



Office of the Cambridgeshire Police and Crime Commissioner (OPCC)

ANNUAL GOVERNANCE STATEMENT – 2015/16

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 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 efficiency and effectiveness 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 revised set of Financial Regulations which include a Code of Corporate Governance 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 6(1) and 6(4) of the Accounts and Audit Regulations 2015 in relation to conducting a review of the effectiveness of internal control systems at least annually and preparing an annual governance statement in accordance with accounting regulations and proper practices, and Regulations 6(2) and 10(1) (with transitional provisions at Regulation 21) regarding the requirement to approve an Annual Governance Statement in advance of the approval of the statement of accounts and which has to be published alongside the Statement of Accounts and the narrative statement.
- 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 The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

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.

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 each corporation 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
- Police Act 1996

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 made his commitments and objectives for policing clear in his Police and Crime Plan which was informed by the views of the electorate. Aspects of the Plan were updated and approved by the Police and Crime Panel in June 2015 to update Objectives 3 (Continue to Tackle Crime and Disorder) and Objective 4 (Keeping People Safe). An update was also made and approved in February 2016 to reflect changes within the Executive Summary, the Forewords from the Cambridgeshire Police and Crime Commissioner and the Chief Constable, and How We Developed the Police and Crime Plan. A further update to the Plan to incorporate the 2016/17 budget was approved in March 2016. This Plan sets out the policing priorities to be delivered and throughout the year the Business Co-ordination Board has reviewed progress both qualitatively and quantitatively.
- 3.9 Since his election in November 2012 up to and including the period under review, the Commissioner engaged with the public in many ways including local surgeries for

residents to raise issues, attendance at neighbourhood meetings, distribution of the Connect newsletter and his personal attention to correspondence. The employment of two outreach workers increased the capacity to link directly to the public. The Commissioner also has a website with contact details, information on current developments and transparency data as required by legislation.

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

- 3.10 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.
- 3.11 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.
- 3.12 The Commissioner has a good working relationship with the Chief Constable. 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; twelve meetings were held during 2015/16.
- 3.13 The Commissioner continued to endorse Section 22 (of the Police Act 1996) collaboration agreements with Strategic Alliance partners in 2015/16 and mechanisms in place to hold these collaborates services to account are in place. Governance arrangements with collaboration partners are currently under review to ensure that they reflect the current landscape.

Governance Arrangements for the Strategic Alliance

There are six separate legal entities:

Police and Crime Commissioner for Bedfordshire, Cambridgeshire and Hertfordshire and Chief Constable, Bedfordshire Police, Chief Constable, Cambridgeshire Constabulary, Chief Constable, Hertfordshire Constabulary

A Strategic Alliance Summit (SAS) is established and acts as the Joint Oversight Committee for all shared service collaborations between the parties.

Under section 23D of the Police Act 1996 Police and Crime Commissioners (policing bodies) must establish arrangements for holding their Chief Constable (chief officer) to account for a collaboration that includes the involvement of other Commissioners whose forces are party to the agreement.

The parties have agreed a Shared Services Model for collaboration. This means that shared collaborated services are provided to the parties with shared resources being instructed through a single line management structure and those resources remaining under the legal direction and control of their respective Chief Constable. The Chief Constable has ultimate responsibility for his/her officers and staff in a collaborated

unit and is ultimately vicariously liable for their actions. Officers and Staff are subject to the command structure of the Department for daily shared service delivery. There is no client-provider relationship.

Under the SAS the following items are shared for services which are collaborated (i.e. directing and holding to account of 'business as usual') across the three county policing areas:

- Setting of Strategic Direction and Decision Making
- Agreeing and Monitoring of Annual Business Plans (including aligned objectives and continuous improvement proposals)
- Agreeing and monitoring Performance Frameworks at agreed intervals (e.g. quarterly or half-yearly)
- Section 22 Agreement Updates (i.e. Change Control)
- Annual Budget Setting (Revenue and Capital) and Financial Monitoring
- Initiating Thematic Reviews and Risk-Based Audits
- Agreeing Risk and Reward Management Frameworks

The SAS will also consider new services for collaboration (i.e. decision making and oversight of 'change management') and shared decision making will be exercised in relation to:

- Agreeing Project Scope via Project Initiation Documents
- Approving Outline (OBC) and Full Business Cases (FBC) [including issuing decision notices to the three Police and Crime Panels]
- Receiving Assurance Reviews based on Risk
- Signing of Section 22 Agreements
- Monitoring Implementation Progress Updates
- Receiving Exception Reports for Decision
- Independent Reviews of Progress

In addition, the SAS will fulfil responsibilities in relation to shared strategic matters including:

- Strategic Decision Making
- Joint Medium Term Financial Planning
- Bids for Joint External Funding
- Common Financial Rules and Scheme of Delegation
- Joint Internal Audit Plans
- Progression to a Joint Estates Strategy
- Risk Management

The SAS will delegate the discharge of some of the above duties to the Joint Operational Support Governance Board, Joint Organisational Support Governance Board and Joint Protective Services Governance Board. These Governance Boards will report to the SAS. A Lead Police and Crime Commissioner will be assigned to coordinate the holding to account arrangements via these Governance Boards.

Whilst the items above are shared, with collective accountability, by the parties the staff remains employed by their existing employers. Chief Constables retain direction and control of their police officers. A Chief Constable will be nominated to head-up a particular shared service or group of shared services on behalf of the SAS. A Chief Constable will delegate the day-to-day decision-making role to a Senior Responsible Officer (SRO) at the Chief Officer level. An SRO will take decisions in relation to both operational 'business as usual' for already collaborated units (i.e. where a Section 22 Agreement has been signed by the six corporations sole) and in relation to 'change management' for units being considered for collaboration (i.e. an SRO can take decisions in relation to aspects of implementation across the SA prior to any Section 22 Agreement being signed).

The Joint Chief Officers Board (JCOB) is established and is responsible for strategic operational decision making, related operational policy, delivery of the BCH change portfolio and the monitoring of business as usual / performance.

JCOB will be held to account by SAS for the delivery of the collaborated shared service by the Joint Unit either directly or through the Governance Boards. JCOB will also be held to account by SAS for the development of new business cases and, where approved by the six corporations sole, the implementation of such.

Each Police and Crime Commissioner retains their individual responsibility for the maintenance of efficient and effective policing in their county and each Chief Constable retains their operational independence.

- 3.14 The Joint Audit Committee have endorsed a joint strategic risk register and continue to review the risk register to ensure a shared understanding of strategic risks including collaboration and transition. A forward-looking Board Assurance Framework, linking objectives to key risks, is also in place and reviewed by the Joint Audit Committee.
- 3.15 Partnership arrangements are in place with local authorities, including an overarching Countywide Community Safety Board and Criminal Justice Board. Looking to the future, partnership governance arrangements will be reviewed and advanced in the light of the development of devolution and increasing Criminal Justice responsibilities.

(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 Joint Audit Committee has a specific role with regard to integrity and reviewed during the year the internal controls in place.
- 3.17 The Commissioner approved and adopted a policy on anti-fraud and bribery which is included within the financial regulations. 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 OPCC has a published complaints policy and robust processes with independent input to consider integrity issues. 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 Police and Crime Plan considers the needs of the diverse population we serve. OPCC staff comply with and ensure that those who we support adhere to guidelines set out in the equality duty. The 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.
- 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 objective and risk-based performance approach 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 ongoing and continuous basis. A joint strategic risk register is in place and endorsed by the Joint Audit Committee. The aim of this strategy, endorsed by the Joint Audit Committee, 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 Commissioner's and Chief Constable's strategic objectives;
- 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 joint strategic risk register is 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 risk strategy sets out the Commissioner's controls assurance mechanisms which inform the call of performance reports to the Business Co-ordination Board. The Joint Audit Committee oversees the risk management arrangements of the OPCC and the Constabulary and ensures that OPCC and Force processes are aligned. A forward-looking Board Assurance Framework for risk is also in place.

(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. OPCC staff complete a regular Personal Development Review process with their named 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.

3.28 The Commissioner has a duty to obtain the views of the Community under the Police Reform and Social Responsibility Act 2011. The Commissioner stated that he wants to be the voice of the public and 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.

3.29 The Commissioner has promoted the increased use of volunteers and improved links between Watch groups, the Constabulary and partners. His aim has been 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.

3.30 The Commissioner highlighted improved engagement with parish councils as a priority. The OPCC attends as many parish council meetings as possible to listen to the issues raised. In addition, the Commissioner's monthly newsletter is distributed to 16,000 readers via the Neighbourhood Alert system and also sent to partners for onward distribution.

3.31 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.

