



**Lancashire
Constabulary**

police and communities together

Police and Crime Commissioner for Lancashire Draft Annual Governance Statement 2015/16

The Police and Crime Commissioner is responsible for ensuring that business is conducted in accordance with the relevant law and proper standards relating to financial management and corporate governance. The Police and Crime Commissioner also has a statutory duty to secure value for money in the use of public funds.

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 Constabulary, including the effective exercise of its functions and ensuring appropriate arrangements for the management of risk.

The Police and Crime Commissioner (PCC) for Lancashire is responsible for holding the Chief Constable to account for the exercise of those functions. This statement reports on the governance arrangements in place.

A joint PCC and Constabulary 'Scheme of Governance' sets out both the broad legislative context and local regulatory framework, within which the PCC and the Chief Constable work to fulfill their statutory function of securing an efficient and effective police force. It also outlines how they will ensure robust and effective governance arrangements to support the exercise of those functions.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his office's affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. The PCC 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*. A copy of the authority's code of corporate governance is on our website at:

<http://lancashire-pcc.gov.uk/the-commissioner/my-office/policies-and-procedures/>

This statement explains how the PCC has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

1 THE GOVERNANCE FRAMEWORK

A framework of governance and internal control has been established, comprising

the systems and processes, culture and values by which the Office of the Police and Crime Commissioner is directed and controlled in order to discharge the two primary statutory duties:

- to secure an effective and efficient local police service; and
- to hold the Chief Constable to account for the exercise of his functions and those of officers and staff under his direction and control.

The system of internal control is a significant part of that framework and is based on an on-going process designed to identify and prioritise the risks to the achievement of the Commissioner and Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Chartered Institute for Public Finance and Accountancy (CIPFA) has identified the principles of good governance for public services and those specifically relating to policing services are;

- Focussing on the purpose of the PCC and the Constabulary and on outcomes for the community, and creating and implementing a vision for the local area.
- Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles.
- Promoting the values of the PCC and the Chief Constable and demonstrating the values of good governance by upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and the capability of the workforce to be effective in their roles.
- Engaging with community, partners and stakeholders to ensure robust public accountability.

2 OVERALL ASSURANCE SUMMARY

No system of internal control can provide absolute assurance against material misstatement or loss.

However, on the basis of the review of the sources of assurance set out in this Statement, we are satisfied that the Police and Crime Commissioner has in place satisfactory systems of corporate governance and internal control which facilitate the

effective exercise of their functions and which include arrangements for the effective management of risk.

3 THE GOVERNANCE FRAMEWORK

3.1 Focusing on the purpose of the PCC and on outcomes for local people, and creating a vision for the local area.

The Commissioner finalised the Police and Crime Plan at the end of March 2013 having consulted extensively with the Chief Constable and other stakeholders. The Police and Crime Plan has therefore been in place for the financial year 2015/16 and is reviewed and updated annually, with outturn performance scrutinised at the end of each year.

The Police and Crime Plan incorporates a number of action plans and processes to support the delivery of the priorities set out within it, including:

- Delivery and business plans to monitor the implementation of the Commissioner's priorities
- Decision making process
- Forward Plan of key decisions
- Commissioning Framework

The PCC's team works closely with the Constabulary in taking forward key areas of business and the Commissioner has monthly strategic planning meetings both internally with senior members of the Office of the PCC (OPCC) and jointly with the Constabulary's Chief Officers.

The Commissioner's website provides contact details so that members of the public are able to get in touch, raise issues or concerns direct with him. A case management team has been developed to respond to contact by members of the public and help the PCC focus on the outcomes for local people.

Delivering value for money is a strategic priority for the Commissioner and the financial context in which the PCC and the Constabulary operate makes achieving value for money and delivering the necessary savings a critical objective.

The budget and medium term financial forecast are set by the PCC, with regular updates around budget monitoring and progress provided throughout the year. The Statement of Accounts will be approved by the PCC and Chief Constable in August 2016.

The governance framework has been in place up to and including the year ending 31 March 2016 and up to the date of approval of the statement of accounts.

