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Date: 10 May 2017

## **AGENDA**

**TO: THE MEMBERS OF THE JOINT AUDIT AND STANDARDS COMMITTEE**

### **CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE**

A Meeting of the Joint Audit & Standards Committee will take place on **Wednesday 24<sup>th</sup> May 2017** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **10:30am**.

**S Edwards**  
**Chief Executive**

**Note:** Members are advised that allocated car parking for the meeting is available in the Visitors Car Park.

Please note – there will be a private members meeting with Internal Audit from 9.30am – 10.15am

### **COMMITTEE MEMBERSHIP**

Mrs Fiona Daley (Chair)  
Mr Jack Jones  
Ms Fiona Moore  
Mr Malcolm Iredale

## **AGENDA**

### **PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

**1. APOLOGIES FOR ABSENCE**

**2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC**

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

**3. DISCLOSURE OF PERSONAL INTERESTS**

Members are invited to disclose any personal/prejudicial interest, which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.

**4. MINUTES OF MEETING AND MATTERS ARISING**

To receive and approve the minutes of the committee meeting held on 15 March 2017.

**5. ACTION SHEET**

To receive the action sheet from previous meetings.

**6. CORPORATE UPDATE**

To receive a briefing on matters relevant to the remit of the Committee

**7. TREASURY MANAGEMENT ACTIVITIES**

To receive for information reports on Treasury Management Activity - Quarter 4 / Annual Report

*(To be presented by the Deputy Chief Finance Officer)*

**8. EXTERNAL AUDIT FEES**

To receive from the external auditors the proposal in respect of audit fees. *(To be presented by Grant Thornton)*

- (i) CC
- (ii) PCC

**9. EXTERNAL AUDIT UPDATE REPORT**

To receive from the external auditors an update report in respect of progress on the external audit plan.

*(To be presented by Grant Thornton)*

**10. RISK MANAGEMENT MONITORING**

To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.

*(To be presented by the Chief Executive or the Governance & Business Services Manager)*

**11. ANTI-FRAUD AND CORRUPTION ACTIVITIES**

To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.

*(To be presented by the Chief Executive or the Governance & Business Services Manager)*

**12. ETHICS AND INTEGRITY GOVERNANCE**

To receive an annual report from the chair of the Ethics and Integrity Panel.

*(To be presented by the Governance & Business Services Manager)*

**13. INTERNAL AUDIT REPORT(S)**

To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.

*(To be presented by the Audit Manager)*

- (i) Digital Case File Preparation
- (ii) Receipt, Handling and Disposal of Drugs
- (iii) Main Accounting System
- (iv) Stingers

The following Internal Audit reports have also been completed within the last quarter and have been reviewed by the Committee members. Copies of these audit reports will be available to view on the OPCC website.

- (v) Audit of Payroll
- (vi) Audit of Information Security
- (vii) Police Pensions
- (viii) Business Continuity Follow Up

**14. INTERNAL AUDIT – ANNUAL REPORT**

To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.

*(To be presented by the Audit Manager)*

**15. EFFECTIVENESS OF ARRANGEMENTS FOR AUDIT**

To receive a report from the Chief Finance Officer in respect of the effectiveness of arrangements for audit.

*(To be presented by the Deputy Chief Finance Officer)*

**16. JOINT AUDIT AND STANDARDS COMMITTEE - REVIEW OF EFFECTIVENESS**

To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance.

*(To be presented by the Deputy Chief Finance Officer)*

**17. ANNUAL GOVERNANCE STATEMENT****a) Effectiveness of Governance Arrangements**

- (i) Constabulary - To receive a report from the Chief Finance Officer on the effectiveness of the CC's arrangements for governance.
- (ii) PCC – To receive a report from the Chief Finance Officer/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance

**b) Code of Corporate Governance**

To consider the PCC/CC Code of Corporate Governance.

- (i) Constabulary
- (ii) PCC

**c) Annual Governance Statement**

To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting.

