



To: Business Coordination Board

From: Chief Executive

Date: 24 June 2013

ANNUAL GOVERNANCE STATEMENT – 2012/13

1. SCOPE OF RESPONSIBILITIES

- 1.1 The OPCC is responsible for ensuring that business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Commissioner also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Commissioner also has a duty under the Police Reform and Social Responsibility Act 2011 to secure the economy and efficiency of the police force.
- 1.2 In discharging this overall responsibility, the OPCC is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.
- 1.3 The Commissioner has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This Annual Governance Statement explains how the Commissioner has complied with the Code. It also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting an annual review of the effectiveness of its internal control systems at least annually and Regulations 4(3) and 4(4) regarding the requirement to approve an Annual Governance Statement which has to be published alongside the Statement of Accounts.

- 1.4 The Police Reform and Social Responsibility Act 2011 changed the governance and scrutiny of policing by abolishing Police Authorities and replacing them (in November 2012) with elected Police and Crime Commissioners. The Commissioner holds the Chief Constable to account and the Police and Crime Panel provide support and challenge to the Commissioner.
- 1.5 This Annual Statement relies upon the Interim Statement approved in November 2012.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the OPCC is directed and controlled and the activities through which it is accountable to and engages with the community. It enables the OPCC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.
- 2.3 This revised governance framework has been in place since the Commissioner took up office on 22 November 2012.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The purpose of the framework is to give clarity to the way the two legal entities (each one a corporation sole), the Commissioner and the Chief Constable will govern, both jointly and separately, to do business in the right way, for the right reason at the right time.
- 3.2 The statutory framework within which the corporations sole will operate is:
 - Police Reform and Social Responsibility Act 2011,
 - Policing Protocol Order 2011,
 - Financial Management Code of Practice,
 - Strategic Policing Requirement,
 - The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012.

- 3.3 This framework creates a public sector relationship, based upon the commissioner/provider arrangement but with unique elements such as the single elected Commissioner and operational independence of the police service. It is therefore not appropriate to import corporate governance arrangements into this new environment and the framework builds upon existing good governance principles and experience.
- 3.4 The core principles to be adopted by both corporations sole are those highlighted by the good governance standard for public services:
- Focus on outcomes for local people,
 - Clarity of roles and functions,
 - Promotion of values and demonstrating these through behaviour,
 - Informed, transparent decisions and managing risk,
 - Developing capacity and capability,
 - Engaging with local people to ensure robust accountability.
- 3.5 The Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. The Commissioner is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the OPCC must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.
- 3.6 This Annual Governance Statement provides a summary of the extent to which the aspirations set out in the Code of Corporate Governance are currently being met. This statement is informed by assurances on the six principles of the Code and by on-going audit and inspection.
- 3.7 The reliability of financial reporting and internal financial controls are also reported as part of this statement. See (7) below.

(1) Focusing on the purpose of the Commissioner and on outcomes for the community and creating and implementing a vision for the local area.

- 3.8 The Commissioner has made his commitments and objectives for policing clear in his Police and Crime Plan which has been widely consulted upon. The Plan was approved by the Police and Crime Panel in March 2013. This Plan sets out the policing priorities to be delivered and further clarity on how they will be measured and evaluated will shortly be presented to the Joint Audit Committee and Panel.
- 3.9 The OPCC will shortly produce an Annual Report focussing on achievements against the 2012/13 Policing Plan. Clearly 2012/13 is a hybrid year with the outgoing Police Authority and the Commissioner partly responsible.

- 3.10 Since his election in November 2012, the Commissioner has engaged with the public in many ways including local surgeries for residents to raise issues, attendance at neighbourhood meetings and his personal attention to correspondence. The Commissioner also has a new website with contact details, information on current developments and also transparency data as required by legislation.

(2) Working together to achieve a common purpose with clearly defined functions and roles.

- 3.11 As set out above the governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, the statutory Policing Protocol and the Home Office Financial Management Code of Practice.
- 3.12 The Scheme of Governance includes details of the various duties delegated to senior officers. Financial Regulations (including contract standing orders) have been developed to ensure that the financial responsibilities of both the OPCC and the Commissioner are clear.
- 3.13 Since taking up post the Commissioner has established a good working relationship with the Chief Constable. Each month the Business Coordination Board, comprising the senior leaders of the two organisations, meets to review issues and take decisions relating to strategy, governance, business and holding the Chief Constable to account.
- 3.14 The Commissioner has continued to endorse Section 22 (of the Police Act 1996) collaboration agreements with Strategic Alliance partners. Governance arrangements with collaboration partners are continuously reviewed to ensure they reflect the current landscape.
- 3.15 The Police Authority Governance and Audit Committee and the Interim (Joint) Audit Committee have endorsed a new joint strategic risk register and continued to review the risk register to ensure a shared understanding of strategic risks including collaboration and transition.