3.2 Working together to achieve a common purpose with clearly defined functions and roles.

The governance arrangements for the PCC have been developed in line with recommendations and requirements of the Police Reform and Social Responsibility (PRORA) Act 2011, statutory Policing Protocol, CIPFA and the Home Office. The governance arrangements comply with the Financial Management Code of Practice (FMCP), and other existing guidance on financial and governance matters which continue to apply.

There is a decision making framework which ensures that all PCC decisions are published and available for public scrutiny, and that before any decisions are made appropriate financial, legal and HR advice is obtained. This approach ensures that all of the PCC's decisions are fully assessed for any implications and that the PCC is made aware of these before a decision is made.

In accordance with the requirements of the Financial Management Code of Practice, a Joint Audit and Ethics Committee has been established, this replaced the existing Joint Audit Committee in September 2015. It has agreed terms of reference and quarterly meetings are held in public with papers published on the PCC's website.

3.3 Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Police Officers, Police Staff and the Office of the Police and Crime Commissioner's Officers are all subject to policies and procedures covering discipline, grievance and standards of conduct.

The Commissioner and the Constabulary have arrangements in place to address fraud and corruption and also to enable staff to report any issues of concern in confidence.

The Joint Audit and Ethics Committee has been established, replacing the existing Joint Audit Committee, during 2015/16 that is supported by an Integrity and Standards Board at the Constabulary, reporting to an Ethics Committee which will oversee the embedding of a culture of fairness, integrity and respect within the Constabulary. The PCC is represented on this committee.

The Police and Crime Commissioner has clearly outlined who was responsible for the discharge of the responsibilities of the Office of the PCC within its Constitutional and Procedural Standing Orders, Scheme of Delegation, Contractual Standing Orders, Financial Regulations and formal constitution.

The Director of the OPCC is the appointed Monitoring Officer for the Office of the PCC. This role has a statutory duty to highlight any proposals, decisions or omissions by the PCC which constitute, have given rise to, or are likely to give rise to, either a breach of the law, a breach of a statutory code, or which constitute maladministration or injustice.

The PCC's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the CIPFA Statement on 'The role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (July 2012)'. The PCC's Chief Finance Officer is the OPCC's professional advisor on financial matters.

The PCC has signed up to a Code of Conduct which incorporates the 7 Nolan principles relating to Public Life. A Code of Conduct has also been agreed for the staff in the OPCC setting out what is expected from them in terms of their conduct.

Standards of professional behaviour are reinforced at every opportunity, including recruitment, induction and in meetings between officer/line managers.

Robust vetting procedures are in place for all staff in the OPCC.

The Joint Audit and Ethics Committee, and previously the Joint Audit Committee, has been updated on the activity in relation to external inspections, including HMIC Integrity review and action has been taken to reflect the new Code of Ethics for Policing in the reports provided to the Committee.

3.4 Taking Informed and transparent decisions which are subject to effective scrutiny and managing risk.

On 22 November 2012, the PCC approved and adopted a governance framework. This was reviewed in March 2013 and compliance with the OPCC governance framework will continue to be reviewed annually to ensure it remains fit for purpose.

A Joint Audit and Ethics Committee has been established that is responsible for enhancing public trust and confidence in the governance of the PCC and Lancashire Constabulary. It replaced the existing Joint Audit Committee in September 2015. It also assists the PCC in discharging statutory responsibilities in holding the Chief Constable to account.

At the start of each financial year, the PCC and the Constabulary agree a programme of internal and external audit work, which is reported back through the Audit and Ethics Committee. It assists the PCC in discharging his statutory responsibility for holding the Chief Constable to account. Minutes of the Committee are published on the PCC website.

The PCC decision making process requires oversight by both of the statutory officers (i.e. the Monitoring Officer and PCC Chief Finance Officer). All decisions made are formally recorded and made available on the PCC's website for public information and scrutiny.