- (i) Constabulary
- (ii) PCC

**18. ANNUAL STATEMENT OF ACCOUNTS**

To receive the un-audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts. – ***Papers to follow***

- (i) Statement of Accounts Narrative 2016/17 – To receive a report from the Chief Finance Officer outlining the statement of accounts process for 2016/17  
*(To be presented by the Chief Finance Officer)*
- (ii) PCC/Group Annual Statement of Accounts 2016/17  
*(To be presented by the Deputy Chief Finance Officer)*
- (iii) PCC/Group Summary Statement of Accounts 2016/17  
*(To be presented by the Deputy Chief Finance Officer)*



- (iv) CC Annual Statement of Accounts 2016/17  
*(To be presented by the Deputy Chief Finance Officer)*
- (v) CC Summary Statement of Accounts 2016/17  
*(To be presented by the Deputy Chief Finance Officer)*

**Future Meeting Dates (For Information)**

21 July 2017 @ 10:30 - Conference Room 2

13 September 2017 @ 10:00 - Conference Room 2

22 November 2017 @ 10:00 - Conference Room 2

21 March 2018 @ 10:00 - Conference Room 2

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## **Agenda Item 4**

### **CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY**

#### **JOINT AUDIT & STANDARDS COMMITTEE**

Minutes of a Joint Meeting of the Joint Audit & Standards Committee and the Police and Crime Commissioner held on Wednesday 15<sup>th</sup> March 2017 in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 10.00 am

#### **PRESENT**

Mrs Fiona Daley (Chair)  
Ms Fiona Moore  
Mr Malcolm Iredale

#### **Also present:**

Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)  
Principal Auditor, Cumbria Shared Internal Audit Service, Cumbria County Council (Gemma Benson)  
Senior Manager, Grant Thornton (Richard McGahon)  
Associate Director, Grant Thornton (Robin Baker)  
Commissioner's Chief Finance Officer (Ruth Hunter)  
Constabulary Chief Finance Officer (Roger Marshall)  
Deputy Chief Finance Officer (Michelle Bellis)  
Deputy Chief Constable (Michelle Skeer)  
Governance & Business Services Manager (Joanne Head)  
Chief Inspector, Business Improvement Unit (Carl Patrick)  
Financial Services Assistant – Banking & Controls (Dawn Masters)

#### **PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC**

The Chair suggested that as the Chief Inspector and the Associate Director were required to leave early the papers be considered out of order. It was proposed that agenda item 7 be taken after item 4 and agenda item 17 be taken after 14. This was agreed by all at the meeting.

#### **296. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Jack Jones.

### **297. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC**

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

### **298. DISCLOSURE OF PERSONAL INTERESTS**

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

### **299. MINUTES OF MEETING AND MATTERS ARISING**

The minutes of the meeting held on 24<sup>th</sup> November 2016 had been circulated with the agenda. It was requested that some wording on items 288, 292 and 295 of the minutes be amended. All members agreed they were happy with this and the Chair agreed to sign the minutes following the amendment being made.

**RESOLVED,** that, the minutes of the meeting held on 24<sup>th</sup> November 2016 be approved subject to the amendments being made.

### **300. ACTION SHEET**

The action sheet of the meeting held on 24<sup>th</sup> November 2016 had been circulated with the agenda. The following comments were made.

- 224 – The Chair confirmed that the paper outstanding on the Criminal Justice Partnership had been received. The Senior Manager (SM) clarified that from their perspective in terms of value for money conclusions it does not present a problem, it has been looked at as part of a risk assessment and they do not think that it is a risk for the value for money conclusion.
- 288 – A member commented that clarification had been received about exgratia payments, which was helpful but that their understanding of an exgratia payment was that there was no legal obligation to pay them, it is a gesture of goodwill. The member is uncomfortable that a payment may be made that there is no legal obligation to pay, whether over £10,000 or £2,000. The member asked if anyone else felt uncomfortable about this. The Commissioner's Chief Finance Officer (CFO) agreed and confirmed it was a difficult topic. It was felt that the Constabulary was perhaps more in favour of paying these than the OPCC due to different perspectives. The Constabulary CFO confirmed that in practice this figure had not been approached and if it was it is likely that the legal department

would deal with this.

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

### **301. HMIC REPORTS**

The Chief Inspector (CI) gave an overview of the way that HMIC inspections were carried out and the work within the Business Improvement Unit following the receipt of the HMIC report. All actions from the report are assigned to a professional lead and are placed on an improvement plan. Progress is reported monthly to the Operations Programme Board. Every two to three months a report is made to Force Strategic Delivery Board chaired by the Deputy Chief Constable (DCC). This process was started last year and recommendations were reviewed going back to 2013. In relation to high-risk areas, the activity put in place following the action is then tested.