(3) Promoting values for the Commissioner and Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 3.16 Immediately upon election, the Commissioner signed the Declaration of Acceptance of Office that incorporates the seven Nolan principles relating to public life. OPCC staff are subject to the same codes of conduct as police staff. The Audit Committee has a specific role with regard to integrity.
- 3.17 The Commissioner has approved and adopted a policy on anti fraud and bribery. The policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.

- 3.18 The OPCC and Constabulary have a 'whistleblowing' policy to deal with all disclosures of inappropriate behaviour or malpractice, including fraud and misappropriation. This includes the areas catered for under the Public Interest Disclosure Act of 1998.
- 3.19 The Terms of Reference of the Joint Audit Committee include the responsibility to maintain an overview, ensure best practice and make recommendations on the governance arrangements of the Commissioner and Chief Constable including in relation to codes of conduct and behaviour.
- 3.20 As a public body, the Commissioner is subject to the general equality duty. Under the Police Reform and Social Responsibility Act 2011, the Commissioner must hold the Chief Constable to account for the exercise of his duties relating to equality and diversity. The Local Policing Plan and Police and Crime Plan consider the needs of the diverse population we serve. OPCC staff will comply with and ensure that those who we support adhere to guidelines set out in the equality duty. OPCC staff equality and diversity breakdown has been published on the website.

(4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- 3.21 All decision making is carried out in accordance with the Governance framework., including the decision making policy
- 3.22 The Governance arrangements ensure that the key decisions taken by the Commissioner are made in the light of all necessary information and analysis and made public (unless exempt under the Provision of Access to Information rules). Appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process. The Commissioner signs a notice for each decision taken and any decision can be 'called in' by the Police and Crime Panel for further consideration.
- 3.23 The Commissioner has appropriate oversight and scrutiny of Constabulary decision-making through the scrutiny of reports at the Business Coordination Board and other meetings, review of Force Executive Board minutes and formal and informal meetings with the Chief Constable and Constabulary officers. A specific risk-based performance framework is in place.
- 3.24 The Commissioner and Constabulary are subject to an extensive internal and external inspection regime and the results of these inspections are published to ensure appropriate scrutiny of decision-making.
- 3.25 Risk management is embedded into the work of the OPCC on an on-going and continuous basis. A new joint strategic risk register has been developed and endorsed by the Interim (Joint) Audit Committee. The objectives, endorsed by the Interim (Joint) Audit Committee, to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business are set out below:

- To increase the likelihood of achieving the Commissioner's and Chief Constable's strategic objectives including facilitating an effective transition of risk management responsibilities during the creation of two corporations sole;
- To prevent or reduce the potential consequences of events which could have been reasonably foreseen;
- To prevent or reduce events or actions that could damage the reputation of, and public confidence in, policing, community safety and crime reduction in Cambridgeshire;
- To improve decision-making and planning and assist in the allocation of resources;
- To integrate risk management into the culture and processes;
- To raise awareness of risk management among staff, making it an integral part of their thinking and actions, and
- To satisfy the requirements of corporate governance for the Annual Governance Statement, and external auditors in relation to the effectiveness and adequacy of risk management.

The development of the new joint strategic risk register was underpinned by the following good practice principles:

- The avoidance of creating or perpetuating an unduly risk-averse culture by taking an approach which considers the risks of not undertaking activities and not exploiting opportunities.
- Consideration of risk should both help to secure existing objectives and not stifle innovation when taking decisions on new and innovative projects.
- Mitigation measures should be effective, appropriate, proportional, affordable and flexible e.g. controls are not to be set up where the cost and effort is disproportionate to the expected benefits, and these should be implemented with minimum bureaucracy.
- Risk should be anticipated and decisions over the extent to which these should be managed are to be considered within a mature and evidence-based assessment framework, including taking account of possible impact and public reaction.
- Risk management should be embedded into the governance structure and effectively underpin and enable the business, making it an integral part of the thinking and actions of staff.

3.26 The new performance framework sets out the Commissioner's risk-based approach to performance. It also demonstrates the linkages between the range of controls assurance mechanisms in place. 3.29 The Joint Audit Committee oversees the risk management arrangements of the OPCC and the Constabulary and ensures that OPCC and Force processes are aligned.

