strategic Risk Register</p> <p><b>VALUE FOR MONEY:</b> To receive reports on behalf of the Commissioner and Chief Constable on value for money</p> <p><b>PART 2: ITEM TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</b></p> <p><b>HMIC REPORTS – APPENDIX ONE:</b> To receive Appendix 1 from the HMIC reports</p>	<p><b>QUALITY ASSURANCE AND IMPROVEMENT PLAN:</b> To receive a report from the Management Audit Unit regarding the proposed quality assurance and improvement plan</p> <p><b>TREASURY MANAGEMENT STRATEGY:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices</p> <p><b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity</p> <p><b>TERMS OF REFERENCE:</b> To approve the Terms of Reference for the Committee</p> <p><b>RISK MANAGEMENT STRATEGY:</b> To provide the annual review of the COPCC Risk Management Strategy</p> <p><b>OPCC RISK MANAGEMENT MONITORING:</b> To receive a report on the OPCC Risk Management Monitoring along with the Strategic Risk Register</p> <p><b>RISK MANAGEMENT UPDATE – CONSTABULARY:</b> To receive an update in the Constabulary’s Risk Management Strategy</p>
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<p>from participation in the Audit Commission National Fraud Initiative</p> <p><b>MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL:</b> To receive an annual report from the Chief Executive with regard to the operation and effectiveness of the PCC/Officer Protocol</p> <p><b>RISK MANAGEMENT MONITORING:</b> 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</p> <p><b>STRATEGIC RISK REGISTER:</b> To consider the COPCC strategic risk register as part of the Risk Management Strategy</p> <p><b>PART 2: ITEM TO BE CONSIDERED IN THE ABSENCE OF THE PRESS AND PUBLIC</b></p> <p><b>CONSTABULARY RISK MANAGEMENT UPDATE:</b> To receive a report from the Constabulary on their management of risk, including an updated Strategic Risk Register</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)	<b>ANNUAL REVIEW OF GOVERNANCE:</b> 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	<b>ANNUAL GOVERNANCE STATEMENT</b> <b>Effectiveness of Governance Arrangements:</b> 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 <b>Code of Corporate Governance:</b> To consider the PCC/CC Code of Corporate Governance <b>Annual Governance Statement:</b> To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting <b>Report of the Internal Auditor: Annual Governance Statement:</b> 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	<b>INTERNAL AUDIT REPORT:</b> 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	<b>ANNUAL GOVERNANCE REPORT:</b> To receive from the external auditors the Annual Governance Report incorporating the External Auditor's Value for Money Conclusion.
	December/Ad-hoc	<b>HMIC REPORTS:</b> 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	<b>FRAMEWORK OF ASSURANCE:</b> 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	<b>RISK MANAGEMENT STRATEGY:</b> To provide the annual review of the COPCC and Constabulary Risk Management Strategies.  <b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.  <b>RISK MANAGEMENT MONITORING:</b> 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	<b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.  <b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> 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	<b>ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION:</b> To receive the COPCC and Constabulary strategy, policy and fraud response plan.  <b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> 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	<b>INTERNAL AUDIT CHARTER:</b> 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	<b>PROPOSED INTERNAL AUDIT PLAN FOR 2014/15:</b> 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	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit.
	June	<b>INTERNAL AUDIT PERFORMANCE:</b> 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>
	June	<b>PRIVATE INTERNAL AUDIT MEETING:</b> 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	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.
	Every meeting	<b>INTERNAL AUDIT – PROGRES REPORT:</b> 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	<b>INTERNAL AUDIT REPORTS:</b> 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	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> 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	<b>EXTERNAL AUDIT PLAN:</b> 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	<b>ANNUAL AUDIT LETTER:</b> 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)	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> 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	<b>PRIVATE EXTERNAL AUDIT MEETING:</b> 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	<b>ANNUAL STATEMENT OF ACCOUNTS: REPORT OF THE CHIEF FINANCE OFFICER:</b> 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><b>ANNUAL STATEMENT OF ACCOUNTS:</b> 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	<b>ANNUAL GOVERNANCE REPORT:</b> 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	<b>ANNUAL REPORT OF THE 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
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	<b>TREASURY MANAGEMENT STRATEGY:</b> 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	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity  <b>TREASURY MANAGEMENT ADVISORS:</b> To receive briefings/training from the Commissioner's Treasury Management advisors.
Review assurances on Treasury Management	Every meeting (where applicable)	<b>INTERNAL AUDIT REPORT:</b> To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee  <b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> 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	<b>MONITORING AND EFFECTIVENESS OF THE CODE OF CONDUCT:</b> 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	<b>MONITORING AND EFFECTIVENESS OF THE PCC/OFFICER PROTOCOL:</b> 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 &amp; Standards Committee Meetings 2014-15

Independent Members	23 <sup>rd</sup> Jun 2014	22 <sup>nd</sup> Sept 2014	8 <sup>th</sup> Dec 2014	10 <sup>th</sup> Mar 2015
Mr Patrick Everingham	✓	✓	✓	✓
Mrs Fiona Daley	✓	✓	✓	✓
Mr Andy Hampshire	✓	✓	✓	✓
Mr Jack Jones	✓	✓		✓
Mrs Fiona Moore ( <i>attendance as an observer prior to commencement as a committee member</i> )				✓
Commissioner's Officers				
Police & Crime Commissioner for Cumbria (Richard Rhodes)		✓		
Chief Executive (Stuart Edwards)				✓
Chief Finance Officer / Deputy Chief Executive (Ruth Hunter)	✓	✓	✓	✓
Governance and Business Services Manager (Joanne Head)		✓		✓
Finance and Admin Assistant (Dawn Cowperthwaite)	✓		✓	✓
Constabulary Officers				
Chief Constable (Jeremy Graham)		✓		
Deputy Chief Constable (Michelle Skeer)	✓	✓	✓	✓
Constabulary Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓
Deputy Chief Finance Officer (Michelle Bellis)	✓	✓		✓
Internal Audit				
Chief Internal Auditor, Management Audit Unit, Cumbria County Council (Niki Riley)	✓			
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓
Lead Auditor, Management Audit Unit, Cumbria County Council (Sarah Wardle)				✓
External Audit				
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
<b>Audit committee purpose and governance</b>			
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?	✓		
<b>Functions of the committee</b>			
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?	✓		
<b>Membership and support</b>			
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?	✓		

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# Cumbria Office of the Police and Crime Commissioner

## **Title:** Treasury Management Activities 2014/15 for the period January to March 2015 and Annual Report 2014/15

**Joint Audit and Standards Committee: 6 May 2015**

**Originating Officers: Michelle Bellis, Deputy Chief Finance Officer & Lorraine Holme, Principal Financial Services 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 the period January to March 2015 and to provide a brief annual report on the treasury function for the 2014/15 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. Members are asked to note the contents of this report. The report is provided 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. The report will also be presented to the Commissioner at his Executive Board meeting on 3 June.

### 3. Economic Background

- 3.1. Growth and Inflation: The robust pace of GDP growth of 3% in 2014 was underpinned by a buoyant services sector, supplemented by positive contributions from the production and construction sectors. Resurgent house prices, improved consumer confidence and healthy retail sales added to the positive outlook for the UK economy given the important role of the consumer in economic activity.

Annual CPI inflation fell to zero for the year to March 2015, down from 1.6% a year earlier. The key driver was the fall in the oil price (which fell to \$44.35 a barrel a level not seen since March 2009) and a steep drop in wholesale energy prices with extra downward momentum coming from supermarket competition resulting in lower food prices. Bank of England Governor Mark Carney wrote an open letter to the Chancellor in February, explaining that the Bank expected CPI to temporarily turn negative but rebound around the end of 2015 as the lower prices dropped out of the annual rate calculation.

- 3.2. Global Economy: On the continent, the European Central Bank lowered its official benchmark interest rate from 0.15% to 0.05% in September and the rate paid on commercial bank balances held with it was from -0.10% to -0.20%. The much-anticipated quantitative easing, which will expand the ECB's balance sheet by €1.1 trillion was finally announced by the central bank at its January meeting in an effort to steer the euro area away from deflation and invigorate its moribund economies. The size was at the high end of market expectations and it will involve buying €60bn of sovereign bonds, asset-backed securities and covered bonds a month commencing March 2015 through to September 2016. The possibility of a Greek exit from the Eurozone refused to subside given the clear frustrations that remained between its new government and its creditors.

The US economy rebounded strongly in 2014, employment growth was robust and there were early signs of wage pressures building, albeit from a low level. The Federal Reserve made no change to US policy rates. The central bank however continued with 'tapering', i.e. a reduction in asset purchases by \$10 billion per month, and ended them altogether in October 2014. With the US economy resilient enough to weather the weakness of key trading partners and a strong US dollar, in March 2015 the Fed removed the word "patient" from its statement accompanying its rates decisions, effectively leaving the door open for a rise in rates later in the year.

- 3.3. Unemployment: The UK labour market continued to improve and remains resilient across a broad base of measures including real rates of wage growth. January 2015 showed a headline employment

rate of 73.3%, while the rate of unemployment fell to 5.7% from 7.2% a year earlier. Comparing the three months to January 2015 with a year earlier, employee pay increased by 1.8% including bonuses and by 1.6% excluding bonuses.

- 3.4. Monetary Policy: The Bank of England's MPC maintained interest rates at 0.5% and asset purchases (QE) at £375bn. Its members held a wide range of views on the response to zero CPI inflation, but just as the MPC was prepared to look past the temporary spikes in inflation to nearly 5% a few years ago, they felt it appropriate not to get panicked into response to the current low rate of inflation. The minutes of the MPC meetings reiterated the Committee's stance that the economic headwinds for the UK economy and the legacy of the financial crisis meant that increases in the Bank Rate would be gradual and limited, and below average historical levels.

Political uncertainty had a large bearing on market confidence this year. The possibility of Scottish independence was of concern to the financial markets, however this dissipated following the outcome of September's referendum. The risk of upheaval (the pledge to devolve extensive new powers to the Scottish parliament; English MPs in turn demanding separate laws for England) lingers on. The highly politicised March Budget heralded the start of a closely contested general election campaign and markets braced for yet another hung parliament.

## 4. Treasury Management Operations and Performance Measures

- 4.1. The Commissioner's day to day treasury management activities are undertaken on behalf of the Commissioner's Chief Finance Officer/Deputy Chief Executive by the financial services team under the management of the Chief Constable's Chief Finance Officer. 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 2015 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	85	1,427	7,248
Days Overdrawn	5	(13,567)	(64,772)

The largest un-invested balance occurred on the 12th February and was as a result of three cash seizures that were paid into the bank and a direct credit in respect of contaminated cash that had been sent away. We are advised by the bank 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 largest overdrawn balance occurred on the 5th March and was the result of a foreign transfer in respect of a pension payment. The exact timing of when foreign transfers leave the bank is unknown, in this instance the bank system had been checked at 4pm and the transfer was not showing so it was assumed the transfer would not take place until the next day. The payment was subsequently cleared later in the evening.

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 January to March 2015, the balance was within the £2k limit for 75 out of 90 days (83%). This statistic is skewed by our policy to ensure that all cash and cheques are banked on a Friday, as a minimum, 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 only 1 weekend during this quarter.

An estimate of the interest forgone on un-invested balances over £2k during this three month period is £6.

#### 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 2015:



Month	Number of Investments	Total Value of Investments £m
January 2015	3	5.0
February 2015	1	1.5
March 2015	2	3.0

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 £19.363m total invested at 31 March 2015 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 2014/15. The Commissioner currently has no investments that have an outstanding maturity of greater than 364 days. However, there are currently two 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	2.0	365	03/07/2014	03/07/2015	184	0.98%
Lloyds Bank PLC	1.5	365	11/08/2014	11/08/2015	223	0.95%
<b>Total</b>	<b>3.5</b>					

#### 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 2015	13,188	28,451,154	0.55%
February 2015	10,612	25,915,971	0.53%
March 2015	10,727	23,968,801	0.53%
<b>Total</b>	<b>34,527</b>	<b>26,118,198</b>	<b>0.54%</b>

Total interest earned during January to March 2015 amounted to £35k bringing the total earned for the year to £155k. A comparison of this outturn against the budget and previous forecasts is outlined in the table below:

	Amount (£000's)
Original Estimate 2014/15	120
Forecast Position June 2014	120
Forecast Position September 2014	142
Forecast Position December 2014	152
<b>Year End Position March 2015</b>	<b>155</b>
<b>Increase/(Decrease) compared to estimate</b>	<b>35</b>
Increase/(Decrease) as a percentage	29%

#### 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 in duration 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 month's duration at time of investment) for the months January to March 2015:

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Nationwide Building Society	2	12	0.80%	0.50%
Barclays Bank Plc	1	12	0.84%	0.50%
The Highland Council	2	7	0.35%	0.50%

The above table illustrates that, for two of the three maturing investments that were for a duration of over 3 months, returns have exceeded the bank base rate.

## 5. Annual Report on Treasury Management Operations 2014/15

### 5.1. Treasury Strategy

In February 2014 the Commissioner approved the 2014/15 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2014/15 financial year. The investment strategy approved was largely the same as had been adopted for the previous year with some changes to the maximum values that could be invested with individual counterparties. 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.

5.2. In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR). The CFR at the start of 2014/15 amounted to £17.4m (including £5.3m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £12.1m 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 2014/15 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 2014/15, 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.

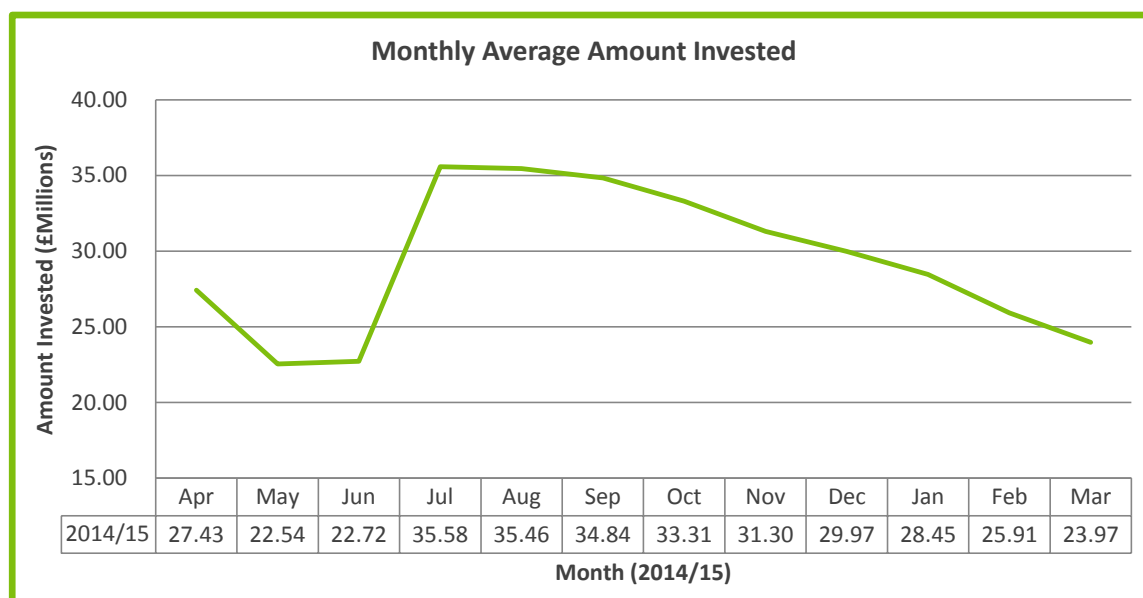
#### 5.4.1. Principal

During 2014/15 a total of 230 investments were placed amounting to £123.44m (2013/14 212 investments amounting to £134.54m).