The Police and Crime Panel for Lancashire comprising local authority and other local representatives, maintains a supportive check and balance on the Commissioner's decisions and activity through the year. Part of the role of the Police and Crime Panel is to approve the Commissioner's precept proposals and also the Police and Crime Plan. The Commissioner's statutory requirements in relation to the Police and

Crime Panel were met in full for 2015/16.

The PCC has established a risk management policy and procedures, which cover not only strategic business risks but also significant organisational and operational risks. Strategic level risks are routinely monitored and reviewed through the corporate decision making process. Controlled risks are documented on a dedicated risk register to ensure appropriate and proportionate monitoring whilst maintaining focus on key issues. The PCC considers risk management in discharging all core functions. The PCC's strategic risk register and scrutiny log are live documents that are routinely considered at all key meetings.

3.5 Developing the capacity and capability of all to be effective in their roles.

The PCC holds weekly planning meetings for the Commissioner's senior management team where there is opportunity to provide briefings on current issues; and a series of briefings and visits to partners is undertaken on a regular basis.

The PCC undertakes specific training as required for the emerging challenges of this role and also benefits from forum meetings with other PCCs, membership of APCC and input to senior OPCC officers from APACE and PACCTS.

The Commissioner's senior management team and officers have defined roles and areas of responsibility which are regularly reviewed at one to one sessions with the Director of the OPCC and Commissioner and through the Senior Management Team meetings.

The two statutory officers, namely the Monitoring officer and the PCC's Chief Finance Officer are required to undertake continuing professional development in order to sustain professional qualifications. Officers regularly attend conferences and seminars upon issues of relevance to the delivery of policing and governance.

Training opportunities are identified throughout the year by both the Chief Officers and staff within the OPCC.

Regular staff meetings are held that provide an opportunity for staff to update and enhance their knowledge of key developments on an on-going basis.

All new staff are inducted into the work of the PCC and receive guidance appropriate to the roles to be performed.

3.6 Engaging with local people and other stakeholders to ensure robust public accountability.

The PCC engages with a range of stakeholders, including both statutory and non-statutory organisations, through the Partnerships Officer and Senior Strategic Advisor's attendance at Community Safety Partnerships (CSPs) and Youth Justice Management Boards and members of the Commissioner's team attendance at a range of partnership boards including the Lancashire Criminal Justice Board, Lancashire Community Safety Strategy Group and Health and Wellbeing Boards.

Attendance at these partnerships has been by agreement with stakeholders and has been welcomed with the PCC providing reports on a regular basis.

Where the PCC has entered into joint commissioning or funding agreements with stakeholders he is represented on management and/or strategic governance boards related to the initiatives or schemes being supported, if this is not covered by stakeholder partnerships already attended.

The PCC uses a series of digital and social media channels to keep residents, visitors and local businesses informed about what the PCC is doing in terms of news, events, promotions, consultations, engagement activity and job opportunities.

The PCC's website is used as a front counter of information showcasing all decisions made by the PCC and progress against the Police and Crime Plan. The use of the corporate website and social media will continue to be used to engage with and provide greater access to information for the community.

The public are provided with a variety of opportunities to comment on decisions and policing services including: telephone and on-line consultation; specific research with communities that cut across geographical areas (e.g. people with different faiths, people of black and minority ethnic origin, older people, people with disabilities, young people and vulnerable adults); engagement with elected members to inform understanding of residents issues; door to door canvassing and local surgeries, which helps to build up knowledge of local community issues and the PCC also meets regularly with residents in their communities so he can bring their views into the decision making process.

The PCC provides opportunities for the public to influence decisions and provide feedback on decisions, services and policies and provides the chance to be involved in the commissioning of services.

4 REVIEW OF EFFECTIVENESS

The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal audit and the systems of internal control. The review has been conducted by the Chief Officer team and takes account of comments from both internal and external audit and inspectorate reports.

The review involves gathering examples of effective controls, mitigation of risks and the overall efficiency and effectiveness of the organisation. The evidence gathered is documented in a separate record which is used to support the certificates of assurance signed by each of the chief officer team.

The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below:

OPCC

The OPCC has overall responsibility for the discharge of all the powers and duties placed on it and has a statutory duty to 'maintain an efficient and effective police force'. The review and maintenance of the governance framework is undertaken by the Joint Audit and Ethics Committee that discusses governance issues, referring reports to the PCC when it is felt necessary.

Lancashire Constabulary

The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within the Constabulary at least on an annual basis. This review is informed by the work of the Chief Finance Officers, Head of Internal Audit, and the Risk and Assurance Managers within the Constabulary who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2015/16 the officers of the OPCC have placed reliance on this review and the Constabulary's resulting Annual Governance Statement.

Joint Audit and Ethics Committee (replacing the Joint Audit Committee in September 2015)

The Joint Audit and Ethics Committee, previously the Joint Audit Committee, receives regular reports on governance issues, including the review of the Annual Governance Statement for inclusion in the Annual Statement of Accounts and update reports on progress made in addressing any significant governance issues included in it.

Head of Internal Audit

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Head of Internal Audit reports regularly to the Director of the OPCC and Chief Finance Officers.

Regular monitoring reports and an annual report are received from the Internal Audit Service, providing the Joint Audit and Ethics Committee and previously the Joint Audit Committee, with an opportunity to challenge the assurances that have been obtained over the operation of key controls.

The responsibility for updating, maintaining and reviewing the systems of internal control rests with the OPCC, but it takes significant assurance from the work of the Internal Audit Service. In fulfilling this responsibility, each year it receives an opinion on the overall adequacy and effectiveness of the OPCC's internal control environment, which provides details of any weaknesses particularly relevant to the preparation of the Annual Governance Statement.

In maintaining and reviewing the governance framework, the PCC's Chief Finance Officer places reliance on the work undertaken by the Internal Audit Service and in particular the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the system of internal control. For 2015/16 the Head of Internal

Audit has stated that there is a generally sound system of internal control during the year, adequately designed to meet the Constabulary's, and the OPCC's objectives and controls are generally applied consistently.

Recommendations arising from audit reports are reviewed and action plans developed in order to address these. These are followed up throughout the year by the Internal Audit Service and are reported through to the Joint Audit and Ethics Committee, and previously to the Joint Audit Committee.

External Audit

External Audit are an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the OPCC's services, with their annual letter particularly providing comment on financial aspects of corporate governance, performance management and other reports.

Other areas for consideration:

In addition to the above, other review / assurance mechanisms such as Her Majesty's Inspectorate of Constabulary, who are charged with promoting the effectiveness and efficiency of policing, improving performance and sharing good practice nationally The Independent Police Complaints Commission and the Health and Safety Inspectorate are also relied upon.

The review of the effectiveness of the system of internal control is informed by the work of the Internal Audit Service and the senior managers within the OPCC and the Constabulary who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates in their annual audit letter and other reports.

As part of the assurance gathering process for this statement, certificates of assurance have been completed and will be signed by the Director of the OPCC and the Chief Finance Officer.

5 PROGRAMME OF IMPROVEMENT FOR GOVERNANCE ISSUES

Key strategic risks, such as delivering an effective financial strategy, are monitored and reviewed throughout the year and form part of the Commissioner's risk register. Other emerging governance issues that will be addressed during the year are the financial risks arising in the medium term. Financial planning for the PCC identifies that some £30m of savings must be delivered by 2020/21. This is in addition to the £63m of savings that have been delivered in the period 2011/12 to 2015/16.

This represents a significant challenge given the scale of reductions already made and the structural changes made to the Constabulary's operating model. There is therefore a risk of a negative impact on service delivery and organisational resilience. In addition, financial pressures on partners may increase the risk that they will withdraw from shared funding initiatives.

<p>Signed: Still in draft –to be signed once finalised</p>	<p>Signed: Still in draft –to be signed once finalised</p>
<p>Clive Grunshaw Police and Crime Commissioner for Lancashire</p>	<p>Angela Harrison Director of the Office of the Police and Crime Commissioner for Lancashire</p>
<p>Date:</p>	<p>Date:</p>

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