(5) Developing the capacity and capability of members and officers to be effective.

- 3.27 The OPCC takes a pro-active approach to staff development. The transition to the new governance arrangements has required staff to take further training and development opportunities so as to remain fully effective in a much changed corporate environment.
- 3.28 OPCC staff complete a Personal Development Review process with their line manager. This process will continue to identify training requirements for individuals.

(6) Engaging with local people and other stakeholders to ensure robust public accountability.

- 3.29 The Commissioner has a duty to obtain the views of the Community under the Police Reform and Social Responsibility Act 2011. The Commissioner has stated that he wants to be the voice of the public. The Commissioner sees effective engagement with the public as crucial to the success of the role and improving further trust in the police. In order to do this he has articulated his broad aspirations for engaging with the public both individually and collectively , as well as identifying some practical tactical initiatives to support those aspirations. The Commissioner's approach to engagement has been set out and published on the website.
- 3.30 The Commissioner has been promoting the increased use of volunteers and improve links between Watch groups, the Constabulary and partners. His aim is to foster a more effective two-way flow of communication which improves the quality of information given to the police and reassures the public that their voice is being heard.
- 3.31 The Commissioner has highlighted improved engagement with parish councils as a priority. An Outlook database of contacts has been established with a view to the Commissioner providing regular e-bulletins to parish councils The OPCC aims to attend as many parish council meetings as possible to listen to the issues raised.
- 3.32 Monthly surgeries have been held with the Commissioner on a one to one basis giving members of the public a chance to meet the Commissioner and raise any concerns regarding crime and community safety.
- 3.33 During his election campaign, Sir Graham stated that he would create two new 'outreach worker' posts for Peterborough and southern Cambridgeshire. The key purpose of the posts is to listen to the public as individuals and collectively and to work in partnership with local agencies and voluntary organisations to identify and deliver shared solutions to local crime and anti-social behaviour problems in Cambridgeshire and Peterborough's priority areas. The Peterborough post is a 12 month contract and will be viewed as a pilot. Any lessons learned will be taken forward to develop the southern Cambridgeshire post. Recruitment to the Peterborough post is underway.

- 3.34 The Commissioner has attended neighbourhood meetings in whatever guise they take (forums, area committees and panels).
- 3.35 Since his election the Commissioner has received and responded to well over 700 emails and letters from members of the public and elected representatives. His Twitter feed now has almost 600 followers and his website allows members of the public to comment on news articles in an open but moderated forum.
- 3.36 The Commissioner continues to be represented on the force Engagement Board to ensure the Commissioner's broad aspirations for community engagement are in line with the Force's. The Commissioner's aim is to add value to the good work of the Constabulary in this area.

(7) Reliable financial reporting and internal financial controls.

- 3.37 Financial control involves the existence of a structure which ensures that all resources are used as efficiently and effectively as possible to attain the overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the assets and limited resources.
- 3.38 The financial management framework follows national and/or professional best practice and its key elements are set out below:
- Each corporation sole has a Chief Finance Officer (CFOs) with responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of financial affairs. The CFOs also have certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by either the Commissioner or the Constabulary on expenditure and where a loss or deficiency may arise. The CFOs must also report in the event that spending in the year is likely to exceed available resources. The organisations fully comply with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Financial Officer of the Chief Constable.
 - The finance function is governed by the Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Constabulary monitored for additional compliance by HMIC and HM Revenue and Customs.
 - Responsibility and accountability for resources rests with managers who are responsible for service provision,
 - The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring approval of an annual Treasury management strategy including an annual investment strategy,

- In accordance with the CIPFA Prudential Code and best accounting practice a four-year medium-term financial plan (MTFP) and a four-year capital programme are produced,
- The revenue budget provides an estimate of the annual income and expenditure requirements for the police service (Commissioner and Constabulary) and sets out the financial implications of the Police and Crime Plan. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance.
- The Commissioner is required to set the budget and precept by the end of February prior to the start of the relevant financial year,
- Capital expenditure is an important element in the development of the policing business since it represents major investment in new and improved assets. The Commissioner approves the capital programme each year and monitors its implementation and funding closely. The Commissioner has required a policy of no borrowing to finance capital spending unless it is for long term structural change.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Commissioner has responsibility for conducting at least annually, a review of the effectiveness of the governance framework, including:
- the system of internal audit
 - the system of internal control.
- 4.2 A review will be carried out in May 2013 (for the full year 2012/13) and reported to the Joint Audit Committee. It will be informed by the work of the Chief Executive, the CFOs, internal auditors, and also managers within the OPCC and Constabulary who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates inform all Governance Statements.
- 4.3 The OPCC's role in maintaining the effectiveness of the governance framework extends to ensuring that there is an approved Code of Corporate Governance and that the Code includes the arrangements for review thereof.
- 4.4 The (Interim) Joint Audit Committee undertakes the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.
- 4.5 The (Interim) Joint Audit Committee plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approves the external audit plan and receives the annual audit letter from the external auditor. The Committee also approves the annual internal audit plan, receives regular internal audit reports and monitors management performance against agreed action plans to