Counterparty Type	Opening Balance (£m)	Investments (£m)	Maturities (£m)	Closing Balance (£m)	Number of Investments Placed during 2014/15
Banks and Building Societies	11.50	25.50	(29.50)	7.50	16
Other Local Authorities	0.00	15.50	(8.00)	7.50	8
Debt Management Office	2.10	13.30	(15.40)	0.00	7
NatWest Overnight	0.08	4.00	(4.03)	0.05	150
Money Market Funds	11.20	65.14	(72.04)	4.30	49
	<b>24.89</b>	<b>123.44</b>	<b>(128.97)</b>	<b>19.36</b>	<b>230</b>

Of the above transactions, 80 were to external counterparties and as such will have attracted 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. A detailed breakdown of the closing balance invested as at 31 March 2015 is provided at **Appendix 2**.

The chart below illustrates the monthly average of amounts invested during the year.



The level of cash reserves available to invest has followed the same pattern as seen in previous years. The Home Office Police Pensions Grant is received in July each year and has caused an annual spike in investments since 2007/08 when new regulations were introduced.

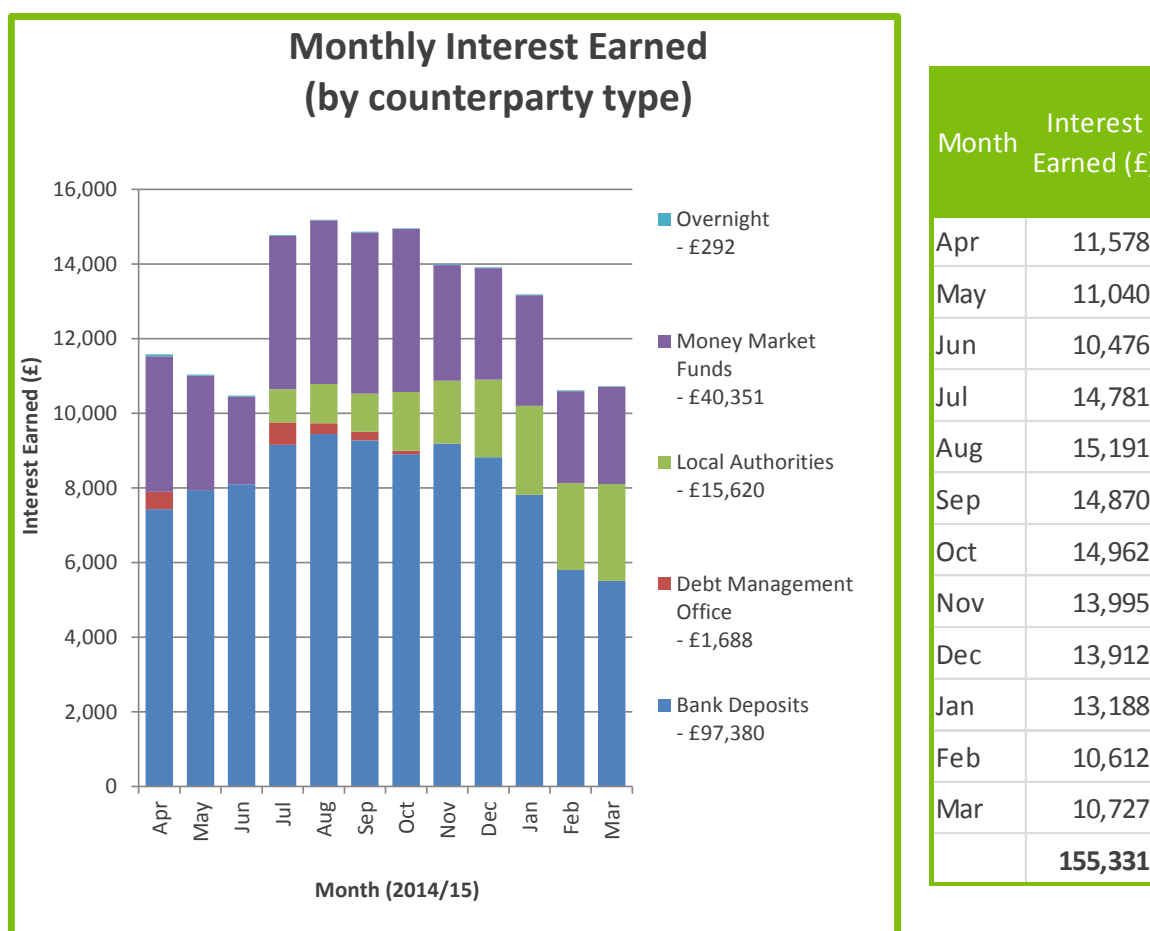
The average daily investment balance during 2014/15 was £29.24m (£28.87m in 2013/14).

The highest daily investment balance in 2014/15 was £38.58m (£36.29m in 2013/14)

The lowest daily investment balance in 2014/15 was £17.70m (£14.81m in 2013/14).

#### 5.4.2. Interest

A total of £155k was earned in 2014/15 (£148k in 2013/14) from the Commissioner's treasury activities and can be broken down as follows:



The average return on investments for 2014/15 was 0.53% (0.52% in 2013/14) 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 4.4 shows the outturn on investment interest as £155k for 2014/15, which is £35k above a base budget of £120k. The increase compared to budget is mainly in relation to changes to the

profile of capital expenditure during the year 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.

#### 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 2014/15 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance	Largest Balance
		£	£
Days In Credit	356	1,797	61,408
Days Overdrawn	9	(175,906)	(504,895)

Both the largest credit and overdrawn figures occurred during the third quarter of 2014/15 and explanations were provided in the quarterly activity report to the Commissioner and Members.

The largest un-invested balance occurred on the 4th December and was as a result of a transfer of £61,070 being received during the day. The funds were from the sale of a house that had been confiscated under the Proceeds of Crime Act 2002 and were unexpected. We are advised by the bank 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 largest overdrawn balance occurred on the 24th October and was the result of a delay in the receipt of a precept. The District Council had confirmed with their bank the release of the funds to us but the payment was not forth coming. The precept value was £505,627 leaving the bank overdrawn over the weekend by £504,895. The Commissioner has been charged £62.24 by his bank in respect of the overdrawn balance but this has subsequently been recouped from the district council.

## 6. Compliance with Prudential Indicators

- 6.1. The Commissioner can confirm that he has complied with his treasury related Prudential Indicators for 2014/15, which were set in February 2014 as part of the annual Statement of Treasury Management Strategy. Further details can be found at **Appendix 4**.

## 7. Implications

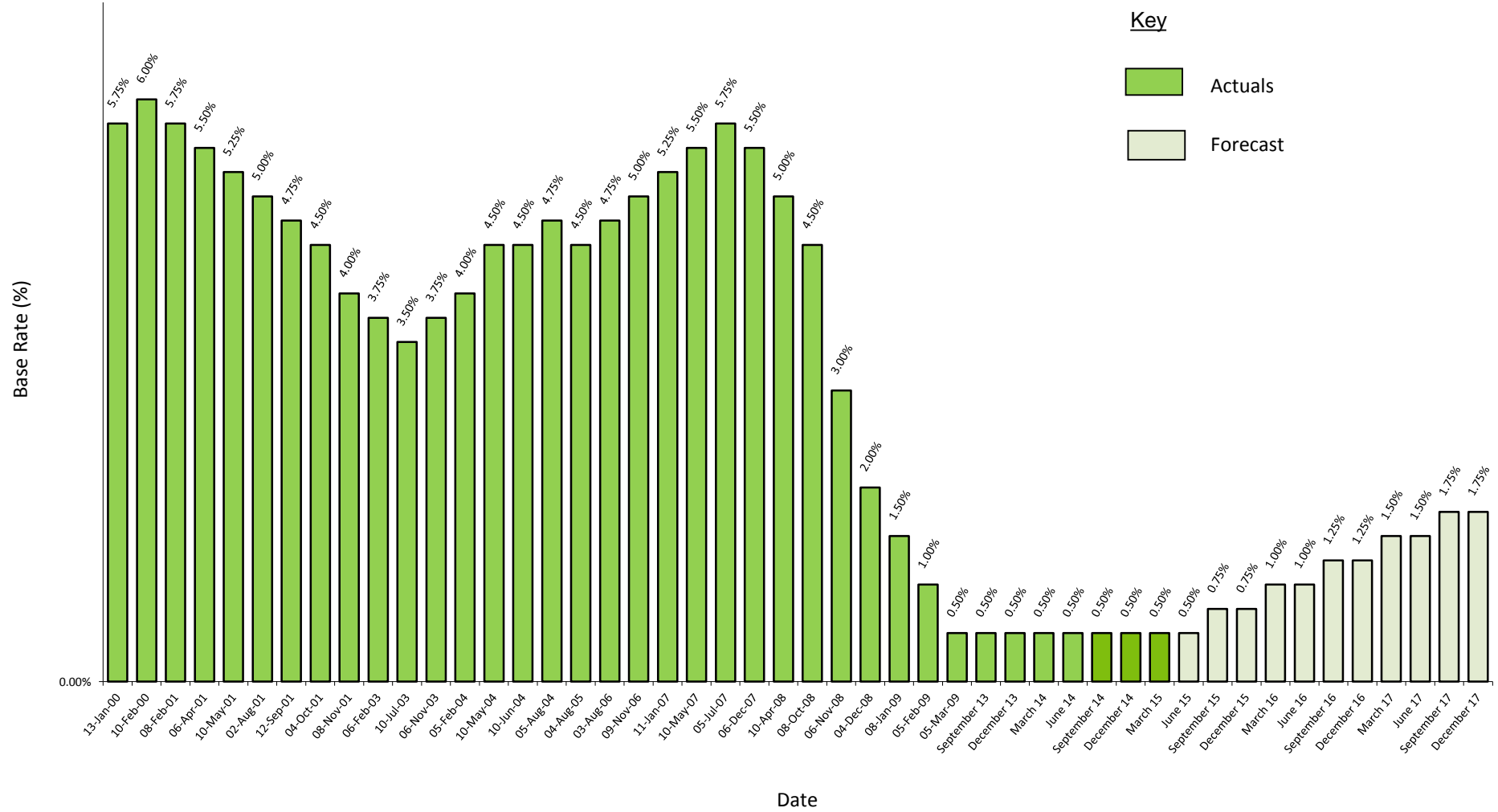
- 7.1. Financial – As detailed in the main body of report above.
- 7.2. Legal – None
- 7.3. Risk – The report advises members about treasury activities. Given the large unsecured sums invested with financial institutions treasury management can be a risky area. Nevertheless, procedures are in place to 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 2015       |
| Appendix 3 | Analysis of Investments as at 31 March 2015       |
| Appendix 4 | Prudential Indicator Compliance                   |

## Bank of England Base Rates (%s)





## Appendix 2

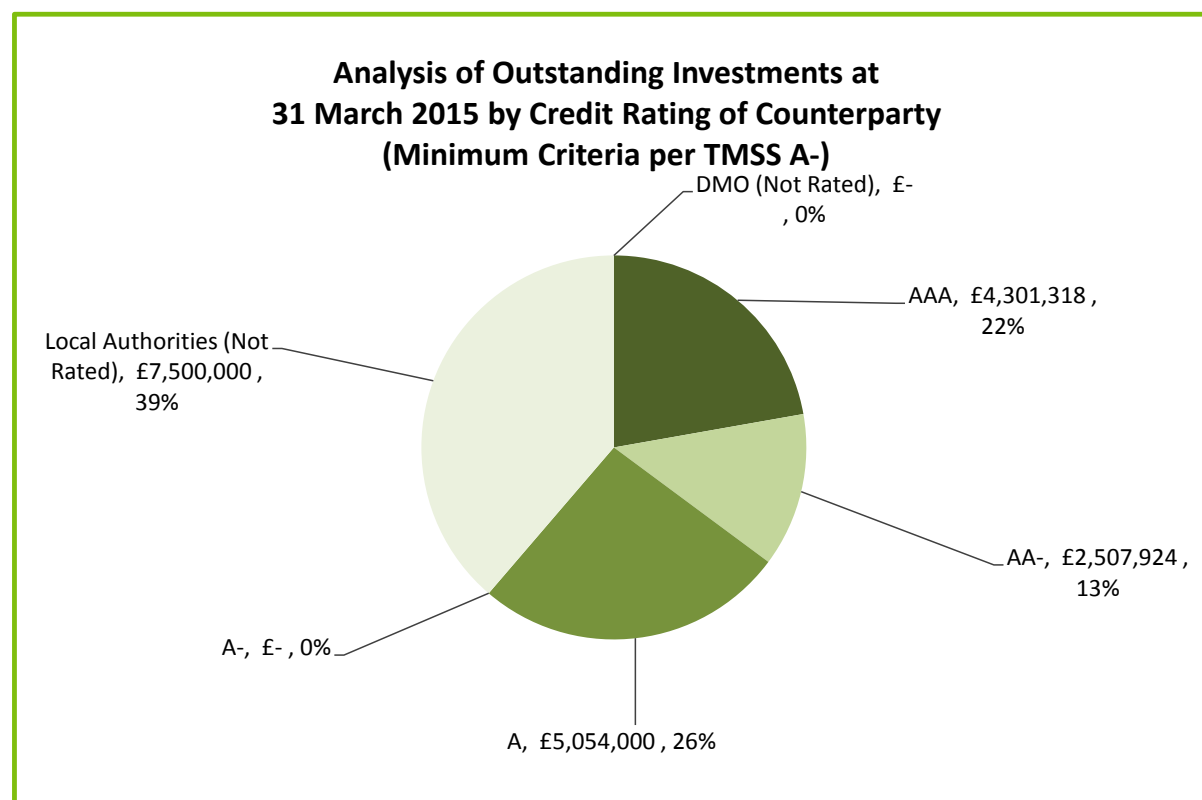
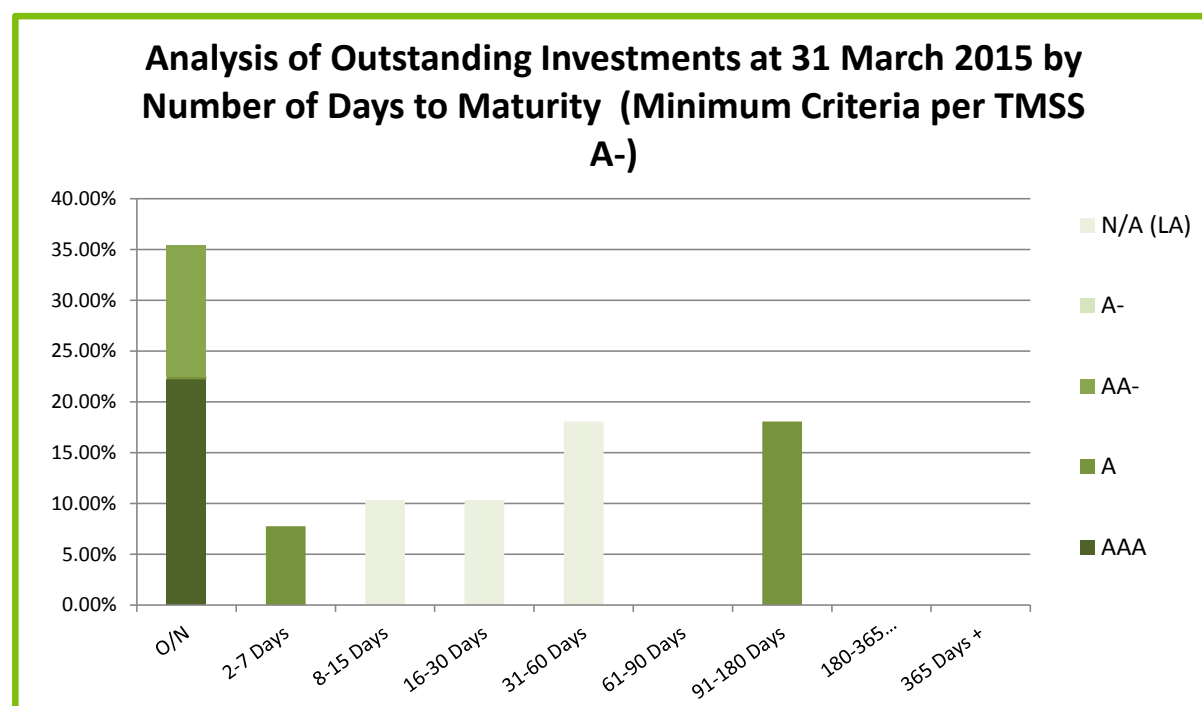
**Schedule of Investments as at 31 March 2015**

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
<b>Category 1 - Major Banks &amp; Building Societies</b>							
Barclays Bank PLC	A	03/07/2014	03/07/2015	94	0.98%	2,000,000	2,000,000
Lloyds Bank PIC	A	03/04/2014	02/04/2015	2	0.95%	1,500,000	
Lloyds Bank PIC	A	11/08/2014	11/08/2015	133	0.95%	1,500,000	3,000,000
Svenska Handelsbanken	AA-	Various	On Demand	N/A	0.35%	2,507,924	2,507,924
NatWest (Liquidity Select Account)	A	30/06/2014	01/07/2014	O/N	0.25%	54,000	54,000
						7,561,924	7,561,924
<b>Category 2 - Money Market Funds (AAA Rated)</b>							
Aberdeen Asset Management	AAA	Various	On demand	O/N	Various	1,500,000	1,500,000
AIM	AAA	Various	On demand	O/N	Various	0	0
BlackRock	AAA	Various	On demand	O/N	Various	0	0
Fidelity	AAA	Various	On demand	O/N	Various	1,318	1,318
Goldman Sachs	AAA	Various	On demand	O/N	Various	300,000	300,000
IGNIS	AAA	Various	On demand	O/N	Various	2,500,000	2,500,000
						4,301,318	4,301,318
<b>Category 3 - Other Local Authorities</b>							
Birmingham City Council	NR	20/03/2015	20/05/2015	50	0.55%	2,000,000	2,000,000
Dumfries and Galloway Council	NR	23/01/2015	23/04/2015	23	0.35%	2,000,000	2,000,000
Plymouth City Council	NR	02/02/2015	05/05/2015	35	0.35%	1,500,000	1,500,000
Stirling Council	NR	08/10/2014	08/04/2015	8	0.40%	2,000,000	2,000,000
						7,500,000	7,500,000
<b>Category 4 - Debt Management Office</b>							
							0
						0	0
<b>Total</b>						<b>19,363,242</b>	<b>19,363,242</b>

Note – the credit ratings shown in the above table relate to the standing as at 31 March 2015, 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 £3m 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.