3.32 During his election campaign in 2012, the Commissioner stated that he would create two new 'outreach worker' posts for northern (including Peterborough) and southern parts of 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.

3.33 The Commissioner attended neighbourhood meetings in whatever guise they take (forums, area committees and panels).

3.34 In 2015/16 the Commissioner received more than 1,500 emails and letters from members of the public, other organisations and elected representatives. His Twitter feed now has over 1,800 followers and his website had been visited over a million times in 2015/16. Street surgeries and one to one surgeries have complemented these other forms of engagement.

3.35 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.

3.36 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.

3.37 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 (CFO) 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.
- 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 control. The review is informed by the work of the Chief Executive, the CFOs, internal auditors, the Head of Internal Audit report 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.
- 4.2 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.
- 4.3 Collaboration Governance has been further developed during 2015/16. Cambridgeshire is responsible for Organisational Support which includes HR, Finance, Estates and Corporate Development and an Organisational Support Governance Board meets quarterly, chaired by the Deputy Police and Crime Commissioner of Cambridgeshire PCC. The Schemes of Governance of Bedfordshire, Cambridgeshire and Hertfordshire OPCCs have been brought together into a common, unified document. Regular Strategic Alliance summits move collaboration forward in a structured way.
- 4.4 The 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 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 Risk management is embedded within the organisation via the Risk Management Strategy and the joint strategic risk register. The Joint Audit Committee reviewed the strategic risk register at its meetings in September 2015, December 2015 and March 2016 and considered the operational risk register in June and December 2015. The strategic risk register sets out the key accountable activities, responsibilities and risks or challenges. It includes the risk controls, controls assurances, risk owners and risk ratings. The strategic risk register is reviewed and updated on a regular basis. The Joint

Audit Committee also considered the Board Assurance Framework in June and December 2015.

4.7 The Head of Internal Audit's Annual Report for the year ending 31 March 2016 has been received and was considered by the Interim Joint Audit Committee on 23 June 2016. The Report includes an opinion on the internal financial control framework.

4.8 The opinion is as follows:-

“For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for the Police and Crime Commissioner for Cambridgeshire (OPCC) is as follows: the organisation had adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”

4.9 The Head of Internal Audit noted that the following factors and findings informed the opinion above:

- Governance – Our review of governance focussed on the governance structure of the OPCC and the arrangements in preparation for the PCC election for which we concluded a substantial assurance (green) opinion. We also included elements of the governance structure within individual reviews for the Constabulary, OPCC and collaborative reviews for Bedfordshire, Cambridgeshire and Hertfordshire with no significant issues identified in the operation of those structures.
- Risk Management – Our audit of Risk Management within the OPCC included a review of the risk register update, review, monitoring and reporting. This review concluded with a substantial assurance (green) opinion.
- Control – We undertook nine assurance reports (excluding risk management and governance) that contributed to the control opinion, four were provided with reasonable assurance (amber/green) and four with substantial (green) assurance. One report gave partial assurance (amber/red), in addition we performed a follow up review of previously agreed management actions for which we reported reasonable progress had been made. Seven further reviews were also undertaken in relation to collaboration activity across Bedfordshire, Cambridgeshire and Hertfordshire, of these we issued one partial assurance (amber/red), four reasonable assurance (amber/green), and the remaining two were undertaken in an advisory capacity.

4.10 The Annual report lists 19 audits (including seven collaborated audits) which shows six high priority actions, 27 medium priority actions and 35 low priority actions, and also nine non-categorised recommendations. Two audits were rated ‘partial assurance’ (amber red). Further information is detailed within section 5.

- 4.11 The most recent external audit annual audit letter was issued by Ernst & Young on 7 October 2015. This noted an unqualified opinion on the statement of accounts and unqualified value for money conclusion. Procedures have been undertaken and no issues identified in preparation of the financial statements and estimates (valuation of property, plant and equipment). The letter also noted that Ernst & Young did not find any material misstatements, and found governance arrangements to be adequate and in compliance with the requirements of the Home Office's Code of Financial Management.
- 4.12 Both internal and external audit have detailed audit plans upon which assurance is gained.