address any weaknesses identified. In addition, the Committee oversees progress on Risk Management and related issues.

4.6 The Head of Internal Audit's Annual Report for the year ended 31 March 2013 has been received and was considered by the Interim Joint Audit Committee on 17th June 2013. The Report includes an opinion on the internal financial control framework.

4.7 The opinion is as follows:-

“For the 12 months ended 31st of March 2013, based on the work we have undertaken, our opinion is that the Cambridgeshire Office of the Police and Crime Commissioner and Cambridgeshire Constabulary have adequate arrangements for governance, risk management and control. Since November 2012, when the Commissioner took up post, we have completed reviews of risk management and a number of assurance reviews, which have indicated some areas for improvement. It is acknowledged that the Organisations are in the process of change and our recommendations, where applicable, are reflective of the changing environment.”

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2011/12 no major governance issues were identified, but there were a small number of risk and control areas that needed improvement.

5.2 These have been looked at again as ‘follow up’ audits by internal audit and an opinion of ‘little progress’ has been recorded.

5.3 Whilst not significant this audit finding raises two issues:-

- the need for management to be more realistic about agreeing with audit recommendations (the gold standard is no longer achievable), and
- the need for the Joint Audit Committee to monitor progress with recommendations.

5.4 In 2012/13 no major governance issues were identified (no red opinions).

5.5 There were four audits where the opinions were amber/red:-

- a) Information Governance (gaps in documentation, governance arrangements, training and data destruction procedures),
- b) Seized/Lost property (no dip sampling of controls, these would have identified issues noted by audit)
- c) Major Crime Collaboration (both OPCC and Constabulary were aware of the challenges of bringing together this collaborated unit. 3 sets of everything are in use leading to delays in establishing budgets and obtaining budgetary control information. Note – each Section 23/22 agreement will be reviewed following acceptance of the new Memorandum of Understanding).
- d) Professional Standards Department Collaboration, although the audit report is only draft at this stage (approval of policies and procedures).

Note: None of the above have High Priority audit recommendations.

- 5.6 The Joint Audit Committee will follow up on these matters.
- 5.7 Based on the opinion of the Chief Internal Auditor and our own on-going work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.
- 5.8 At a time of such major organisation change and downward pressure on finances, it is inevitable that controls will come under pressure. As a result audit resources and management effort will need to be directed at areas of higher risk.
- 5.9 The Office of the Police and Crime Commissioner will continue to identify enhancements to its arrangements for corporate governance, in particular the governance of collaborated activities.
- 5.10 Looking ahead, the OPCC considers that external financial pressures, the widening of the role of the Commissioner and other organisational changes continue to add risk, however the strategic risk arrangements will embrace these new functions as they are introduced.

Signed

Sir Graham Bright
Police and Crime Commissioner

Dr Dorothy Gregson
Chief Executive

Date:

**Cambridgeshire Police Authority
Cambridgeshire Constabulary**

INTERIM GOVERNANCE STATEMENT - 1 APRIL to 21 NOVEMBER 2012

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Cambridgeshire Police Authority (“the Authority”) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.
- 1.3 The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This Statement explains how the Authority has complied with the code. It also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting an annual review of the effectiveness of its internal control systems at least annually and Regulations 4(3) and 4(4) regarding the requirement to approve an Annual Governance Statement which has to be published with the Statement of Accounts.
- 1.4 The Police Reform and Social Responsibility Act 2011 received Royal Assent in September 2011. The Act changes the governance and scrutiny of policing by abolishing Police Authorities and replacing them (in November 2012) with elected Police and Crime Commissioners. The Commissioner holds the Chief Constable to account in public and newly created Police and Crime Panels will provide support and challenge to Commissioners. During 2011/12 the focus of the organisation moved into transition planning whilst ensuring continuation of the business of holding the Chief Constable to account.
- 1.5 This Interim Statement has been produced to report compliance with the Code during the final 7.5 months of the life of the Police Authority. The Commissioner will be able to rely on this Interim Statement when the (full) Annual Governance Statement for 2012/13 is signed in June 2013.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the Authority is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.
- 2.2 The system of internal control is a significant part of the 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 ongoing process designed to identify and prioritise the risks to the achievement of the Authority'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.
- 2.3 This governance framework has been in place at the Authority up to the date of handover to the Commissioner when an amended governance framework will come into being.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force. The Authority is required to hold him to account for the exercise of those functions and those of the persons under his direction and control. It therefore follows that the Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.
- 3.2 This Annual Governance Statement provides a summary of the extent to which the aspirations set out in the Authority's Code of Corporate Governance are currently being met. This statement is informed by assurances on the six principles of the Code and by ongoing audit and inspection.
- 3.3 The Authority's six principles of good governance are as follows:
1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
 2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
 3. Promoting values for the authority 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 members and officers to be effective.
 6. Engaging with local people and other stakeholders to ensure robust public accountability.
- 3.4 The reliability of financial reporting and internal financial controls are also reported as part of this statement. See (7) below.

(1) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

- 3.5 The Authority's vision and purpose are set out in the Policing Plan, which is issued before the 31st March each year but continues to be updated with later information until the 30th June when it is published. This Plan, jointly produced by the Authority and the Force, sets out the policing priorities to be delivered and how they will be measured and evaluated. The Plan includes both local priorities and those informed nationally by government. Delivery of each section of the plan has been systematically reviewed through the Police Authority Scrutiny Committee, and the Full Authority. The Annual Report of the Authority provided an overview of the delivery of the 2011- 2014 Plan. The Authority's Annual Report was combined with the Local Policing Summary and distributed to households across Cambridgeshire.
- 3.6 The priorities and targets set in the Plan for Force performance are based on an analysis of various factors including the Strategic Assessment and Control Strategy, peer comparisons, and, importantly, public engagement across the county. The 2012/15 Plan is also informed by a review of organisational pressures including resources available, results of inspections and audits and the Police Authority and Constabulary risk registers. The 2011/14 Plan saw the removal of all centrally set performance targets.
- 3.7 A robust corporate performance framework ensures that the Chief Constable and Police Authority are kept informed of achievement against corporate targets for crime, the management of resources and financial performance. A corporate performance pack and financial information are presented monthly at key executive meetings chaired by the Chief Constable. The Police Authority reviewed and assessed achievement at regular meetings of the Scrutiny Committee (until June 2012) and thereafter at the Full Authority. Financial performance is reviewed at each meeting of the Finance and Resources Committee and performance (both operational and financial) is also considered at Full Authority meetings. Additionally, performance results for crime are available via external media such as local news agencies and the Force website and police.uk. Detailed local data is shared regularly at neighbourhood meetings. This allows local communities to determine their own local priorities.

(2) Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- 3.8 During 2012/13 the Authority has continued to use the Committee and Panel governance structure approved in June 2010. From June 2012 the number of committees was reduced, with more reports direct to the Full Authority.
- 3.9 The Force and Authority worked closely together to develop the Policing Plan for 2012/15 which includes a shared performance framework
- 3.10 The Authority has continued to endorse Section 23 (of the Police Act 1996) collaboration agreements with its Strategic Alliance partners, with Bedfordshire and Hertfordshire. There are now agreements in place covering Strategic Procurement, Armed Policing, Scientific Services, Major Crime, Protective Service and Professional Standards. Other agreements are in place with Eastern Region authorities/forces.
- 3.11 The Authority has nominated a number of Lead Members for work with the Force in various areas. This arrangement allows members to link directly with the constabulary to keep abreast of the changes within that work stream in order to inform review at the Authority's public committees.
- 3.12 The Governance and Audit Committee (and the Interim Audit Committee, from June 2012) has reviewed the Constabulary and Authority risk registers to ensure a shared understanding of strategic risks including collaboration and transition.