## Appendix 3

Analysis of Outstanding Investments as at 31 March 2015

Note – the credit ratings shown in the above charts relate to the standing as at 31 March 2015, 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 Affordable Borrowing Limit is made up of two components; the *Authorised Limit* and the *Operational Boundary*.
- The Authorised Limit represents an upper limit for external borrowing that could be afforded in the short term but may not be sustainable. The figure includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Commissioner's Authorised Limit was set at £23.71m for 2014/15.
- 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 2014/15 was set at £22.21m.
- The actual amount of external borrowing as at 31 March 2015 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 2014/15 £m	Actual Borrowing at 31 Mar '15 £m	Compliance with limits
Upper Limit for Fixed Rate Exposure	23.71	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 Mar '15 £m	% Fixed Rate Borrowing as at 31 Mar '15 %	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 2014/15 was set at £5m.
- As at 31 March 2015, the PCC had two investments totalling £3.5m which were for a duration greater than 364 days at the time of investment. Neither of which now have outstanding maturities greater than 364 days. Please see additional details within paragraph 4.3 above.



## Cumbria Shared Internal Audit Service Internal Audit Report for COPCC



Draft Report Issued: **20 April 2015**

Final Report Issued: **21 April 2015**

## Audit Resources

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Lead Auditor(s)	Emma Toyne	Emma.toyne@cumbria.gov.uk	01228 226261

## Audit Report Distribution

For Action:	<i>Ruth Hunter, Commissioner's Chief Finance Officer.</i>
For Information:	
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 6 May, will receive the report

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

### Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), [www.sjstudios.co.uk](http://www.sjstudios.co.uk), Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



## 1. Background

- 1.1. This report summarises the findings from the audit of the Cumbria Office of the Police and Crime Commissioner's Annual Governance Statement for 2014/15. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Accounts and Audit (England) Regulations 2011 require the 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
- 1.3. The Code of Corporate Governance for the Commissioner has been in place for the 2014/15 financial year. The 2014/15 Code was substantially revised from previous years to provide a more comprehensive Code.

## 2. Audit Approach

### 2.1. Audit Scope and Limitations

#### 2.1.1. The Audit Scope was 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.*
- There were no instances whereby the audit work undertaken was impaired by the availability of information.

## 3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating for the preparation of the Annual Governance Statement provide **Reasonable** assurance. We are not aware of any matters that should be declared within the Statement as significant governance issues.

*Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

## 4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There is one advisory audit recommendation arising from this audit review which is detailed in Section 5.
- 4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:
- 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.
  - Where changes or new content has been included in the AGS supporting information was readily available for Internal Audit review.
  - The Internal Audit annual report summarised our work during 2014/15 and information provided in the Annual Governance Statement is consistent with our findings.
  - The AGS contains an action plan arising from the 2014/15 statement and an update on the action plan arising from 2013/14.
  - The Commissioner's AGS has been prepared by statutory and senior officers and a draft will be taken to the Joint Audit and Standards Committee on 6 May 2015. The AGS will be signed by the Commissioner and his 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.
- 4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:
- 4.4.1. *High priority issues: None identified.*
- 4.4.2. *Medium priority issues: None identified.*



4.4.3. *Advisory issues:*

- Consideration should be given to reducing the length of the Commissioner's AGS.

## 5. Matters Arising / Agreed Action Plan

● **Advisory issue**

Audit finding	Management response
<p>(a) <b>Length of document.</b></p> <p>The CIPFA/ SOLACE publication ‘delivering good governance in Local Government: Framework Addendum’ footnote 3 states “the governance framework should contain the key elements outlined in the addendum but the annual governance statement does not need to describe them in detail if, for example, they are set out in the authority’s code of governance that is publicly available”.</p> <p>The AGS is a comprehensive document, containing 26 pages of narrative (excluding the action plan). At the meeting of the Joint Audit and Standards Committee in June 2014, where the 2013/14 AGS was considered, members commented that the PCC’s AGS was a larger document than would be usual (the document contained 26 pages of narrative). The Commissioner’s Code of Corporate Governance was substantially revised for 2014/15 to provide a more comprehensive Code.</p> <p><b>Recommendation 1:</b></p> <p>Consideration should be given to reducing the length of the Commissioner’s Annual Governance Statement.</p>	<p><b>Agreed management action:</b></p> <p>Management agree to give consideration to the benefits of reducing the length of the document.</p>
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>The AGS loses its impact because the document is too long.</li> </ul>	<p><b>Responsible manager for implementing:</b></p> <p><b>Chief Finance Officer</b></p> <p><b>Date to be implemented:</b></p> <p><b>April 2016</b></p>

## Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
<b>Substantial</b>	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls &amp; management of risks.</p>
<b>Reasonable</b>	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
<b>Partial</b>	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
<b>Limited / None</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.</p>

## Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

		Definition:
<b>High</b>	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
<b>Medium</b>	●	Some risk exposure identified from a weakness in the system of internal control
<b>Advisory</b>	●	Minor risk exposure / suggested improvement to enhance the system of control

### Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.



## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee

6 May 2015

Agenda Item 11ii

### Effectiveness of Governance Arrangements 2014-15

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 (AGS) 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 approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2015-16 Code 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 2014-15 Annual Governance Statement.

#### 2. Governance Framework & Effectiveness

2.1 The Annual 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. This has been undertaken alongside a review of those arrangements, using questions within the guidance on the review process, as a basis of challenging what is in place and the effectiveness of those arrangements. 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 and challenge identified areas where developments are planned or improvements can be made, the AGS 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 Annual Governance Statement setting out the review of governance arrangements for 2014-15 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.

2.3 During the development of the Annual Governance Statement, and on recommendation of Joint Audit and Standards Committee members, a review has also been carried out of the AGS of a number of other policing bodies and local authorities. This has included a review of the statements of 15 Police and Crime Commissioners and the AGS of those best practice authorities identified within the CIPFA guidance. The review has identified that there is a significantly wide range of presentations regarding the statements, including a number that provide a very simple and short overview of their governance framework and review process, making a number of general statements of compliance. The CIPFA guidance best practice examples are based on a more detailed but easily accessible narrative. These typically document the key activities of the authority against the CIPFA/SOLACE framework principles and clearly explain the process for governance review. A good example of this, from a Cumbrian Authority and quoted in the CIPFA guidance, is the AGS for Copeland Council. Their AGS is a 31 page document that narrates the work carried out by the Council over the course of a year in accordance with its governance framework. As a result of this review, and more consistently with the best practice examples, the development of the Commissioner's 2014-15 AGS has made some changes to simplify the language with the document and provided a clearer statement on the governance review process.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2014-15 this has included a review and update of financial regulations and arrangements for Treasury Management and Risk Management. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Chief Finance Office and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal

and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. These requirements, 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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Cumbria Office of the Police and Crime Commissioner  
Code of Corporate Governance 2015-2016



## 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 2015 and the Home Office Financial Management Code of Practice 2013. 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 Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the purpose of the Police and Crime Commissioner, conferring their statutory duties and responsibilities. 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 Strategic Policing Requirement sets out the capabilities we are expected to have to support national policing objectives.*

the Commissioner will focus on in carrying out his 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.<sup>1</sup> 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. It is reviewed and updated annually. 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 Commissioner's Police and Crime Plan can be found on our website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk)*

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

The Police and Crime Plan is developed alongside a medium term financial forecast that ensures funding is aligned to the resources need to deliver 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 publishes an annual report, scrutinised by the Police and Crime Panel, to communicate the PCC's activities, achievements and performance.

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 all aspects of operational management of the Commissioner's office. The Chief Executive is responsible to the Commissioner for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Chief Executive provides support to ensure the Commissioner's functions are carried out and 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 set out the responsibilities of the Commissioner's Chief Financial Officer. The job profile for this role is based on the CIPFA Statement. Compliance with the statement is self-assessed on an annual basis and reviewed by the Joint Audit and Standards Committee. 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 Commissioner's scheme of delegation is part of a wider governance framework that further details specific responsibilities of key officers in relation to areas of governance and 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 consents and arrangements for governance between the Commissioner and Chief Constable, including specific consents in respect of financial management of the Constabulary budget. All arrangements for governance are subject to cyclical review.

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.

Terms and conditions for remuneration of the PCC are set by the Home Office. Staff terms and conditions and remuneration are based on national agreements translated into local policies and subject to consultation with staff and trade unions. All officers have clearly defined job roles and reporting lines based on the roles and the functions for which they are accountable. A performance management framework provides for annual performance and development reviews to ensure service delivery responsibilities are clear and monitored.

The Police and Crime Plan recognises the importance of partnership working 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.

**Partnership Working:  
Restorative Justice**

*Restorative justice is an example of one of the priorities within the 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.*

## 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 values 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 manages 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.

An Ethics and Integrity Panel deals with matters of conduct and standards. The purpose of the Panel is to promote and influence professional ethics in all aspects of policing and within both organisations. It will also provide assurance to the public that this area of business is being independently scrutinised and that any issues or concerns are highlighted and monitored.

Four members have been appointed to the Panel. The areas of work which they will monitor and scrutinise will include the dip sampling of public complaint files, performance reports for areas of business such as public complaints, integrity, civil claims and grievances. An annual work programme has been developed to facilitate their quarterly meetings.

A Joint Audit and Standards Committee has responsibility for standards matters covering hearings and determining appeals in relation to the Commissioners personal policies and decisions of the Chief Executive. Appeals can be raised by the Commissioner's staff, by Independent Custody Visitors and Independent Members of Police Misconduct Panels. The Committee also provides advice in respect of the Commissioner's governance framework including arrangements for anti-fraud and corruption.

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 2013, 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 decisions 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. A Code of Conduct provides advice with regard to potential conflict and declarations of interest.

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 significant 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, ensuring that activities and decisions are transparent and that effective, transparent and accessible arrangements are in place for dealing with 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, can call in for further scrutiny any decisions made and will consider any complaints against the Commissioner. 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 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 sections 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 a number of joint personnel policies with the Constabulary in addition to operating within a suite of COPCC specific policies that 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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Police and Crime Commissioner for Cumbria  
Annual Governance Statement 2014-15





## The Police and Crime Commissioner for Cumbria

### Annual Governance Statement 2014-15

#### INTRODUCTION AND SCOPE OF RESPONSIBILITIES

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

To meet this overall responsibility, the Commissioner has put in place proper arrangements for overseeing what we do. This is what we mean by governance. These arrangements are intended to make sure that we do the right things, in the right way and are fair, open, honest and accountable.

Our arrangements for governance are set out within a Code of Corporate Governance 'The Code'. The Code explains the way the Commissioner governs and the frameworks that are in place to support the overall arrangements for fulfilling his functions. The Code of Corporate Governance is available on the Commissioner's website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk) and is published alongside the Annual Governance Statement.

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011. The regulations say that we must publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

#### THE AIM OF THE GOVERNANCE FRAMEWORK

The governance framework consists of the systems, processes, culture and values by which the Commissioner is directed and controlled and the activities through which the Commissioner gets involved with and leads the community. The framework enables the Commissioner to monitor the achievement of our aims and objectives and to consider whether those aims have led to the delivery of appropriate efficient and effective police, community safety and victim services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable assurance. 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 assess the likelihood of those risks happening and what would take place if they did happen. This helps us to understand our risks and so we can manage them effectively, efficiently and economically.

The Commissioner is responsible for reviewing, at least annually, the effectiveness of his governance framework including the system of internal control.

## REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements are guided by 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 his 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 review process comprises:

A cyclical detailed review of the key documents within the Commissioner's governance framework, e.g. Financial Regulations, Scheme of Delegation, Code of Conduct. The review includes consideration of the documents by the Joint Audit and Standards Committee/Ethics and Integrity Panel, as appropriate, prior to their presentation to the Commissioner for approval.

An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance. As part of this review the Commissioner's Code of Corporate Governance is updated to reflect changes in the governance framework and the implementation of the prior year AGS development plan.

### *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*

A review of what has happened during the past year to evidence how the governance framework has been complied with. The process includes consideration of the questions and challenges raised within the CIPFA Good Governance Guidance Note for Police and a discussion on how well existing arrangements meet the good practice examples within the guidance.

A review of the effectiveness of the arrangements for Internal Audit, undertaken by the Commissioner's Chief Finance Officer. The effectiveness of Internal Audit is considered against the Public Sector Internal Audit Standard (PSIAS) and CIPFA's Local Government Application Note, a self-assessment checklist. The review supports a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The review is supported by consideration of the opinion of the Chief Internal Auditor on the Commissioner's control environment, as set out in her annual report.

A review of the effectiveness of the Joint Audit and Standards Committee is considered against CIPFA guidance on Audit Committees for Police. This is a self-assessment by the Committee and supported by the Commissioner's Chief Finance Officer. As part of the review consideration is given to assurance that can be provided by the Committee's annual work programme in evidencing the effectiveness of internal controls and as a contribution to the effectiveness of overall governance arrangements.

As part of the review process, the Annual Governance Statement is prepared by lead officers and presented in draft to the Commissioner's Internal Auditors and the Joint Audit and Standards Committee, alongside a report detailing the findings of the review. The Governance Statement is appended with an action plan that identifies the areas for development and improvement that have arisen during the review process. It is approved by the Commissioner, the Chief Executive and the Chief Finance Officer prior to being issued alongside the draft unaudited Statement of Accounts.

The AGS remains under review during the audit of the financial statements. It is updated, where appropriate, following the audit, with consideration being given to the opinion of the External Auditor, expressed within her annual Audit Findings Report and the External Auditor's value for money conclusion.

The following paragraphs set out the Governance Framework and how the Commissioner has complied with each of the six governance principles within the Code of Corporate Governance. Each section of the statement includes a commentary on areas for development and improvement that have been identified as part of the review process and are collated into the action plan appended to The Statement. The AGS also includes an update on the implementation of planned actions from the 2013-14 review, and how these were addressed as shown in the 2014-15 development plan update.