5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 In 2015/16 no major governance issues were identified. There are a number of recommendations that have yet to be implemented from previous audits.
- 5.2 Audit reports scoring categories are green, amber/green, amber/red and red. There were no audits where the opinion was red, however the Fleet Management audit was amber/red. One high risk has been raised during the Fleet audit: - *"We reviewed the completion of log books for daily and weekly checks, for a sample of 20 vehicles at HQ and Huntingdon noted the following compliance percentages: daily checks were at 69% and weekly checks were at 65%."*

Management response is: - *The Head of Fleet Services and Inspector (CIB) will issue formal reminders in relation to the completion of log books for both daily and weekly vehicle safety checks. A paper will be taken to FEB outlining other ways in which this message can be reinforced including spot checks by supervisors.*

In addition, the Bedfordshire, Cambridgeshire and Hertfordshire collaboration audit of the Eastern Region Special Operations Unit (ERSOU) Proceeds of Crime Act including Cash Seizures received a score of amber/red, with two high risks being identified as follows:

Where funds are not banked promptly there is a risk of funds being incorrectly allocated, especially if funds cannot be identified as to whether they are POCA or others monies. Also where staff are unsure of the processes there is increased risk of error.

Management Response: - It will be made clear as to whether funds seized are as a result of a criminal investigation, POCA or Found and the funds placed in the appropriate account. This will include confirming the details and contents of all safe deposit boxes and ensuring that the funds are placed to the correct accounts.

Training on the new procedures will be conducted with all property managers so as to ensure that property staffs are fully familiar with the requirements. This will include ensuring that the pay in schedule and all banking slips are evidenced as signed under dual control.

Many of the entries on the Property Management System do not define whether the cash seizures relate to POCA or other crimes. Therefore when remitting to the Home Office, the funds allocation may be incorrect and the monies received back from the Home Office may also be incorrect.

There are also a large number of outstanding cases where funds have been banked but the allocation has not been defined and therefore not submitted to the Home Office

Management Response: - All seized funds will be clearly identified on the Property Management System so that funds can be correctly allocated and distributed by the Home Office in the correct proportions. This will also ensure that monies held in property safes are quantified to ensure cash limits are not breached with the cash counting conducted as soon as possible

Additionally efforts will be made to identify and action all outstanding cases which have been banked but not yet allocated as to whether POCA or other type of seizure and not actioned.

- 5.3 The Auditor’s statement of the progress of the follow up of the recommendations from previous years and current audit assignments auditors: - *“Taking account of the issues identified in the report and in line with our definitions, in our opinion the Office of the Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary has demonstrated reasonable progress in implementing agreed management actions.”*

“Our opinion is based upon consideration that while there have been reasonable attempts in all areas to address the original actions; there are limitations due to their progress and resulting revised actions in multiple areas”.

The Auditors have made new management actions where appropriate and these have been submitted to the Audit Committee with appropriate management responses

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| Recommendations from previous year | 17 |
| Confirmed as completed or no longer necessary | 10 |
| Ongoing implementation | 7 |

There is one high recommendation still outstanding: - All cash bags should be signed by two officers when the cash is seized.

While the advice has been issued to all those handling cash seized bags errors were still found therefore management has issued the following response *“All cash bags will be signed by two officers when the cash is seized. In addition and in line with the Cash Handling procedure, all defined book entries (such as exhibit numbers and seal numbers) are to be re-stressed as mandatory to complete to the booking in officers. Sanctions may be considered necessary to booking in officers who continue to disregard protocol when booking in cash bags.”*

- 5.4 The Head of Internal Audit also noted that “the OPCC and Constabulary should consider the areas whereby partial assurance was given over the control framework for the BCH review, when completing the Annual Governance Statements, unless assurances have been gained internally over improvements in the highlighted areas of weakness since the audit reports were issued. The OPCC and Constabulary should also consider the findings from the advisory reviews including the Collaboration – Savings Assurance review where the key issue identified was the need to improve the recording of movement in project savings and the integration of this within the overall high level savings plan. In line with Internal Audit’s review of collaboration, further sector reviews have found weaknesses across other Police forces on collaborative assurance.”
- 5.5 Based on the 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. However, we recognise that collaborative governance needs to be developed further and this will be an area of particular focus in 2016/17.
- 5.6 At a time of such major organisation change and downward pressure on finances, it is inevitable that risk appetite will need to be reviewed and controls will come under pressure. As a result audit resources and management effort will need to be directed at areas of higher risk.
- 5.7 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.
- 5.8 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

Jason Ablewhite
Police and Crime Commissioner

Dr Dorothy Gregson
Chief Executive

Date: