

Cumbria Office of the Police and Crime Commissioner The Chief Constable for Cumbria Constabulary

Effectiveness of Governance Arrangements 2020

Report of the Chief Executive and Joint Chief Finance Officer

1. Introduction and background

- 1.1 As it was in 2018/19, this report has been prepared as a joint report to both entities with details appropriate to each organisation as required.
- 1.2 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner and Chief Constable are required to consider the findings of that review, approve the respective AGS and publish them on their respective websites alongside the Statement of Accounts. The AGS prepared in accordance with the Regulations discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.
- 1.3 The Police and Crime Commissioner approves a Code of Corporate Governance for her 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 2019/20 Code was subject to review by the Joint Audit Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2020 Annual Governance Statement.
- 1.4 The Chief Constable approves a Code of Corporate Governance, 'The Code', setting out her 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 2019/20 Code was subject to review by the Joint Audit Committee prior to approval by the Chief Constable. It is the compliance with this Code by the Chief Constable, together with an assessment of its effectiveness, which is reflected in the 2019/20 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 respective Annual Governance Statements for both the Police and Crime Commissioner and the Chief Constable. The review provides assurance on governance arrangements and the controls in place to achieve the organisational objectives. The review is conducted by the Chief Executive, the Joint Chief Finance Officer and Constabulary Senior Officers in accordance with the CIPFA guidance delivering good governance in local government guidance note for Police and Crime Commissioners 2016. The guidance supports the application of the CIPFA/SOLACE Good Governance Framework for Policing, recognising the specific structure and governance responsibilities arising from the Police Reform and Social Responsibility Act.
- 2.2 Within the OPC, the approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles as a benchmark of good practice as a when designing and monitoring governance. These core principles and the arrangements that support them are set out in the 2019/20 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit Committee in May 2019. The development of the Annual Governance Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has 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 review of governance arrangements for 2019/20 and to the date of this meeting, is presented to the Joint Audit Committee for review, prior to being received by the Commissioner for final endorsement and publication alongside the Statement of Accounts.
- 2.3 Within the Constabulary, 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 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 in place to comply with the framework. Where the review has 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, the reports of the external auditors and the work of the Fire and Rescue Authority. The arrangements for 2019/20 and to the date of this meeting is presented to the Joint Audit Committee for review, prior to being received by the Chief Officer Group for endorsement and publication alongside the Statement of Accounts.

2.4 Whilst the review of arrangements described above has been specific to the production of the Annual Governance Statement, this process is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to elements of the governance framework. During 2019/20 this has included a review and update of the Joint Procurement Regulations and a review of the arrangements for anti-fraud, corruption and whistleblowing in both organisations. 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 Officer and Head of Internal Audit with the requirements of the CIPFA statement for these roles. This 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 management assurances are obtained for all financial systems on an annual basis. These requirements, whilst challenging, have 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 Due to delays arising from the current COVID-19 crisis a separate report reviewing the effectiveness of the arrangements for Audit which would, in normal circumstances, be presented to the Commission at this meeting, has been delayed. This report will include a review of the effectiveness of the internal audit function and the effectiveness of the Joint Audit Committee and is intended to demonstrate the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. The report will be presented to the Commissioner prior to release of the accounts for publication and, in doing so will conclude the process of providing the necessary assurances that the governance arrangements set out in the respective Codes of Corporate Governance are working as intended and are effective.

4. The Code of Corporate Governance 2020/21

4.1 On an annual basis the respective Codes of Corporate Governance are reviewed and updated, setting out the framework for governance within the OPCC and Constabulary. The 2020 Codes of Corporate

Governance applies the standards set out in the Delivering Good Governance in Local Government Framework published by CIPFA in 2016, with particular reference to the guidance notes for policing bodies, which recognise the governance implications of the structural differences between policing and other areas of local government. The CIPFA good governance framework is the best practice standard for Public Sector governance. The 2016 governance framework is based on seven principles, as set out in the respective codes and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this in comparison with the previous code.

5. Recommendations

5.1 Members of the Joint Audit Committee are asked:

- (i) Review the respective Codes of Corporate Governance 2020/21
- (ii) Review the respective Annual Governance Statements 2019/20
- (iii) Make any recommendations with regard to the respective Codes, Statements and arrangements for governance for consideration by the Commissioner and Chief Constable prior to publication alongside the financial statements

5.2 The Commissioner and Chief Constable are asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit Committee, determining any actions and/or amendments to the respective Codes of Corporate Governance 2020/21 and Annual Governance Statements 2019/20.
- (ii) Approve for signature, where applicable with amendments, the respective Annual Governance Statements for 2019/20 and to the date of this meeting, which will then accompany the respective Statements of Account for 2019/20.

Gillian Shearer

Roger Marshall

Chief Executive

Joint 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 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 Commissioned discharges his respective responsibilities.

Contact points for additional information

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