## 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. In March 2013 the Commissioner launched his first Plan, and set out his intention to review it annually to reflect changing financial circumstances and emerging issues, as well as reflect the feedback received from public engagement during the year.

The Commissioner has continued to engage members of the public in numerous events across the county, including drop-in events in public places, surgeries and meetings with community groups. In addition, a large survey has been commissioned and cognisance has been taken of issues raised in correspondence and through social networking.

As a result, during 2014-15, the Police and Crime Plan, 'Making Cumbria an Even Safer Place', has been updated to reflect recent activity and emerging issues.

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 2014-15 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. Included for the first time were Her Majesty's Inspectorate of Constabulary (HMIC) new performance measures to assess the effectiveness, efficiency and legitimacy (PEEL) of the constabulary. The PEEL assessment for 2014 was assessed as 'good'. 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.

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.

The OPCC chairs a 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.

The Commissioner's activities, performance and achievements are published in an annual report which is presented to the Police and Crime Panel prior to publication. The Commissioner's third annual report, covering the 12 months from 1st April 2014 to 31st March 2015 will be presented to the Police and Crime Panel on 17 July 2015 and highlights a number of key achievements including:

- Significant progress in developing service provision for victims including the recruitment of a Victim's Advocate
- Good progress towards the implementation of a Sexual Assault Referral Centre
- The launch of a Rural Crime Strategy;
- Development of Community Remedy following consultation.

The Annual Report can be found on the Commissioner's website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk).

*The Commissioner's Police and Crime Plan and Annual Report can be found on our website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk)*

Financial performance is set out in the Commissioner's Financial Statements which includes a more accessible summary statement.

The 2013-14 Statements were approved following

external audit and reviewed by a joint meeting of the Audit and Standards Committee and the Commissioner's Executive Board on 22 September 2014. The External Auditor's Audit Findings Report noted the significant presentational changes made to the financial statements with a view of improving the readability of the accounts. In the opinion of the auditors this worked well in providing a clear easier to read set of accounts. This work secured a reference for the Police and Crime Commissioner and Chief Constable in Grant

*"Cumbria Police and Crime Commissioner/ Chief Constable ... made their accounts easier to read by removing immaterial notes and providing brief and simple explanations of key accounting concepts" Grant Thornton Local Government Governance Review 2015.*

Thornton's Local Government Governance Review 2015. The auditors also commented that the Commissioner continued to show strong financial resilience and good financial planning and management, noting that priorities are based on a clear understanding of the local community needs and investment is being targeted. The auditors confirmed that the Commissioner had proper arrangements in place for securing economy, efficient and effectiveness in the use of resources.

At the Executive Board meeting of 24th February 2014 the Commissioner set the 2014-15 annual

budget and precept in the context of a 4 year medium term financial forecast (MTFF). In line with his duty to maintain the police force and the Police and Crime Plan priority to deliver effective policing, detect crime and bring criminals to justice, the Commissioner agreed funding of £117.6m for the Chief Constable for the 2014-15 financial year.

During the year work has continued in modelling the medium term forecast to assess the potential level of resources that may be available for future year financial settlements. This is critical in supporting the Commissioner and Constabulary in developing plans for delivering the Police and Crime Plan priorities within a reduced level of resources.

The budget included £4.6m funding for 2014-15 within a commissioned services budget for victims, 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. 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.

During 2014-15 the commissioned services budget supported a range of partnership working to support services and initiatives to reduce anti-social behaviour, youth offending and support victims. The newly appointed Head of Partnerships and Commissioning is responsible for taking forward this area of work. Partnership and Commissioning

Funding was provided to support sexual and domestic violence services. In excess of £80k of funding was awarded to community groups through the Commissioner's community fund and over £1m has been committed to a partnership initiative for a county wide CCTV scheme. 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.

Following the publication of 'Care, Consideration and a Voice for Victims', and 'Taking the Next Steps' in 2014 the recommendations identified provided a clear focus of activity for the PCC 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 reports identified areas for improvement in services and developed an evidence base to support future commissioning activity.

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 services for domestic abuse

victims through changes in the service commissioned during 2015 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.

Following the launch of the Office of Victim Support, the Commissioner has put in place arrangements for victims in order to comply with his new commissioning responsibilities for victims support services that came into place in 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. Wider victim referral services have been relocated to Cumbria as from 01 April 2015.

On 1st April 2014 and in line with legislative requirements, a stage 2 staff transfer scheme was implemented between the Commissioner and Chief Constable. The scheme transferred all staff, other than one vacant post and those within the Commissioner's office, to the employment of the Chief Constable. The staff transfer was supported by a revised governance framework, approved by the Commissioner and Chief Constable, to reflect the changes to governance and support the new the new arrangements from April 2014.

The Commissioner receives correspondence from members of the public on a variety of issues including complaints or dissatisfaction. These are dealt with in accordance with statutory legislation and agreed policy and procedures. Where issues are identified they are raised with the Constabulary and where necessary steps are taken to ensure changes to services are made. During 2014-15 this work has resulted in changes to the process for complaints received directly by the Chief Constable's office, resulting in improvements to communications with complainants that aim to provide a higher level of assurance regarding the action that will be taken. These changes arose directly from complainant feedback.

#### AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT 2014/15

CP1/1: In order to respond to proposals for achieving publication of the financial statements by 31st July, 2 months in advance of the current regulatory date of 30th September, the finance

team are working with our external auditors to achieve an earlier production of the 2014-15 financial statements. This aims to achieve the publication the audited Statements by the first week in June 2015 and publication of the audited statements following approval on 3rd September 2015.

CP1/2: Work to develop financial models to respond to the funding announcements expected following the general election will continue during 2015-16 as further information is received on the new police funding formula and the 2015 comprehensive spending review.

CP1/3: During 2015-16 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Strategy to support collaborative and partnership working.

CP1/4: Arrangements for scrutiny of Constabulary performance reports will be reviewed to facilitate OPCC officer input and review prior to presentation at the Executive Board



## 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 (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making.

The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation. The scheme was revised for 1st April 2014 to take into account the impact of the stage 2 transfer of staff to the Chief Constable and the statutory framework that prohibits delegations from the Commissioner to staff of the Chief Constable. Revisions to the scheme of delegation 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 for 2014-15.

During the year a formal review has been undertaken of the role of the Commissioner's Chief

Finance Officer against the CIPFA statement for Police. The review comprised a self-assessment against the 63 specific requirements set out in the CIPFA statement, documenting the arrangements in place to meet the requirement. The self-assessment was subject to further review by the Joint Audit and Standards committee. The outcome from the process has concluded that the Chief Finance Officer is fully compliant with the CIPFA role.

A similar review has been undertaken to assess the role of the Head of Internal Audit (HIA) against the CIPFA statement. This has comprised a self-assessment against the 29 specific requirements set out in the CIPFA statement for the HIA in the public sector. The assessment concludes that the Head of Internal Audit is fully compliant with the CIPFA role. The assessment has been reviewed by the Commissioner's Chief Finance Officer and was presented to the Joint Audit and Standards Committee on May 6th 2015.

Financial functions and roles have been further subject to review as part of the cyclical arrangements to review the Commissioner's financial regulations. These have been updated during 2014-15 to take into account legislative and regulatory changes. This has resulted in some changes to the Commissioner's responsibilities and an update to the terms of reference of the Joint Audit and Standards Committee. Changes have also

been made to improve the document and clarify roles and responsibilities for approving and managing the capital programme.

The Commissioner continues to operate his statutory Independent Custody Visiting Scheme. During the course of the year a number of volunteers have been recruited across the four panels to maintain an overall number of forty eight. In the period 1 February 2014 to 31 January 2015 they made 195 visits, spoke to 271 detainees and observed a further 201 detainees. No serious issues were raised during any of the visits. Work has been carried out to further develop the Animal Welfare Scheme which looks at the welfare of police dogs. Nine volunteers from the ICV scheme have been appointed to undertake this role. Work has also been undertaken with the Civil Nuclear Constabulary to utilise the nine volunteers from the Animal Welfare Scheme to carry out a similar function for them. This is now in operation and working well.

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.
- Delivering 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](http://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 strategy is regularly updated to take into account key milestones and to demonstrate the objectives within the Police and Crime Plan that are being achieved.

The role of the Joint Audit and Standards Committee has been reviewed during 2014 -15 to take into account the Local Audit and Accountability Act 2014. The Committee have agreed to take on the role of an Audit Panel for the purpose of the appointment of External Auditors at the point that the relevant provisions within the legislation come into effect.

The role of the Joint Audit and Standards Committee has also been amended to take into account the establishment of an Ethics & Integrity Panel. The role of the Ethics Panel, set out in its terms of reference, is to provide a forum which challenges, encourages and supports the monitoring and dealing with integrity and ethical issues in both the OPCC and Constabulary. The Panel will present an annual report to the Joint Audit and Standards Committee in May each year.

The Commissioner's Executive Board continues to meet in public with the agenda and papers being published prior to the meetings. The meetings have been attended by various representatives of the media and members of the public. Three questions by members of the public were asked following the introduction of the facility in the previous year.

## 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, County and District Council and NHS) project manager has been appointed to a 12 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 2014-15 to develop Victim led Restorative Services, 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 2015-16 and thereafter, the OPCC will work with partners to develop and deliver a Victim and Witness Needs and Commissioning Strategy to deliver improvements in services to victims and develop compliance with the Victims' Code of Practice.



## 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 2014-15 the Commissioner, in conjunction with the Chief Constable, established an Ethics and Integrity Panel. The Panel's first meeting was held on 13 March 2015. As part of the day, it "dip sampled" public complaint files managed by the Professional Standards Department and considered a number of reports in line with the annual work programme. The Panel Chair reports the findings of its work to the Commissioner's Executive Board including recommendations for improvement. The findings from the first meeting and report were that:

- The Panel was impressed by the thorough and professional approach taken by the Professional Standards Department to the complaints that it looked at, treating them seriously.
- In particular, "local resolution" was a proportionate way of dealing with those complaints that were less serious.
- A genuine effort was made to regain the confidence of the complainant and all the files sampled had been dealt with within the set timescales.
- Cumbria has one of the lowest rates of public complaints. Figures for complaints that are not upheld compare well with national data. The number of IPCC appeals upheld was considerably lower than national data.

- The number of integrity issues reported during 2014 was stable with a slight decrease in the last quarter.
- The Panel saw the fact that a significant number of reports were self-referrals from officers was an indicator of awareness within the Constabulary of integrity issues and the importance of acting in an ethical way.

*During 2014-15 the Ethics and Integrity Panel was able to make a number of recommendations that aim to improve the quality of communications and public satisfaction.*

The panel was able to make a number of recommendations regarding the presentation of information within reports, briefings issued to staff and regarding responses to complainants that aim to improve the quality of communications and public satisfaction.

As part of the arrangements for complaints, the Commissioner receives letters of complaint directly from members of the public. In 2014 he received 12 complaints, 10 of which were passed to the Constabulary to respond to as they were regarding officers below the rank of Chief Constable and therefore beyond the jurisdiction of the Commissioner.

During the same period the Commissioner received 338 letters of dissatisfaction raised by members of the public regarding the Constabulary and policing issues. These matters were addressed in

conjunction with the Chief Constable's office and the Constabulary. Letters of compliment were also received from members of the public for the assistance provided by the Police and Crime Commissioner and members of staff.

Complaints made against the Police and Crime Commissioner are dealt with by the Police and Crime Panel. During 2014-15 the panel received three complaints all of which were dealt with by way of a letter of explanation.

In December 2014 the Home Secretary announced that she would be conducting a consultation on Police Integrity with a view to reforming the police complaints and disciplinary systems. On 12 March 2015 the Home Office published the Government's response to the public consultation having decided to take forward the majority of proposals outlined in the consultation paper. This would see Police and Crime Commissioners taking a more active role in the police complaints process to provide more openness and transparency to the process. Legislation is awaited to enable Commissioners to carry out their extended role.

During 2014-15 the Commissioner's arrangements for anti-fraud and corruption have been subject to inspection by internal audit following a fundamental review and update during the previous year. The audit work comprised a review of the Commissioner's arrangements and the arrangements the Commissioner has in place to hold the Chief Constable to account on matters of anti-fraud and corruption. The audit judgement is that there is substantial assurance in respect of the arrangements. The report noted as a strength the

clear promotion of high standards of integrity and ethical behaviour.

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 and the Deputy Monitoring Officer has undertaken dip sampling between the registers and contracting activity.

In April 2014, in support of the requirements for audit of the financial statements, the Commissioner submitted to the External Auditor a fraud risk assessment providing further assurances in respect of the arrangements to protect against fraud and corruption. Management assurance was further supported through the completion by the Commissioner and all staff of a register of interests form and a declaration of related party transactions. These forms were reviewed by the Chief Executive and Chief Finance Officer and are published on the Commissioner's website for openness and transparency.

In June 2014, the Chief Executive presented to members of the Joint Audit and Standards

*During 2014-15 the Commissioner's arrangements for Anti-Fraud and Corruption have been audited and received a judgement that there is substantial assurance in respect of those arrangements.*

Committee a report monitoring the operation and effectiveness of arrangements for anti-fraud and corruption, the code of conduct and the PCC/Officer protocol. Reports will be prepared in May 2015 to provide management assurance in respect of these arrangements for the 2014-15 financial year. In respect of the June 2014 report the Chief Executive was able to confirm that 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.

In respect of the period from 1st April 2014 to the date of issuing this statement, no issues have been raised with the Joint Audit and Standards Committee in respect of the operation of the Commissioner's Codes of Conduct/Protocols and the Committee has not received any appeals in relation to these matters.

#### AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP3/1: During 2015-16 work will be undertaken to update and develop the policy and guidance for complaints to ensure arrangements are accessible and to encourage a positive culture for receiving and addressing issues that have given rise to a complaint.

CP3/2: In line with national changes to the police complaints systems, work will be undertaken to further develop arrangements in respect of the role of the Commissioner in managing complaints concerning police officer conduct.

*In respect of the period from 1<sup>st</sup> April 2014 to the date of issuing this statement, no issues have been raised with the Joint Audit and Standards Committee in respect of the operation of the Commissioner's Code of Conduct and Protocols*

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

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

The Commissioner makes decisions in line with his decision making policy which adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2.

During the 2014-15 financial year the Commissioner made 50 decisions that have all been recorded and published on the Commissioner's website. Of those, in the interests of openness and transparency, 35 (70%) were taken as public decisions. 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 2014-15. 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 the management of risk prior to formal decision making by the Commissioner. This has included providing assurance on the Financial Regulations, Code of Corporate Governance, Risk Management Strategy, Internal Audit Charter and Treasury Management Strategy and Practices. The Commissioner and the Chief Constable met jointly with the Committee in on 22nd September 2014 in order to receive the views of members prior to authorising the statement of accounts and 2013-14 Annual Governance Statements for publication.

The Office of Public Engagement is instrumental in influencing key decision making within the OPCC. For example, two major consultation exercises were conducted during the last year which helped shape the Commissioner's decision making in key areas:

*During the 2014-15 financial year the Commissioner made 50 decisions, of those, in the interests of openness and transparency 35 (70%) were taken as public decisions.*

Firstly, during the period August – October 2014, an extensive public consultation was carried out regarding the setting of the police precept. The aim of the consultation was to seek the views of the residents of Cumbria about future levels of the police precept element of council tax. To give additional context, local residents were also surveyed about their knowledge of what local police do; their satisfaction with Cumbria police; and recent contact with the police.

As well as the survey, the Commissioner carried out a wide range of public engagement events over the summer and autumn months, to provide as many opportunities as possible for the public to engage with him, through a diverse range of communication and engagement methods

The concept of the consultation was that it would provide an independent, statistically significant and robust evidence base that the Commissioner could

feel confident was representative of the views of the people of Cumbria, and upon which he could base his decision as to what level to set the police precept for the financial years 2015/2016 and 2016/2017. The outcome of the consultation indicated that the majority of the public of Cumbria would support a rise in the police precept of at least 1.9% for the next two financial years.

Secondly was the consultation carried out on the introduction of Community Remedy. Community Remedy is about giving victims a bigger say in what happens to the person who committed an offence against them, and was introduced as part of the Antisocial Behaviour, Crime and Policing Act 2014 which placed a statutory duty on all Police and Crime Commissioners to develop a list of Community Remedies.

From October 2014, victims of low level crime and antisocial behaviour are able to select the punishment for the offender from a menu of options, for example, measures such as repairing damage to property, cleaning up graffiti or receiving a punishment proportionate to the crime. Victims can also ask the offender direct questions, choose mediation or receive an apology.

In order to develop the list of options to be offered to victims, it was important for the Commissioner to hear the views of the public and partners. Initially, a wide range of stakeholders and partners were invited to submit their views on what they would like to see on offer to victims in the Community Remedy Document, based on their experience of feedback from victims. An example of the groups included:

- Multi Agency Risk Assessment Conference attendees in the North, South and West of Cumbria;
- The Victims and Witnesses Group;
- The Restorative Justice Group;
- Community Safety Groups in the county;
- Safer, Stronger Communities Manager;
- Representative from Constabulary Community Safety Unit.

The feedback received highlighted that the consultation was also an opportunity to build on work already underway in Cumbria in terms of the use of Restorative Justice (RJ), which gives victims the opportunity to have a say in the resolution of offences committed against them and offers them the chance to come face-to-face with their offender. The introduction of the Community Remedy document was seen as an ideal chance to promote the use of RJ, and it was recommended that sanctions involving RJ activities (such as face-to-face meetings) should be included in the list as part of the consultation.

From this initial pre-consultation activity, a list of 'sanctions' was drawn up and an on-line questionnaire was developed to canvass views on what the public and other interested parties would like to see contained in the list. Once the questionnaire was published it was publicised widely in the county through the media, social networks, community messaging, drop-in surgeries and other

*The Constabulary, working with officers from the Commissioner's office, are now developing the processes and systems required to deliver Community Remedy, based on the findings of public consultation.*



community meetings. The results of the consultation indicated quite clearly that reparation activities were the most popular options, with rehabilitation of offenders and restorative justice activities featuring highly. The constabulary, working with officers from the Commissioner's office, are now developing the processes and systems required to deliver Community Remedy, based on the findings of public consultation.

The Police and Crime Panel have met 5 times over the course of the year. At their January meeting the Panel considered the matter of the Commissioner's proposed precept prior to decision making. As part of this process the panel hold a seminar meeting in December to undertake detailed scrutiny of revenue and capital budget plans, plans for savings proposals and the Commissioner and Constabulary's performance in delivering efficient and effective policing.

This involves a comprehensive review of HMIC value for money profiles and HMIC inspection judgements on value for money. At their meeting on January 22nd 2015 the Panel decision was that they support the proposed police precept.

During 2014-15 the Commissioner's Risk Management Strategy has been revised and approved at the Executive Board. The Strategy and a quarterly updated Strategic Risk Register

has been presented to the Joint Audit and Standards Committee to ensure effective arrangements are in place for the scrutiny of risk management activity. In addition the Committee has received a report from the Chief Executive advising on the work that has been undertaken to monitor the effectiveness of arrangements for risk management for 2013-14. The Committee will receive in May 2015 a report in respect of those arrangements for 2014-15.

Risk Management arrangements have been subject to inspection by Internal Audit during the year with a report being issued in February 2015 that provided a judgement of reasonable assurance. The auditor noted that there were a number of strengths evident in the current arrangements including the Risk Management Strategy, arrangements for reporting to the Joint Audit and Standards Committee and clear risk management responsibilities. The report made four medium priority recommendations covering the areas of guidance and training for staff, reviewing the consistency of presentation of information with that of the Constabulary and strengthening the strategic risk register to more clearly focus on strategic objectives. In response to the recommendations CIPFA was commissioned to develop training that was delivered on 23rd March 2015. This has addressed the first three recommendations and commenced the process of reviewing the strategic risk register.

During the year, the Commissioner has received and scrutinised a quarterly report presented by the Chief Constable in respect of the Constabulary's management of strategic risks to enable the

*The Police and Crime Panel held a seminar in December 2014 to undertake detailed scrutiny of the Commissioner's revenue and capital budget plans, saving proposals and performance in delivering efficient and effective policing, prior to their decision to support the proposed police precept.*

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 annual audit programme. Each audit evaluates the exposure to risk relating to the organisations governance, operations and information systems. The audit plan for 2014-15 was approved by the Commissioner, subject to Joint Audit and Standards Committee scrutiny, on 27th March 2014 and presented to the Committee on 31 March 2014. The plan substantially increased the number of days of audit work during the year from 143 to 180 as a consequence of widening the areas of audit coverage in line with the introduction of the public sector audit standard. All areas subject to audit and included in the **draft opinion** of the Chief Internal Auditor have received either reasonable or substantial assurance. This is in respect of 13 Audit reviews comprising 76% of planned work for 2014-15.

The Audit Plan provides the basis for the Chief Internal Auditor's overall opinion on the control environment. **The draft internal audit annual report for 2014-15 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.**

During 2014-15 the Joint Audit and Standards committee have received quarterly reports monitoring the implementation of all audit recommendations.

#### AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP4/1: To ensure the Joint Audit and Standards Committee continue to be effective in their scrutiny role, a programme of training/development activity will be agreed with the Committee Chair and incorporated within the Committee's annual work programme.

CP4/2: During 2015-16 further work will be undertaken to develop the arrangements for risk management. This will include undertaking a review of the Commissioner's strategic and operational risk registers, consideration of risk appetite and the methodology for scoring risks, and reviewing the Risk Management Strategy in the context of this work.

CP4/3: Arrangements will be made to formally codify all elements of the Commissioners business continuity arrangements and initiate a programme for updating and testing the business continuity plan.

## 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 2014-15 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 Audit Commission's 2014 publication, *Protecting the Public Purse*, a Home Office report on *Emergency Services Collaboration* and Grant Thornton's *Local Government Governance Review 2015*.

The Chief Executive is further supported through the Association of Police and Crime Chief Executives (APACCE). To provide peer support, APACCE members have developed 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 development and enhancement of the 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 between 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.

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 an analysis of the funding formula settlements in December 2014 and January 2015, the financial implications of the 2014 Autumn Statement and the impact of the Chancellor's March 2015 budget.

Officers within the finance team have attended a number of events run by CIPFA and Grant Thornton. This has included a capital practitioner workshop, training on insurance procurement, the annual police strategic briefing and a Cumbria wide event in March 2015 to debate the challenges regarding the anticipated changes to the final accounts timetable. The service also commissioned a 2 day course provided by CIPFA to deliver better business case training to a range of staff across the OPCC and the Constabulary to support effective submissions in the annual government funding bid rounds. Announcements in March confirmed that the Commissioner and Constabulary were successful in awards securing £1,074,466 of funding for Cumbria.

To support succession planning and business continuity arrangements for the finance function

within the shared support arrangements, the Deputy Chief Finance Officer has continued to develop her role and awareness of financial governance within the OPCC. This has included taking a lead role in managing the arrangements for the Joint Audit and Standards Committee, including recruitment for a new Committee Chair and Member and increasing her role in financial reporting to both the Commissioner's Executive Board and the Police and Crime Panel.

The Chief Finance Officer and finance staff with treasury management responsibilities have held quarterly briefing meetings with Arlingclose, the Commissioner's external treasury management advisors. This facilitates a high level of awareness within the team of the current economic climate and regulatory changes, both of which impact on the risks and opportunities for counter-party investment. Arlingclose have also delivered a seminar on 22<sup>nd</sup> March for members of the Joint Audit and Standards Committee prior to their scrutiny of the Treasury Management Strategy.

Further specialist advice has been received from the Commissioner's Insurance brokers in respect of the procurement route and approach to re-tendering/renewal of the arrangements for insurance. This advice has supported decision making in respect of insurance excess and cover levels to deliver overall financial savings through a higher level of self-insurance.

During the year North West Employers have supported the office in developing a suite of bespoke human resource policies to ensure staff have clarity in respect of the frameworks in which we operate and manage our people resources. This

follows the stage 2 transfer of staff to the Constabulary from April 1<sup>st</sup> 2014. This is a significant and complex area of work and whilst it has been substantially progressed during 2014-15 there will continue to be additional areas of policy that are subject to implementation during 2015-16.

All staff within the office have attended a one day training course provided by CIPFA to support staff development in managing risk and help to embed a risk aware culture. The training facilitated challenge to the overall approach to risk and will support future work in reviewing the strategic and operational risk registers.

In order to provide expertise around independent public consultation, IPSOS/MORI were commissioned to support the Office of Public Engagement with their consultation on the setting of the police precept. The experience gained will help inform the approaches to consultation in future, and demonstrated how independent statistically significant evidence can be achieved.

The Office of Public Engagement has continued to develop its range of effective community engagement methods, to ensure all sections of the community are reached. Of note during 2014-2015, the Commissioner teamed up with a number of Neighbourhood Forums run by the County Council to capitalise on their tried and tested format and ensure good attendance. The Commissioner, through his Victim's Advocate, created a Victim's Consultation Group, who operate in a 'focus group' style to look in depth at certain policy issues at the time of policy formation. This year the Group contributed to the development of the Cumbria Together website, which is an information portal

aimed at sign-posting victims to where they can get help, support and guidance. The Group also contributed to the development of the Community Remedy options.

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, a Head of Partnerships and Commissioning, an assistant policy officer and a seconded constabulary officer to backfill the role of the Partnership and Strategy Manager.

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, project management, risk 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 2015-16 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 2014-2015 the Independent Custody Visitor Scheme Administrator and the Chairman of the Kendal ICV Panel have attended three training sessions for new Custody Sergeants held on 13th February and 14th May at Carleton Hall and at Workington Police Station on 20th November, to provide information and training on the Custody Visiting Scheme. Attendance ensures that new Custody Sergeants have a greater awareness and understanding of the purpose and the work of the Independent Custody Visiting Scheme when they first encounter the visitors. The visitors generally enjoy a good working relationship with the Custody staff and the training helps to avoid any misconceptions amongst staff about the conduct of visits.

There have been a significant number of changes of personnel on each of the Custody Visiting Panels during this year and the Scheme Administrator has run a number of recruitment campaigns to attract new candidates for appointment. Induction training courses have been run for newly-appointed visitors in Workington on 28th February, Carlisle on 2nd May, Kendal on 31st January and 9th February and Barrow on 16th February. A campaign was launched to attract new volunteers to the West Cumbria Panel with shortlisting and interviews undertaken during March. Currently membership of the four panels stands at Barrow 11; Kendal 11; North Cumbria 12 and West Cumbria 8.

The 2014 Cumbria ICV Annual Conference was held at the Cumbria Rural Enterprise Agency (CREA), at Redhills, Penrith, on Saturday 26th April 2014. 22 Custody Visitors attended the Conference. Among the topics this year was: Illegal Immigration and Human Trafficking in Cumbria, and Sexual and Domestic Violence in Cumbria and its impact on the community.

The delegates undertook a number of workshop exercises focusing on developing good practice in Custody Visiting and a series of scenario discussions aimed at improving practice in the Cumbria ICV scheme.

In addition to the Cumbria Conferences, a number of ICV's attended the 2014 Regional Conference

held on Saturday 4 October at Haydock Park Racecourse. The event covered a range of issues including Mental Health Triage Pilot, Veterans in Custody and Engaging with Older People.

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 – [www.cumbriatogether.com](http://www.cumbriatogether.com)

#### AREAS FOR FURTHER DEVELOPMENT

CP5/1: Complete work supported by North West employers to implement a bespoke suite of Human Resource Policies appropriate to the management of the Commissioner's office.

## 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 2014-15, the Commissioner has:

- Carried out more than 100 public engagement events, ranging from public meetings, surgery style events, 'drop-ins' at supermarket cafés, walkabouts with Constabulary Neighbourhood Policing Teams;
- Attended a number of county council neighbourhood forums, community meetings, parish councils, meetings with various groups i.e. disability, LGBT, and Cumberland Show, Westmorland Show;
- Attended a significant number of meetings with local councillors and MPs;
- Hosted an event on Rural Crime which fed into the development of a joint Rural Crime Strategy;
- Sponsored and spoke at the Cumbria Neighbourhood Watch Association annual

conference, where the theme was Local Resilience;

- Sponsored and attended the 'Know Your Criminal Justice Day', run in collaboration with People First, the Crown Prosecution Service, Cumbria Constabulary and HM Courts Services, aimed at helping those with learning and physical disabilities understand how to report hate crime and what they can expect of the criminal justice system, with the aim of encouraging the reporting of hate crime incidents;
- Sponsored a number of Hate Crime Workshops throughout Cumbria to raise awareness amongst partners of what constitutes hate crime and what can be done for those that report such incidents;
- Published online and circulated by email and community messaging, a regular 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;
- Commissioned a large scale, independent and statistically significant consultation on what the people of Cumbria would be prepared to pay by way of the police precept;
- Conducted a consultation exercise via an on-line and hard copy survey, on Community Remedy, asking what options should be

available to victims of low level crime and antisocial behavior in terms of dealing with the perpetrator;

- Promoted events and activities and maintained a presence using social media i.e. Twitter and Facebook;
- Dealt with over 338 'Quality of Service' complaints from members of the public.

The Commissioner presented the Police and Crime Panel with his second annual report on 11 July 2014. The annual report, entitled "Making Cumbria an Even Safer Place", provided detail on crime and anti-social behaviour, the progress being made by 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 has also developed jointly with the Commissioner a programme to enable the scrutiny of priority areas from within the Police and Crime Plan and two of the areas scrutinised were 'Victims: Ensure victims of crime have access to support and redress'; 'Alcohol: Reduce the impact of alcohol misuse on our communities'.

Communities in Cumbria have contacted the Commissioner to make complaints and raise quality of service issues. In the year 2014-15 the Commissioner received 338 quality of service complaints from members of the public. These issues were then raised with the Constabulary to respond to 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 12 complaints received by the Commissioner 10 (83%) were passed to the Constabulary for response in line with statutory legislation and authorities. Of the remaining 2 (17%) 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 audited accounts for the 2013-14 financial year were signed on 22 September 2014 and published alongside the report of the independent auditors (Grant Thornton) on the financial statements. The auditor's opinion was that the statements provided a true and fair view of the financial position of the commissioner as at 31 March 2014 and that they have been properly prepared in accordance with CIPFA/LASAAC



<sup>1</sup> Code of Practice on Local Authority Accounting. The auditors further confirmed in their Audit Findings Report 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 are also open to attendance by the press and public, resulting in the decision making process becoming more open and transparent. Members of the public may ask questions of the Commissioner at these meetings.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

CP6/1 During 2015-16 work will be undertaken to improve the quality of engagement with and reporting to the Police and Crime Panel, with a focus on member's contribution to the development of priorities for the new Police and Crime Plan.

CP6/2 During 2015-16 wider engagement activity will take place with a range of partners/stakeholders as part of the process to develop the new Police and Crime Plan.