(3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 3.13 The Authority adopted a new Members' Code of Conduct in July 2007. The Code is based on the model code published by Standards for England. All Members sign an acknowledgement that they are bound by the provisions of the Code and each is provided with a copy of the Code and a summary document. No changes were required to the Code of Conduct as a result of the Localism Act 2011. However, in line with the Localism Act and the Nolan principles of standards of public life, the Authority placed details of Members' registerable interests, along with the register of gifts and hospitality on the Police Authority website. In June 2012 the Authority also adopted a refreshed Complaints Policy to take account of the abolition of the Standards Board regime through the Localism Act, to make the policy more user friendly in the way it is presented and to include details on handling complaints made against Independent Custody Visitors (ICVs) and other volunteers who assist the Authority.
- 3.14 The Constabulary takes the view that conduct issues are not just the domain of the collaborated Professional Standards Department. New codes of conduct and a radical review of the way police officers are subject to misconduct inquiries were introduced in October 2008, following the 'Taylor Report', directed at making timelier

and less bureaucratic interventions. The focus shifted from misconduct to learning and development where appropriate. The Constabulary has a Professional Standards policy which is the responsibility of the Force Executive Board. The Constabulary has a 'whistleblowing' policy to deal with all disclosures of inappropriate behaviour or malpractice, including fraud and misappropriation. This includes the areas catered for under the Public Interest Disclosure Act of 1998.

- 3.15 In December 2011, in response to the phone hacking scandal which had raised questions over police integrity, Her Majesty's Inspectorate of Constabulary published "Without Fear or Favour". In response to this the Authority and Constabulary renewed its commitment to "maintaining the standards of professionalism, integrity and confidence in the service we deliver" by including it in the priorities for a safer Cambridgeshire section in the Local Policing Plan 2012-15. In June 2012 the Authority and Constabulary agreed new Terms of Reference for the Governance and Audit Committee, including the responsibility to maintain an overview, ensure best practice and make recommendations on the governance arrangements of the Commissioner and Chief Constable including in relation to codes of conduct and behaviour. The Constabulary is introducing a Board to monitor standards and integrity during December 2012.
- 3.16 Policy is developed and assessed for equality impact. This ensures that compliance with legislation and the interest of stakeholders is considered prior to producing policy. Policy is managed corporately and individual policies are the responsibility of Heads of Business or the collaborated units.
- 3.17 Equality objectives have been agreed and published both for the Constabulary and the Authority.

(4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- 3.18 All decision making is carried out in accordance with the Authority's Governance framework including Standing Orders, Financial Regulations and the Scheme of Delegation. As part of the agenda planning process, authority officers refer issues between relevant committees. Cross cutting issues are considered at the Full Authority or at multiple committees from different perspectives. From June 2012 the number of committees was reduced, with more reports direct to the full Authority, reducing duplication across committees.
- 3.19 The Governance arrangements ensure that key decisions made by the authority and its committees are taken at public meetings, information relating to those decisions is available to the public unless exempt under the Provision of Access to Information rules, and appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process.
- 3.20 The Authority has appropriate oversight and scrutiny of Constabulary decision-making through the scrutiny of regular reports in committees, attendance at a

number of Constabulary boards and regular formal and informal meetings with Constabulary officers.

- 3.21 The Authority and Constabulary are subject to an extensive internal and external inspection regime and the results of these inspections are published to ensure appropriate scrutiny of decision-making.
- 3.22 The Authority approved a new Risk Management Strategy in April 2011 having been through a process with each Committee of identifying the risks of not achieving the Authority's key accountable activities.
- 3.23 The aim of this strategy is to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business in accordance with the objectives set out below:
- To increase the likelihood of achieving the Police Authority's strategic objectives including facilitating an effective transition of risk management responsibilities to the Police and Crime Commissioner in November 2012;
 - To prevent or reduce the potential consequences of events which could have been reasonably foreseen;
 - To prevent or reduce events or actions that could damage the reputation of, and public confidence in, the governance of policing in Cambridgeshire;
 - To improve decision-making and planning and assist in the allocation of resources;
 - To integrate risk management into the culture of the governance of policing and its processes;
 - To raise awareness of risk management among members and staff, making it an integral part of their thinking and actions, and
 - To satisfy the requirements of corporate governance for the Annual Governance Statement, and external auditors in relation to the effectiveness and adequacy of risk management.
- 3.24 Particular emphasis has been placed on the clear distribution of roles and responsibilities. This includes distinctive ownership for risks within their relevant areas of business by Committees, led by their Chairmen.
- 3.25 The Constabulary maintains a corporate Risk Register, and the risk management process is managed by the Business Manager Corporate Development Department. Formal accountability for the process lies with the Deputy Chief Constable and governance is ensured through monthly monitoring reports presented to the Force Executive Board and the Chief Constable. The Authority's Governance and Audit Committee (and Interim Audit Committee from June 2012) oversees the risk management arrangements of the Force and ensures that the Authority and Force processes are aligned. A new joint strategic risk register has been developed for the incoming Police and Crime Commissioner.

(5) Developing the capacity and capability of members and officers to be effective.

- 3.26 The Authority takes a pro-active approach to member and staff development. Member reviews have been conducted by the Chairman annually together with a review of committee membership and lead member roles.
- 3.27 The Authority has a training and development needs matrix for Members. Training and development opportunities are then sought to satisfy those needs. There has been less member training and development in 2012/13 because of the planning for new governance arrangements from November 2012. However, members have continued to be briefed on topical matters.
- 3.28 Executive Team officers complete a regular Personal Development Review process with the Chief Executive. This process has been used to develop training requirements for individuals.
- 3.29 There is a programme in place for the senior officers of the Force who will require continuing professional development.

(6) Engaging with local people and other stakeholders to ensure robust public accountability.

- 3.30 Neighbourhood Panels are held across the Force area where the public can address areas of concern with local officers and set local priorities. Each Panel is attended by a nominated Member of the Police Authority who feeds back local community concerns and issues to the Authority. The Force has extended the remit of survey work to include anti-social behaviour, as identified as a priority via consultation and market research. The results of the research team are presented to and scrutinised by the Force Performance Board chaired by the Assistant Chief Constable.
- 3.31 Telephone research regarding public confidence levels is carried out by the Constabulary's Corporate Performance Department. Citizens attending neighbourhood panels are able to set local priorities for their local policing teams.
- 3.32 The Authority and Constabulary have a joint Engagement Strategy and an Independent Advisory Network (CIAN).
- 3.33 CIAN is a network of local community members which considers all strands of diversity. Its purpose is to:
- provide independent advice to both organisations to assist in providing a fair and equitable police service to all communities including under-represented groups and
 - contribute to setting an agenda by which the community is policed.

- 3.34 CIAN reviews policies, practices and procedures where applicable and offers advice on how they impact on different sections of the community, e.g. the impact of stop and search.
- 3.35 The Local Policing Plan is distributed widely throughout the force area and is available on the Police Authority website.

(7) Reliable financial reporting and internal financial controls.

- 3.36 Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the authority's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the authority's assets and limited resources.
- 3.37 The Authority and Constabulary's financial management framework follows national and/or professional best practice and its key elements are set out below:
- The Police Authority Treasurer has responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of the Authority's financial affairs. The Treasurer also has certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by the Authority or the Constabulary on expenditure and where a loss or deficiency may arise. The Treasurer must also report in the event that spending in the year is likely to exceed available resources. The principles outlined in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) have been complied with.
 - The finance function is governed by the Police Authority's Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Constabulary monitored for additional compliance by HMIC and HM Revenue and Customs.
 - Responsibility and accountability from resources rests with managers who are responsible for service provision,
 - The Police Authority has adopted the CIPFA Code of Practice on Treasury Management requiring the authority to approve an annual Treasury management strategy including an annual investment strategy,
 - In accordance with the CIPFA Prudential Code and best accounting practice the Constabulary and Authority produce a four-year medium-term financial plan (MTFP) and a four-year capital programme. These are initially considered in the autumn of each year and form the basis of further discussion and debate on the annual revenue budget and capital programme,
 - The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial

implications of the Authority's policies. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance of the authority,

- The Authority is required to set its budget and precept by the end of February prior to the start of the relevant financial year,
- Capital expenditure is an important element in the development of the authority's service since it represents major investment in new and improved assets. The authority approves the capital programme each year and monitors its implementation and funding closely,
- The authority has approved a balanced budget for 2012/13 but has identified a further budget gap of £8.5m for the period to end of March 2016,
- Work continues with our strategic alliance policing partners (Bedfordshire and Hertfordshire) to identify savings from collaborative working to address budget gaps in 2013/14 and beyond.

4. REVIEW OF EFFECTIVENESS

4.1 The Authority has responsibility for conducting at least annually, a review of the effectiveness of the governance framework, including:

- the system of internal audit
- the system of internal control.

4.2 These reviews will be carried out in May 2013 (for the full year 2012/13) and will be informed by the work of the Chief Executive, the Treasurer, internal auditors, and also managers within the Authority and Constabulary who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates inform all Governance Statements.

4.3 The Authority's role in maintaining the effectiveness of the governance framework extends to ensuring that there is an approved Code of Corporate Governance and that the Code includes the arrangements for review thereof. The Commissioner's and Chief Constable's Joint Audit Committee will approve the full Statement in June 2013. This Interim Statement (which is jointly prepared by the Authority and the Force) is presented to the Authority's Interim Audit Committee.