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<sup>1</sup> The Chartered Institute of Public Finance and Accountancy and the Local Authority Scotland Accounts Advisory Committee

## APPENDICES TO THE ANNUAL GOVERNANCE STATEMENT

- Appendix A: 2015-16 Development And Improvement Plan
- Appendix B: 2014-15 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:

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Carleton Hall  
Penrith  
Cumbria CA10 2AU

Telephone: 01768 217734

E-mail: [commissioner@cumbria-pcc.gov.uk](mailto:commissioner@cumbria-pcc.gov.uk)

\*Richard Rhodes  
Police and Crime Commissioner for Cumbria

\*Stuart Edwards  
Chief Executive

\*Ruth Hunter  
Chief Finance Officer/ Deputy Chief Executive

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

## APPENDIX A: 2015-16 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Responsibility	Deadline
CP1	<b>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.</b>		
CP1/1	Preparation for earlier financial accounts deadlines: Achieve unaudited publication by 4 <sup>th</sup> June/audited publication by 10 <sup>th</sup> September.	Chief Finance Officer	Sept 2015
CP1/2	Work to develop financial models to respond to the funding announcements expected following the general election will continue during 2015-16 as further information is received on the new police funding formula and the 2015 comprehensive spending review	Chief Finance Officer	Dec 2015
CP1/3	During 2015-16 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Strategy to support collaborative and partnership working.	Head of Partnerships and Commissioning	March 2016
CP1/4	Arrangements for scrutiny of Constabulary performance reports will be reviewed to facilitate OPCC officer input and review prior to presentation at the Executive Board	Head of Partnerships and Commissioning	March 2016
CP2	<b>Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.</b>		
CP2/1	Work with partners to deliver a sexual assault referral centre and joined-up system of follow-up health and emotional support services.	Head of Partnerships and Commissioning	March 2016
CP2/2	Building on the work of the OPCC and partners, develop Victim led Restorative Services	Head of Partnerships and Commissioning	March 2016
CP2/3	Work with partners to develop and deliver a Victim and Witness Strategy to deliver improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	March 2016

CP3	<b>Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>		
CP3/1	Update and develop policy and guidance arrangements for complaints to ensure arrangements are accessible and to encourage a positive culture for receiving and addressing issues that have given rise to a complaint.	Head of Communications and Business services	March 2016
CP3/2	Develop arrangements for complaints in respect of national proposals regarding changes to the police complaints system	Head of Communications and Business services	March 2016
CP4	<b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>		
CP4/1	Establish a training and development programme for Joint Audit and Standards Committee Members within the Committee's annual work programme.	Chief Finance Officer	June 2015
CP4/2	Further develop arrangements for risk management including review of risk registers, scoring methodology, risk appetite and the risk management strategy	Chief Executive	Sept 2016
CP4/3	Arrangements will be made to formally codify all elements of the Commissioners business continuity arrangements and initiate a programme for updating and testing the business continuity plan.	Head of Communications and Business services	Sept 2016
CP5	<b>Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.</b>		
CP5/1	Complete work supported by North West employers to implement a bespoke suite of Human Resource Policies appropriate to the management of the Commissioner's office	Head of Communications and Business services	March 2016
CP6	<b>Engaging with local people and other stakeholders to ensure robust public accountability.</b>		
CP6/1	During 2015-16 work will be undertaken to improve the quality of engagement with and reporting to the Police and Crime Panel, with a focus on member's contribution to the development of priorities for the new Police and Crime Plan.	Head of Partnerships and Commissioning/ Head of Communications and Business services	May 2016
CP6/2	During 2015-16 wider engagement activity will take place with a range of partners/stakeholders as part of the process to develop the new Police and Crime Plan.	Head of Partnerships and Commissioning/ Head of Communications and Business services	May 2016

## APPENDIX B: 2014-15 DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

Ref	Action	Action Update	Responsibility	Deadline
CP1	<b>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.</b>			
CP1/1	Model the impact of potential changes to grant income arising from the review of the police funding formula.	A number of models have been developed to assess a range of funding outcomes taking into account known/estimated information from the National Settlements and the Autumn Statement. Financial modelling will continue until the conclusion of the police formula funding review as further information is received during 2015-16. An action to reflect this has been included in the 2015-16 action plan.	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.	Actions Complete.	Chief Executive	31 March 2015
CP2	<b>Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.</b>			
CP2/1	Deliver a sexual assault referral centre and joined-up system of follow-up health and emotional support services.	Good progress has been made in developing a joined-up system for sexual assault services. A collaborative agreement is in place with pooled funding to commission services in 2015. The Head of Partnerships and Commissioning will take forward this project in 2015	Chief Executive	30 April 2015
CP2/2	Work with partners to increase the use of quality Restorative Justice through the development of a multi-agency approach.	Good progress has been made in developing a multi-agency Restorative Services 'Hub' for Cumbria. Partners committed to and engaged in The 'Hub' for Restorative Services have started to deliver RJ for victims. The Head of Partnerships and Commissioning will take forward this project in 2015 to embed the 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.	<p>Good progress has been made in delivering improvements for victims' services in line with the Victims' and Witnesses action plan and specifically in relation to victims of domestic and sexual violence. For example:</p> <p>A countywide ISVA (Independent Sexual Violence Adviser) service is in place.</p> <p>A countywide IDVA (Independent Domestic Violence Adviser) service is in place.</p> <p>A Domestic Violence perpetrator programme has been commissioned and will roll out during 2015.</p> <p>A Victim Care Unit (VCU) has been established in the county to deliver front line victim referral services for all victims of crime.</p> <p>A provider has been commissioned to deliver Cumbria based forensic examination services for victims from December 2015 when The Sexual Assault Referral Centre is open</p> <p>The Head of Partnerships and Commissioning will take forward the ongoing development of services for victims in 2015.</p>	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.	Work has been undertaken with partners to address this area of activity, and is included within other work streams, such as restorative justice and services to victims.	Chief Executive	31 March 2016
CP3	<b>Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>			
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	Action Complete: The first annual report was presented to committee on 23 June 2014 and is due to be reported upon again on 6 May 2015.	Chief Executive	31 May 2015

CP4	<b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>			
CP4/1	Implement a risk management development seminar for OPCC staff	This action has been completed as a seminar was held on 23 March 2015	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	Action Complete. The first annual report was presented to committee on 23 June 2014 and is due to be reported upon again on 6 May 2015.	Chief Executive	31 March 2015
CP4/3	Implement actions arising from the review of internal audit by Grant Thornton and against the PSIAS	All actions have now been complete.	Chief Finance Officer	31 March 2015
CP5	<b>Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.</b>			
CP5/1	Develop the arrangements for human resource policies following stage 2 transfer	A number of policies have been developed and implemented following consultation with staff and trade unions. The Head of Communications and Business Services will take forward the on-going development of this area in 2015-16.	Head of Communications and Business services	31 March 2015
CP6	<b>Engaging with local people and other stakeholders to ensure robust public accountability.</b>			
CP6/1	Improve the presentation and accessibility of the statements of accounts and summary financial statements	Action complete: Improvements to the presentation of the statements have been recognised by the External Auditors and referenced in Grant Thornton's Local Government governance Review 2015.	Chief Finance Officer	31 Oct 2014
CP6/2	Work with the Constabulary to fully comply with information publication requirements for contracts	Action complete: Information on contracts is now available on the blue light procurement system through direct link from either the OPCC or Constabulary website. The Home Office has assessed compliance with the publication requirement.	Chief Finance Officer	31 March 2015

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## Cumbria Shared Internal Audit Service Cumbria Constabulary Internal Audit Report for



Draft Report Issued: **20 April 2015**

Final Report Issued: **21 April 2015**

## Audit Resources

Title	Name	Email	Telephone
Audit Manager	Niki Riley	Niki.riley@cumbria.gov.uk	01228 226261
Lead Auditor(s)	Emma Toyne	Emma.toyne@cumbria.gov.uk	01228 226261

## Audit Report Distribution

For Action:	<i>Roger Marshall, Chief Constable's Chief Finance Officer.</i>
For Information:	
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 6 May, will receive the report

*Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.*

### Cumbria Shared Internal Audit Service

Images courtesy of Carlisle City Council except: Parks (Chinese Gardens), [www.sjstudios.co.uk](http://www.sjstudios.co.uk), Monument (Market Cross), Jason Friend, The Courts (Citadel), Jonathan Becker



## 1. Background

- 1.1. This report summarises the findings from the audit of the Constabulary's Annual Governance Statement for 2014/15. This was a planned audit assignment which was undertaken in accordance with the 2014/15 Audit Plan.
- 1.2. The Accounts and Audit (England) 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
- 1.3. The Code of Corporate Governance for the Chief Constable has been in place for the 2014/15 financial year. The 2014/15 Code was substantially revised from previous years to provide a more comprehensive Code.

## 2. Audit Approach

### 2.1. Audit Scope and Limitations

#### 2.1.1. The Audit Scope was 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.*
- There were no instances whereby the audit work undertaken was impaired by the availability of information.

## 3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating for the preparation of the Annual Governance Statement provide **Reasonable** assurance. We are not aware of any matters that should be declared within the Statement as significant governance issues.

*Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.*

## 4. Summary of Recommendations, Audit Findings and Report Distribution

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There is one advisory audit recommendation arising from this audit review which is detailed in Section 5.
- 4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:
- 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.
  - Where changes or new content has been included in the AGS supporting information was readily available for Internal Audit review.
  - The Internal Audit annual report summarised our work during 2014/15 and information provided in the Annual Governance Statement is consistent with our findings.
  - The AGS contains an action plan arising from the 2014/15 statement and an update on the action plan arising from 2013/14.
  - The Chief Constable's AGS has been prepared by statutory and senior officers and a draft will be taken to the Joint Audit and Standards Committee on 6 May 2015. The AGS 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.
- 4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:
- 4.4.1. *High priority issues: None identified.*
- 4.4.2. *Medium priority issues: None identified.*

4.4.3. *Advisory issues:*

- Consideration should be given to reducing the length of the Chief Constable's AGS.

## 5. Matters Arising / Agreed Action Plan

● **Advisory issue**

Audit finding	Management response
<p>(a) <b>Length of document.</b></p> <p>The CIPFA/ SOLACE publication ‘delivering good governance in Local Government: Framework Addendum’ footnote 3 states “the governance framework should contain the key elements outlined in the addendum but the annual governance statement does not need to describe them in detail if, for example, they are set out in the authority’s code of governance that is publicly available”.</p> <p>The AGS is a comprehensive document, containing 24 pages of narrative (excluding the action plan). At the meeting of the Joint Audit and Standards Committee in June 2014, where the 2013/14 AGS was considered, members commented that the PCC’s AGS was a larger document than would be usual (the document contained 26 pages of narrative). The Chief Constable’s Code of Corporate Governance was substantially revised for 2014/15 to provide a more comprehensive Code.</p>	<p><b>Agreed management action:</b></p> <p>The Constabulary is currently under-going a period of unprecedented change in responding to the Government’s austerity measures and as a result there are significant changes its governance arrangements.</p> <p>In preparing the Governance Statement the aim is to tell a coherent story regarding all aspects of governance development over the year, whilst avoiding repetition of the Code of Corporate Governance. However, experience has shown that some elements such as the role of statutory officers have to be included to meet external audit requirements irrespective of whether there have been changes.</p>
<p><b>Recommendation 1:</b></p> <p>Consideration should be given to reducing the length of the Chief Constable’s Annual Governance Statement.</p>	<p>Nevertheless, the Constabulary will give consideration to reducing the length of future governance statements and will make reference to good practice in the statements of other organisations.</p>
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>The AGS loses its impact because the document is too long.</li> </ul>	<p><b>Responsible manager for implementing:</b>  <b>Chief Constable’s Chief Finance Officer.</b></p> <p><b>Date to be implemented:</b>  <b>04/2016</b></p>

## Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
<b>Substantial</b>	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls &amp; management of risks.</p>
<b>Reasonable</b>	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
<b>Partial</b>	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
<b>Limited / None</b>	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	<p>Significant non-compliance with basic controls which leaves the system open to error and/or abuse.</p> <p>Control is generally weak/does not exist. Recommendations will</p>

		include high priority matters for address. Some medium priority matters may also be present.
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## Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

		Definition:
<b>High</b>	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
<b>Medium</b>	●	Some risk exposure identified from a weakness in the system of internal control
<b>Advisory</b>	●	Minor risk exposure / suggested improvement to enhance the system of control

### Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

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Joint Audit & Standards Committee  
Wednesday 6<sup>th</sup> May 2015  
Agenda Item No 14 (ii)

## The Chief Constable for Cumbria Constabulary Effectiveness of Governance Arrangements 2014/15

### 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. The Chief Constable's Code for 2015-16 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 the 2014-15 version of the Code by the Chief Constable, together with an assessment of its effectiveness which is reflected in the 2014-15 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, the reports of the external auditors and the results of inspections carried out by Her Majesty's Inspector of Constabularies. The Chief Constable's Governance Statement setting out the review of governance arrangements for 2014-15 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.

### 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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# The Chief Constable for Cumbria Constabulary

Code of Corporate Governance 2015/2016

## 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](http://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 outcomes, 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 over a sustainable period.

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 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 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 Constabulary's 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 funding agreement between the Commissioner and Constabulary sets out the consents and arrangements for governance between the Commissioner and the Chief Constable, including specific consents in respect of financial management of the Constabulary budget.

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 CFO's responsibilities and job profile are based on the Home Office Financial Management Code of Practice and the CIPFA 2014 Statement on the Role of the CFO. The CFO 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 values of the Code of Ethics based on 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 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 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 non IPCC 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 Constable who is accountable to the Commissioner) under the relevant conduct regulations.

The Police and Crime Commissioner and Chief Constable have established an Integrity and Ethics Panel to ensure that arrangements for integrity, standards, conduct and behaviour are subject to independent external scrutiny. As part of its role the Panel reviews performance across agreed indicators of integrity, including public complaints. The Panel report to the Executive Board to ensure good practice is recognised and encouraged while any potential areas requiring improvement can be identified and dealt with accordingly to enhance performance.

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 arrangements for anti-fraud and corruption.

## 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. The Director of Legal Services, in conjunction with the Chief Finance Officer has responsibility for the lawfulness of Chief Officer Group decisions.

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. A Code of Conduct provides advice with regard to potential conflict and declarations of interest.

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.

Arrangements for governance, internal control and risk management including arrangements for anti-fraud and corruption and whistleblowing are

subject to review by the Joint Audit and Standards Committee. The Joint Audit and Standards Committee acts in an advisory body prior to formal decision making. 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. Meetings of the Committee are public with published notifications. Agendas and papers are available to the public on the Commissioner's website.

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. Arrangements for risk management are subject to review by the Joint Audit and Standards Committee. The Constabulary's Strategic Risk Register is presented to the Committee at each quarterly meeting.

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 Chief Internal Auditor reports

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

## 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. Membership of relevant professional bodies ensure access to up to date Codes of Practice, guidance and professional standards in all areas of business.

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.

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 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.

Members of the Joint Audit & Standards Committee are recruited for the specific skills and experience requirements to fulfil the role of the Committee. The Committee has clear terms of reference and membership which are consistent with best practice. Members are supported in

their professional development through provision of seminars prior to Committee meetings and access to relevant CIPFA publications and external audit briefing papers.

## 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
- Police Desks

### • Community Messaging

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.

Staff Associations are represented at the Constabulary's Chief Officer Group meetings, which ensures that they are consulted on all strategic decisions. The Constabulary and Commissioner have adopted joint personnel policies to provide a framework for all issues related to employee management and terms and conditions. This includes policies on how staff and staff associations will be engaged in any change process. Trade unions and staff associations are consulted during any reviews of personnel policies. There is a general principle of on-going consultation and engagement during any business change.



Agenda Item 14 (iv)



The Chief Constable for Cumbria Constabulary  
Annual Governance Statement 2014 - 15

## INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable for 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 Chief Constable's statement of accounts.

## PURPOSE OF THE GOVERNANCE FRAMEWORK

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 policing 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 REVIEW OF 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 review comprises

- A cyclical detailed review of the key documents within the Chief Constable's governance framework eg Financial Regulations. The review includes consideration of the documents by the Joint Audit and Standards Committee prior to their presentation to the Chief Constable for approval.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance. As part of the review the Chief Constable's Code of Corporate Governance is updated to reflect changes to the governance framework and

### *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*

the implementation of the prior year's AGS development plan.

- A review of what has happened during the past year to evidence how the governance framework has been complied with. The process includes consideration of the questions and challenges raised within the CIPFA Good Governance Guidance Note for Police and a discussion on how well existing

arrangements meet the good practice guidance within the guidance.

- A review of the effectiveness of the arrangements for internal audit undertaken by the Commissioner's Chief Finance Officer against the Public Sector Internal Audit Standards and the Internal Audit Charter. It supports a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The review is supported by consideration of the opinion of the Chief Internal Auditor on the Chief Constable's control environment as set out in her annual report.
- A review of the effectiveness of the Joint Audit and Standards Committee is considered against CIPFA guidance on Audit Committees for Police. This is a self-assessment by the Committee and supported by the Commissioner's Chief Finance Officer. As part of the review consideration is given to assurance that can be provided by the Committee's annual work programme in evidencing the effectiveness of internal controls and as a contribution to the effectiveness of overall governance arrangements.

As part of the review process, the annual governance statement is prepared and presented in draft to the Chief Constable's Internal Auditors and the Joint Audit and Standards Committee, alongside a report detailing the findings of the

review. The Governance Statement incorporates an action plan which identifies areas for development and improvement that have been highlighted during the review process. It is approved by the Chief Officer Group prior to being issued alongside the draft unaudited statement of accounts.

The AGS remains under review during the audit of the financial statements. It is updated where appropriate, following the audit, with consideration being given to the opinion of the External Auditor, expressed within her Audit Findings Report and the External Auditor's value for money conclusion.

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 the 2013-14 and how they were addressed in 2014-15.

**Jeremy Graham**  
Chief Constable

**Roger Marshall**  
Chief Finance Officer

Signatures have been removed for the purposes of publication on the website.

## 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, which is '*Keeping Cumbria Safe*'. Following consultation, the annual review 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 :

- Protecting vulnerable people, specifically:
  - Dealing with the issues related to vulnerable children - child abuse and child sexual exploitation
  - Responding to vulnerable adults and children who go missing from home
  - Reducing the harm caused by domestic abuse, violent and sexual offenders, encouraging people to report to the police
- Preventing and detecting violence against the person offences, sexual offences and acquisitive crime
- Preventing and dealing with antisocial behaviour
- Tackling alcohol and drug related crime and disorder

The Commissioner approved these key objectives and incorporated them into his Police & Crime 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 Police and Crime 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 where this was indicated. The statistical analysis and evaluation of performance is carried out according to Home Office standards. One example during 2014/15 was the significant increase in violent crime during 2014/15. The analysis showed that the main causes of the increase were:

- Improved crime recording based on Home Office National Crime Recording Standard following work in the Constabulary to improve compliance and,
- Improvements to the processes relating to dealing with harassment to support victims. This meant that notices to deter further

harassment were issued at the first instance of harassment only and any subsequent further harassment behaviour was recorded and managed as a crime.

During 2014 - 15, performance management arrangements have been reviewed and improved. The resulting strategy – *'Performance management in Cumbria Constabulary: Managing our resources to improve outcomes for the people of Cumbria'* documents the key themes that show how performance management is embedded within the Constabulary. This is achieved mainly through the 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 Performance Development Conferences every four months within each policing and business function to discuss strategic and local performance issues and determine improvement actions, such as – violent crime, sickness and data quality
- Reviewing performance at least yearly as part of Strategy Days attended by all senior management
- 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
- Individual performance meetings every 5 and 15 weeks with constables and, every 15 weeks with sergeants and PCSOs. The meetings use a set agenda covering - compliance, current workload and contribution to priorities (productivity), training, development, welfare and attendance.

The Constabulary performs well and has achieved a significant reduction in both crime and anti-social behaviour since 2009/2010 (falling by 10.8% and 45.6% respectively) and user satisfaction levels are consistently high. Although levels of recorded crime rose by 3.8% in 2014/15, this represents an increase of only 2.5 crimes per day as Cumbria has the 2<sup>nd</sup> lowest crime rate of all forces in England & Wales. The increase in crime in 2014/15 is partly attributed to better reporting of domestic violence and sexual offences and improved compliance with national standards.

Thematic reports for specific areas have also been published and discussed at the public Executive Board. Examples include: rural crime, roads policing and countering anti-social behaviour. The Constabulary agrees a schedule of themed reports as part of its performance management arrangements with the Commissioner.

During 2014/15 the Constabulary submitted a formal budget proposal for 2015-16 to the Commissioner as part of a medium term financial forecast (MTFF) covering the four year period to 2018-19. 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 2015-16 and forecasts of funding for subsequent years. Governance arrangements in relation to the budget setting process were enhanced for 2015-16 to incorporate an additional layer of scrutiny through a series of 'Star Chambers' in which budget holders were subject to robust challenge by Chief Officers and senior finance staff in relation to their future budget requirements. As a result of the 'Star Chambers' £1m was removed from the budget for 2015-16.

The MTFF assumes that that levels of grant funding will continue to reduce for the duration of the forecast as the Government seeks to address the national budget deficit. Although the Constabulary has already delivered savings of £16m up to and including 2014-15, the MTFF indicates that further savings of £10.8m will be necessary by 2018-19. Future business planning has also recognised that there are risks associated with a review of the police funding formula, removal of damping protection and a further continuation of austerity which may further increase the Constabulary's savings requirement.

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 :-

- Development of the Demand Reduction Plan
- 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 2015-16. These work-streams will be managed through the Constabulary's Change Programme.

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 2014 -15 the Change Programme:-

- Delivered a saving of £1.3 million from the revenue budget that was planned for 2014 – 15
- Developed proposals to change how the Constabulary delivers community and response policing to match the reducing resources available, including - the number of teams and deployment bases, the level of supervision required and, reviewing shift patterns to make sure that they match the demands on the service. These changes will be implemented in 2016.

- Developed proposals for changing how the service organises and responds to calls for service, fundamentally changing how the Constabulary will operate with fewer resources by managing demand based on threat, risk and harm and using frontline



police officers to achieve this. These proposals are currently subject to statutory formal consultation and may change. **THIS WILL CHANGE FOLLOWING ANY DECISIONS MADE ON 5 MAY**

- Developed proposals to how resources are managed strategically and tasked daily to maximise productivity. These are being implemented during 2015 – 2016
- Developed proposals for a smaller strategic Community Safety function and embedding its activities within the neighbourhood policing teams to improve productivity and prioritisation of activity. **These proposals are currently subject to statutory formal consultation and may change.**
- Rationalised the Criminal Justice Units from two to one, supported by the introduction of a new IT Case and Custody system which streamlines and digitises processes.
- Implemented changes to the Occupational Health function to improve resilience within the function so that it can support the Constabulary in improving productivity
- Developed its plans for the next four year period to 2020 to achieve the government savings required.

In overall terms the scope and size of the Change Programme has been significantly enhanced in 2014-15 in response to the increased financial challenge. It is now anticipated that the Change Programme will deliver savings of £10m by 2018-19, (£5.4m of additional savings identified in comparison with the same period last year). Successful delivery of the programme will allow the Constabulary's budget to be substantially

balanced for the period of the MTFF based on current financial assumptions.

The Demand Reduction Plan includes an action to develop an annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.

Closely aligned to the Change Programme are the proposals contained in the Constabulary business plan which were developed in 2013-14 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. During 2014-15 detailed business cases to support key elements of the business plan in relation to mobile and digital working and the replacement of core IT systems supporting operational policing were developed. Particular focus within the business cases has been placed on the delivery and measurement of anticipated benefits. Following scrutiny by the OPCC the Commissioner has approved the business cases which have been incorporated into the budget and capital programme.

The business plan proposals have also been used as the foundation for revised Estates and ICT Strategies which were agreed by the Chief Officer Group and Commissioner's Executive Board in February 2014.

Substantial work has continued on Workforce Planning and Establishment Control, involving close collaboration between the HR, finance and other stakeholders to embed better controls and predictions about future staffing requirements. The workforce plan is considered by regular

strategic and tactical level groups within the Constabulary with the aim of ensuring that numbers of officers, PCSOs and staff are in line with the planned establishment.

The Constabulary has carried out a detailed analysis of its user satisfaction surveys which involved identifying the key actions required to improve people's experience of using police services. Recommendations were approved by senior operational staff and have led to the further development of the Quality of Service Action Plan and the Antisocial Behaviour Steering Group Action Plan to improve services for all users, including diverse groups. Both action plans co-ordinate all related actions from internal and external reviews.

During 2014-15 the Constabulary has been inspected by HMIC and received reports on police efficiency, effectiveness and legitimacy (known as PEEL). There are four grades that can be achieved - outstanding, good, requires improvement and inadequate. The Constabulary has been rated as good for:

- Delivering savings and providing value for money
- Preventing offending and reducing crime
- Investigating crime
- Tackling antisocial behaviour

HMIC has also inspected crime recording practices, data quality and integrity. 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, with robust financial challenge to budget holders, to secure maximum value from the resources available. Reports on Value for Money have been submitted to the PCC Executive Board and the Police and Crime Panel. In general, the VFM work has shown the Constabulary to be high performing, although costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

During 2015 -16 the Constabulary will:-

Complete its evaluation of the effectiveness of its revised governance arrangements including the board structure, making recommendations for improvement where appropriate.

Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.

Review the Constabulary's public bi-monthly performance management reports, improving the information provided to the public to support transparency and help understanding of policing issues.

Write an Annual Report to support the Commissioner's 2016 -17 budget submission to the Police and Crime Panel.

Further develop the strategic resource management performance framework to drive improvements in our use of resources and our productivity, including development of a Productivity Strategy. This will complement the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy and will ensure that the benefits of significant investment in change and IT are delivered.

Develop a Plan on a Page to help all officers and staff focus on the Constabulary's priorities and support internal communications.

Develop internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity.

Develop an Improvement Action Plan based on all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on its website.

## 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 (PRSRA) 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 2014 – 15, the changes to the Constabulary's strategic governance framework and board structure introduced in 2013-14 with the aim of ensuring

- 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.

were embedded and where appropriate were subject to further refinement.

In recognition of the scale of change currently being undertaken within the Constabulary to deliver savings and improve productivity, the Force Strategic Delivery Board was established at the start of 2014-15. This board expanded the terms of reference and membership (including a representative from the OPCC) of the previous Change Programme Reference Group to encompass the management of all change within the organisation, irrespective of whether it was managed through the Change Programme or other areas of the business. The objective of the new board is to ensure that there is a holistic approach to change which takes full account of interdependencies between all change work-streams.

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, in response to the fundamental changes to core policing activities which are due to be implemented in 2015-16, both strategic and tactical implementation groups have been set up to ensure that the planned changes are managed on an agile and co-ordinated basis.

Planned work to evaluate the effectiveness of the governance structure has been started and is scheduled to be completed in early 2015-16.

During 2014-15 the Commissioner's Financial Regulations, which have been adopted by the Constabulary, have been reviewed as part of a cyclical review of key governance documents. Changes have been made to take into account legislative and regulatory changes including new responsibilities for the Chief Constable to establish a Pensions Board as a result of the Public Services Pensions Act 2013. Changes to clarify roles and responsibilities in relation to approving the capital programme and the terms of reference of the Joint Audit and Standards Committee have also been made.

The Constabulary's budget protocols, which set out the respective responsibilities of functional managers and all officers and staff in relation to the management of a range of assets including the establishment have been updated and incorporated into a single streamlined document, which has been promoted and made more accessible through the force intranet.

During the year formal reviews of the roles of the Chief Constable's Chief Finance Officer and the Head of Internal Audit against CIPFA guidance have been undertaken, which have concluded that both roles are fully compliant.

Following the Stage 2 transfer of staff to the Chief Constable a draft Scheme of Delegation setting out the responsibilities and decision making authorities of officers and staff of the Constabulary acting on his behalf has been finalised and agreed by the Chief Officer Group.

To support working together, the Chief Officer Group have held strategy days for senior

management and road shows across county, which were open to all officers and staff. These events enabled the Chief Constable's to communicate his vision and strategic objectives, the challenges facing the Constabulary and the rationale for planned changes to address these issues. 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 maximise 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.

The Chief Constable is actively engaging with the Cumbria Chief Executives Group to promote a better understanding of demand for public services and to reduce waste by promoting a co-ordinated approach to delivery of public services in Cumbria.

Work has continued during 2014-15 to improve management information and reporting in relation to Human Resources in accordance with an agreed HR strategy and work plan. Developments in workforce planning have been central to this work, however, the Constabulary has also undertaken a major overhaul of HR Policies and Procedures during 2014-15 including change management; discipline; leave; attendance etc and these will be embedded in 2015-16

The management of sickness absence remains a key feature in maintaining numbers of deployable officers and staff and this is regarded as a priority both for management and the HR Department. Sickness absence levels have increased in the latter part of 2014/15 and work will continue into 2015/16 to reduce this to target levels through increased management development and coaching alongside better case management with HR support. The Occupational Health Unit has been successfully restructured and reorganised to function more efficiently to support the well-being of officers and staff through controlling demand and focussing on more effective case handling.

Regular reports on workforce planning, attendance and police staff discipline and grievances are provided to the Chief Officer Group and PCC.

The Constabulary has continued the process of introducing the reforms to police officer terms and conditions of employment in accordance with the Winsor Report. Particular emphasis in 2014-15 has been focussed on the introduction of a scheme of fitness testing for officers in accordance with national guidelines.

In a period of significant change the maintenance of good relations with staff associations is seen as crucial. To facilitate this there are regular meetings with staff associations and the senior management of the Constabulary to discuss issues and concerns and both the Police Federation and UNISON are represented on all decision making bodies and working groups. Consultation takes place on all proposed changes. The Constabulary

has devised a Facilities Agreement with UNISON during 2014/15 and will continue to support the release of representatives to assist in the application of procedures in future years.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided.

The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of a Procurement Strategy to ensure that activity is directed to supporting delivery of effective policing services and meet the requirements of the OPCC.

Schemes will be developed to review the contribution of police officers on restricted duties to front line policing in and adjust pay in accordance with Police Regulations introduced from 1 April 2015 to implement the recommendations of the Winsor Review.

The Constabulary's current scheme of Performance Development Review (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 during 2015-16, following new Regulations applicable from 1 April 2015. The Constabulary will be developing a more streamlined assessment process for incremental progression for police officers linked to

satisfactory performance in the PDR as soon as national guidance has been provided. Police staff PDR will follow the development of police officer PDR.

The National Police Promotion Framework is being fundamentally overhauled on a national level and will be implemented at the Constabulary during 2015/16 when national guidance has been provided.

## 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 Constabulary developed a Corporate Values Statement, which was communicated to all officers and staff.

Building upon this foundation, during 2014-15 the Constabulary has implemented the College of Policing Code of Ethics for all officers and staff. This has included Chief Officer presentations being delivered across all areas of the force, specific classroom based training and inclusion of the code in individual officer performance reviews.

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, remains central to the Constabulary's actions to improve its integrity arrangements. The core themes of the action plan were 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 and during 2014-15 it has been incorporated into "business as usual" under the Professional Standards Department Control Strategy which is reviewed bi-annually and reported to the Deputy Chief Constable.

During 2014-15 the Constabulary's Anti-Fraud and Corruption Policy and Procedures have been the subject of a report by the Cumbria Shared Internal Audit Service. The audit report gave reasonable assurance regarding the Chief Constable's arrangements with six medium priority recommendations for development. The actions plans in response to these recommendations have either been fully implemented or plans are well advanced.

In addition, during 2014-15 Her Majesty's Inspectorate of Constabulary conducted an inspection of the Constabulary as part of the national Police Integrity and Corruption Inspection programme. This resulted in only two recommendations for Cumbria which related to selection processes for promotions or sensitive postings and also minimising risk of compromise into certain criminal investigations. Both recommendations have been implemented.

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 for developing a control strategy. The Strategic Assessment was refreshed in November 2014.

During 2014-15 the Professional Standards Department Anti-Corruption Unit have reported regularly to the Commissioner in relation to its work.

The Professional Standards Department have continued to issue PASS newsletters and corporate messages during the 2014-15 year to officers and staff in relation to issues of conduct and integrity. The newsletters have provided guidance on generic responsibilities such as

- appropriate use of force systems,
- use of the internet and e-mails
- advice regarding potential vulnerability to corruption linked to financial difficulties.
- guidance in relation to alcohol.
- procedures for seizure and retention of property.