4.4 The Chief Constable manages the Force through a series of Boards. The Force Executive Board (FEB), which is responsible for governance and strategic direction, is chaired by the Chief Constable. All Heads of Business are members of the FEB, which meets monthly. The Board has responsibility for financial management, corporate governance and the risk management process and also oversees areas of business such as Professional Standards, Human Resources, and the Change Programme. Performance is monitored and managed through the monthly Force Performance Board. The Authority and the Force are subjected to an annual audit of corporate governance. An advisory audit in 2012/13 (Governance – Transition Risk and Control

Assurance) identified good practice and one medium priority recommendation around governance options for the Commissioner which has already been addressed.

- 4.5 The Scrutiny Committee (and full Authority from June 2012) specifically carries out the scrutiny and challenge of Force performance. However all committees and panels have a challenge and 'call to account' role in the normal business of receiving update reports from the Constabulary.
- 4.6 The Authority's Governance and Audit Committee (and Interim Audit Committee from June 2012) undertakes the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.
- 4.7 The Constabulary is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary (HMIC), the Audit Commission and internal and external auditors. Inspection reports are presented to the appropriate Committee of the Authority, in accordance with Terms of Reference. The results of this activity are made available through public meetings and are summarised below.
- A review of integrity and standards resulted in the publication of a single national report from which strategic recommendations are being implemented through the collaborated professional standards department and this area of business was re inspected by the HMIC in 2012,
 - The inspection into crime and incident recording standards resulted in favourable comment, both in terms of the correct recording of crimes and also the quality of the investigation, and
 - The inspection of the Police Authority's progress and plans for transition to the Police and Crime Commissioner found planning for transition to be sound, with a mature approach to managing the process. Feedback was incorporated into the transition planning process. In a subsequent review of the budget development process for 2013/14 and the development of potential models of governance, decision making and accountability HMIC commented that our plans were 'particularly advanced'.
- 4.8 The Governance and Audit Committee (Interim Audit Committee from June 2012) plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approves the external audit plan and receives the annual audit letter from the external auditor. The Committee also approves the annual internal audit plan, receives regular internal audit reports and monitors management performance against agreed action plans to address any weaknesses identified. In addition, the Committee oversees progress on Risk Management and related issues.
- 4.9 The Head of Internal Audit's Interim Report for 1 April to 21 November 2012 has been received and was considered by the Interim Audit Committee on 20th November 2012. The Report includes an opinion on the internal financial control framework.

4.10 For the period 1 April 2012 to 21 November 2012 the Head of Internal Audit opinion is provided by RSM Tenon Ltd.,

“We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of Cambridgeshire Police Authority’s arrangements.

For the period 1 April 2012 – 21 November 2012, based on the work we have undertaken, our opinion regarding the adequacy and effectiveness of Cambridgeshire Police Authority’s arrangements for governance, risk management and control is as follows:

Governance – The Authority had adequate and effective Governance processes in place (Green)

Risk Management – the Authority had adequate and effective risk management arrangements in place (Green)

Control – The Authority generally had adequate and effective control arrangements in place; however, there were some areas where weaknesses were identified that required improvements (Amber)”.

This represents an unqualified opinion.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2011/12 no major governance issues were identified but there were a limited number of risk and control areas that needed further improvements and monitoring in response to the ever changing external environment. These include:

- a) monitoring and reporting of fleet costs and performance,
- b) the move to centralise the management of custody, and
- c) the development and issuing of procurement procedures

5.2 These matters have been addressed as follows:

- a) a follow up internal audit report concluded that progress had been made but that some further work was required once data was available from changed procedures
- b) the Interim Audit Committee received a full report on Custody in September 2012. All matters were satisfactorily signed off.
- c) Interim procedures were approved by the Interim Audit Committee in September 2012.

5.3 At this interim stage no major governance issues have been identified but there are two risk and control areas that need further improvements. These are:

- Information governance, and
- Business continuity arrangements.

- 5.4 Based on the interim opinion of the Chief Internal Auditor and our own ongoing work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.
- 5.5 The Office of the Police and Crime Commissioner will continue to identify enhancements to its arrangements for corporate governance, in particular the governance of collaborated activities. The implementation of audit recommendations will be monitored by the Joint Audit Committee.
- 5.6 Looking ahead, the Authority considers that the proposed transition to directly elected, police and crime commissioners introduces some uncertainty (and risk), however as part of the Transition Plan, overseen by the Transition Planning Working Group, work on the preparation of new governance and decision arrangements for the Commissioner has been concluded.

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