Newsletters have also highlighted specific examples of misconduct which have led to disciplinary action. This is a 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. During 2014-15 the number of complaint cases has been relatively stable compared to 2013-14 although due to a small number of cases containing multiple allegations the overall number of allegations has increased. When compared to other forces, both the level of complaints, expressed per officer and the percentage of those complaints upheld, remain 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 handling property was issued during 2014-15.

During 2014-15 the Police and Crime Commissioner and Chief Constable have established an Independent Ethics and Integrity Panel. The purpose of the Panel is to operate in an advisory capacity to promote high standards of professional ethics in all aspects of policing and to challenge, encourage and support the Chief Constable and Commissioner in monitoring and dealing with issues of ethics and integrity within their respective organisations. The terms of reference of the Panel include consideration of complaints from the public, the handling of integrity issues and grievances, which will be monitored through a range of agreed indicators and review of specific cases. Whilst the Panel meets in private its agendas and reports are considered by the Commissioner's Executive Board and published on the Commissioner's website, to ensure any good practice is recognised and encouraged but any areas for development are identified and appropriate action taken to improve

performance. The first meeting of the Committee

took place on the 13<sup>th</sup> March 2015.

#### AREAS FOR FURTHER DEVELOPMENT

During 2015-16 the Constabulary will continue to embed the National College of Policing Code of Ethics which has been implemented during 2014-15. The Code of Ethics will also continue to be incorporated into individual and organisational performance meetings and the policy development and review process.

The Constabulary will work with the Office of the Police and Crime Commissioner to continue to develop the recently established independent Ethics & Integrity Panel 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 significant changes to deliver savings, identifying the strategic IT systems to meet operational policing needs and approving the business plans that support delivery of police services for the public. In addition the Chief Officer Group receives regular financial updates which provide a context to resource allocation decisions. All of these decisions have been informed by business cases or reports, which clearly specify the impacts on service delivery, 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 the Constabulary's SharePoint system.

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.

Members of the Chief Officer Group have also attended meetings of the Police and Crime Panel to provide context to members of the panel in considering the Commissioner's precept proposal for 2015-16. This included presentations outlining the Constabulary's medium term financial

position, change strategy and value for money comparison with other forces.

In the operational environment, on a monthly basis, 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 and any vulnerable or high profile incident (such as a vulnerable missing child or known domestic abuser). 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 2014-15. 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 prior to formal decision making by the Chief Constable. This has included providing assurance in respect of the Financial

Regulations, the Chief Constable's Code of Corporate Governance, Risk Management Strategy and the Internal Audit Charter. The Commissioner and Chief Constable met jointly with the Committee on the 22<sup>nd</sup> September 2014 to receive the views of members prior to authorising the Statement of Accounts and 2013-14 Annual Governance Statement 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.

During 2014 – 15, the Constabulary implemented all the recommendations arising from a review of the Constabulary's risk management arrangements undertaken by the organisation's insurance claims handlers (Gallagher Bassett). These included - determining the Constabulary's risk appetite, improved tracking risks and how risks are categorised. A further audit of risk management arrangements was carried out by the Constabulary's independent internal auditors from which there were no recommendations.

An annually developed internal audit plan uses risk as the basis for developing an audit programme. Each audit evaluates the exposure to risk relating to the organisation's governance arrangements and information systems. The audit plan for 2014-15 was approved by the Chief Officer Group on the 4<sup>th</sup> March 2014 and subject to review by the Joint Audit and Standards Committee on the 31<sup>st</sup> March 2014. The plan substantially increased the number of days of audit work from 143 to 180 as a

consequence of widening the scope of audit work in accordance with public sector audit standards. All areas subject to audit have received either reasonable or substantial assurance and the Audit and Standards Committee have received quarterly reports monitoring the implementation of audit recommendations.

The Audit Plan provides the basis for the Chief Internal Auditor's overall opinion on the control environment. **The internal audit annual report for 2014-15 concludes that the Chief Constable's frameworks for governance, risk and internal control are reasonable and that audit testing has confirmed that controls are generally working effectively in practice.**

## AREAS FOR FURTHER DEVELOPMENT

The Constabulary's risk management arrangements will be reviewed to ensure that up to date practices and approaches are reflected in its risk management policy and procedures.

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 Constabulary.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

During 2014-15 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 2014-15 in conjunction with Operational Leadership Teams. In developing the plan there was particular focus on supporting Initial Police Recruitment ensuring that new recruits were equipped with the requisite skills to perform their role. The strategic training collaboration with Lancashire Police greatly supported this objective with collaborative resources being deployed to the training of new recruits.

The training plan was delivered 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 2014-15.
- Reduced costs.

- Harmonisation of course content based on best practice across the forces.

During the year there has been particular focus on the design of a skills and leadership programme, which forms part of the Constabulary's business plan will continue to be developed and implemented in 2015-16. This programme focused 4 main areas

- A Street Skills Programme which developed the appropriate operational and technical skills needed by officers and staff at all levels
- Leadership Modules which has been designed to equip supervisors and managers with the skills to support and develop their staff
- An Executive Leadership Programme which will support the forces senior managers in leading the force through a period of significant change
- The development of an Electronic Learning Hub which provides platform for on-line learning and knowledge transfer.

In addition during 2014-15 the Constabulary has also focused on designing and delivering Code of Ethics training for all staff in support of the national Code of Ethics published by the College of Policing and delivery of Joint Emergency Services Interoperability Principles training (JESIP). JESIP is a national programme being delivered to all emergency services to improve interoperability.

In relation to JESIP training has been jointly delivered with both the fire service and North West Ambulance Service. All operational staff have received a level of training appropriate to their role.

Job Related Fitness Testing (JRFT) has also been introduced in 2014-15 which affects all Police Officers, who are now required to undertake the JRFT prior to them receiving Personal Safety Training. JRFT is a national standard and aims to improve the fitness and effectiveness of officers.

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 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 2015-16.

Significant training programmes will be delivered in 2015-16 in support of Change Programme reviews, which will fundamentally change the ways in which officers work. Specific training includes Command & Control, implementation of Mobile Working and the new Case & Custody system. **(subject to statutory consultation)**

## 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. .

In 2014-15 the Chief Constable and Commissioner have held a number of joint public meetings across Cumbria to listen to the views of local people.

During the year, the Constabulary consulted with the public to find out their priorities for where money could be saved, how confident they felt and how they would like to be engaged. These informed the development of the Constabulary's Change Programme and will support the current review of engagement.

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. Where issues are raised a fast track service recovery process has been developed to ensure that they are responded to quickly.

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 45,000 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 provided 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).

Every month, local crime data has been published at community level on the Constabulary's website and via [police.co.uk](http://police.co.uk) to increase the transparency of performance and crime data.

The Constabulary has responded to 939 freedom of Information requests in 2014 - 15.

The Chief Constable's audited accounts were signed on 22 September 2014 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 2014 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 22 September 2014 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 review its current arrangements for engagement and further

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.

On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities for the PCC's 2016-17 Police and Crime Plan and the Constabulary's Strategic Assessment.

The Constabulary will carry out a staff engagement exercise, working with academia to undertake a cultural survey, over a number of years. The aim is to deliver improvements that support, for example, staff wellbeing, performance, training delivery - and ultimately, improve services to the public.



## REPORT ON PROGRESS AGAINST THE DEVELOPMENT AND IMPROVEMENT PLAN FOR 2014 - 15

Area of Governance	Action	Lead Officer	Implementation by
<b>Core Principle 1:</b> <b>Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.</b>	<p>The Constabulary will evaluate the effectiveness of the revised governance framework and board structure, making recommendations to improve where appropriate</p> <p>Following delays due to resourcing issues, this work started in 2015 and will be completed by end May.</p>	Director of Corporate Improvement	31 May 2015
	<p>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.</p> <p>This has been completed and is reported regularly to the Commissioner at the public Executive Board.</p>	Director of Corporate Improvement	Complete
	<p>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.</p> <p>This has been completed</p>	Director of Corporate Improvement	Complete
	<p>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.</p> <p>This has been completed</p>	Director of Corporate Improvement	Complete
	<p>Develop strategic resource management performance data to drive improvements in our resources and our productivity</p> <p>This work has started. It is dependent on introduction of new IT systems and equipment and there is a long term strategy to continuously improve.</p>	Director of Corporate Improvement	<p>On-going update progress</p> <p>31 March 2015</p>

Area of Governance	Action	Lead Officer	Implementation by
<b>Core Principle 2:</b> <b>Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.</b>	<p>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.</p> <p>Fitness testing has been successfully introduced. National guidance on restricted officers has only just been received and will now be progressed in 2015-16.</p>	Head of Human Resources	Partially complete further update 31 March 2016
	<p>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.</p> <p>Work has been delayed awaiting national guidance.</p>	Head of Human Resources	31 December 2015
	<p>The Constabulary will update outstanding governance documents including the financial rules and the Chief Constable's Scheme of Delegation.</p> <p>The Chief Constable's Scheme of Delegation and Budget Protocols have been updated. Work on the update of the financial rules has commenced but has not been completed due to competing work priorities. It is aimed to complete work on the Financial Rules in the first half of 2015-16.</p>	CFO & Director of Legal Services	30 September 2015
	Further development of business plans for non-operational functions to ensure activity is directed to supporting delivery of policing services	All Directors and CFO	.

	Corporate Improvement Directorate developed and published its strategy for 2014 – 15 and beyond. Revised strategies for Estates and ICT have been produced. Significant development of the workforce plan has been undertaken. Work is outstanding in some areas for example Procurement Strategy due to other work priorities. Progress is regularly monitored via the performance development conferences		
<b>Core Principle 3:</b> <b>Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>	The Constabulary will communicate and embed the National College of Policing Code of Ethics and incorporate this in the performance monitoring process.  The Code has been adopted and training provided to all officers and staff.	Chief Constable and Head of PSD	Complete
	The Constabulary will consider the benefits of establishing Ethics and Integrity Regulation and Management Committees.  The Ethics and Integrity Panel has been established with its first meeting in March 2015.	PCC / Chief Constable	Complete
<b>Core Principle 4:</b> <b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>	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.  This has been completed – the policy has been amended and communications to relevant officers and staff delivered.	Director of Corporate Improvement	Complete
	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  Although work has started, delays to the programme of work for the intranet have occurred due to delays to prerequisite projects in IT, followed by unexpected long term sickness of key individuals in both Corporate Improvement and Corporate Support.	Director of Corporate Improvement	31 March 2016

	<p>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.</p> <p>This is work in progress and will be completed in quarter one of 2015 – 16.</p>	Director of Corporate Improvement	30 June 2015
<b>Core Principle 5:</b> <b>Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.</b>	<p>The core skills and leadership programme which forms part of the Constabulary's business plan will continue to be designed and implemented in 2015-16.</p> <p>The programme has largely been designed and implementation will commence in early 2015-16.</p>	Director of Corporate Support & Head of Learning & Development.	Partially completed on-going update 31 March 2016
<b>Core Principle 6:</b> <b>Engaging with local people and other stakeholders to ensure robust public accountability.</b>	<p>The Constabulary will develop its strategy to improve its internet site further, to enhance accessibility and relevance to the public and media.</p> <p>Work started in early 2015, which was later than planned due to unexpected long term sickness of key individuals in Corporate Improvement. The capital funding has been released by the Commissioner and the procurement process is underway.</p>	Director of Corporate Improvement	30 September 2016
	<p>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</p> <p>This work has started but is not now scheduled to be completed until end of 2015 - 16, following implementation of key change programmes and IT systems.</p>	Director of Corporate Improvement	31 March 2016

## DEVELOPMENT AND IMPROVEMENT PLAN FOR 2015 - 16

Area of Governance	Action	Lead Officer	Implementation by
<b>Core Principle 1:</b> <b>Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.</b>	Complete its evaluation of the effectiveness of its revised governance arrangements including the board structure, making recommendations for improvement where appropriate.	Director of Corporate Improvement	31 May 2015
	Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	31 March 2016
	Review the Constabulary's public bi-monthly performance management reports, improving the information provided to the public to support transparency and help understanding of policing issues.	Director of Corporate Improvement	31 March 2016
	Write an Annual Report to support the Commissioner's 2016 -17 budget submission to the Police and Crime Panel.	Director of Corporate Improvement	31 December 2015
	Further develop the strategic resource management performance framework to drive improvements in our use of resources and our productivity, including development of a Productivity Strategy. This will complement the Constabulary's Continuous Improvement, Efficiency and Value for Money Strategy and will ensure that the benefits of significant investment in change and IT are delivered.	Director of Corporate Improvement, Director of Corporate Support, Chief Finance Officer	31 March 2016
	Develop a Plan on a Page to help all officers and staff focus on the Constabulary's	Director of Corporate	30 <sup>th</sup> April 2015

	priorities and support internal communications.	Improvement	
	Develop internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	30 <sup>th</sup> September 2015
	Develop an Improvement Action Plan based on all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on its website.	Director of Corporate Improvement	30 <sup>th</sup> September 2015
<b>Core Principle 2:</b> <b>Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.</b>	The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided.	Chief Finance Officer	30 <sup>th</sup> September 2015
	The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of a Procurement Strategy to ensure that activity is directed to supporting delivery of effective policing services and meet the requirements of the OPCC.	Director of Corporate Support & Functional Heads of Service.	31 December 2015
	Schemes will be developed to review the contribution of police officers on restricted duties to front line policing in and adjust pay in accordance with Police Regulations introduced from 1 April 2015 to implement the recommendations of the Winsor Review.	Head of HR	31 March 2016
	The Constabulary's current scheme of Performance Development Review (PDR) has	Head of HR	31 <sup>ST</sup> March

	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 during 2015-16, following new Regulations applicable from 1 April 2015. The Constabulary will be developing a more streamlined assessment process for incremental progression for police officers linked to satisfactory performance in the PDR as soon as national guidance has been provided. Police staff PDR will follow the development of police officer PDR.		2016.
	Update the National Police Promotion Framework in line with national guidance.	Head of HR	31 <sup>ST</sup> March 2016.
<b>Core Principle 3:</b> <b>Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>	The Constabulary will continue to embed the National College of Policing Code of Ethics.	Chief Constable, Deputy Chief Constable and Head of PSD	31 March 2016
	The Constabulary will embed its Ethics and Integrity Panel and seek to promote good practice as a result of its recommendations.	Chief Constable, Deputy Chief Constable and Head of PSD	31 March 2016
<b>Core Principle 4:</b> <b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>	The Constabulary's risk management arrangements will be reviewed to ensure that up to date practices and approaches are reflected in its risk management policy and procedures.	Director of Corporate Improvement	31 March 2016
	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	Director of	31 March 2016

	to ensure that it is easier for officers and staff to access the right information	Corporate Improvement	
<b>Core Principle 5:</b> <b>Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.</b>	Design and Implement a Core Skills and Leadership Programme.  The design stage of the Core Skills and Leadership Programme is well advanced, implementation will begin in early 2015-16.	Director of Corporate Support & Head of Learning & Development.	On-going Update 31 March 2016
	Significant training programmes will be delivered in 2015-16 in support of Change Programme reviews, which will fundamentally change the ways in which officers work. Specific training includes Command & Control, implementation of Mobile Working and the new Case & Custody system. (subject to statutory consultation)	Director of Corporate Support & Head of Learning & Development.	31 March 2016
<b>Core Principle 6:</b> <b>Engaging with local people and other stakeholders to ensure robust public accountability.</b>	The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	30 September 2016
	The Constabulary will review its current arrangements for engagement and further 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.	Director of Corporate Improvement	31 March 2016



	On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities for the PCC's 2016 – 17 Police and Crime Plan and the Constabulary's Strategic Assessment.	Director of Corporate Improvement	31 March 2016
	The Constabulary will carry out a staff engagement exercise, working with academia to undertake a cultural survey, over a number of years. The aim is to deliver improvements that support, for example, staff wellbeing, performance, training delivery - and ultimately, improve services to the public.	Director of Corporate Improvement	31 March 2016