The Chair commented that this summary was useful and answered a number of questions.

A member asked how the different recommendations are linked together across areas. The CI commented that these actions were brought together onto one action plan. These are cross-referenced through the Operations Programme Board to avoid duplication of work. The DCC clarified that they look at improvements they want to make further to the recommendations made by HMIC. The testing is very important to ensure that it is embedded and going back and looking at the impact of making a change. The Governance and internal controls put in place are very important and allows the activity to be driven. A member asked how the different types of data are looked at operationally. The CI confirmed that the context in which Cumbria Constabulary operates is taken into account.

A member commented on the high number of actions on the action sheet. The CI commented that many of the actions are complete but that the action sheet is used and referred back to later to ensure that things have not slipped so that the standard is maintained or enhanced. The member commented that perhaps the reports recommendations should just be accepted rather than the unit carrying out a further inspection. The CI commented that there was not a non-acceptance of what was said but that they were trying to find the root cause of the issue by investigating it further. The member asked if following recruitment initial training was provided and if the DCC was confident that this training was up to date. The DCC and CI confirmed that it was.

The Chair commented that members did not want to lose sight of the good work done within Cumbria Constabulary. Overall, what the members want to know is whether the HMIC recommendations are reasonable. The Chair clarified that they were looking for assurance that there were not any recommendations flagged up in the HMIC report that were not being taken forward. The DCC confirmed that there was not. The Chair commented on the National Child Protection Inspection report and that it would be good to know that the recommendations

were achievable with the timescale given. The CI commented that they could implement things quickly but that it was more important that there is sustainable child protection as time goes by. Time frames can be a bit challenging and a balance needs to be struck to ensure that no unexpected consequences occur due to trying to implement things quickly. The DCC confirmed that all of these actions are being looked at and some are complete. HMIC want to see that these recommendations are being taken seriously and are in an action plan.

The Chair commented that members were content in respect of those reports.

Note – The Chief Inspector left the meeting at this point.

### **302. CORPORATE UPDATE**

The Constabulary CFO gave a brief update on the funding formula. There is a firm commitment to progress the funding formula some information is expected end of March or beginning of April and then an announcement is expected in May or June. The formula appears to be a much more conclusive process than previously.

The Constabulary CFO gave an update on the changes to the CFO role and that the Commissioner's CFO expressed her intention to step down. There is a proposal to move to a single CFO role across both organisations. In terms of conflicts of interest, there is nothing legally to prohibit it and this arrangement works within a number of other organisations including Durham, which is one of the outstanding forces. As far as possible, it is sought to avoid conflicts of interest. It is envisioned that as far as possible there is transparency and openness across the two organisations. It is proposed that if there is a case where a conflict of interest arose firstly the Deputy CFO would provide advice to the Commissioner and the Constabulary CFO would provide advice to the Chief Constable or vice versa. Secondly, all officers would work to the professional standards and ethics framework set out by the Chartered Institute of Public Finance and Accountancy (CIPFA), which covers integrity and providing sound financial advice irrespective of who is reported to. The assessment of the role of the CFO against the CIPFA standard would be continued for both organisations. Thirdly, there is participation in a buddy scheme for the Police and Crime Commissioner's Chief Finance Officers in which the CFO and the Deputy CFO would be mentored by senior people from other organisations who could provide advice in situations. Finally, it is proposed that there is a formal relationship with another PCC, which could provide independent advice in the event of a conflict of interest.

A member asked for clarification on the role of the Chief Executive in a conflict of interest situation. The Commissioner's CFO confirmed that it would depend on the conflict of interest dealt with but that the Chief Executive is the monitoring officer for the OPCC not the Constabulary. A conflict of interest would be unusual but would most likely be a circumstance where a particular issue was integrated and impacting on both organisations. In those situations, independent advice would be required from a CFO not necessarily from a Chief

Executive. In those circumstances, a formal buddy system, which is being set up nationally, would be more appropriate.

A member commented that they had a discussion surrounding the risks and the likelihood of these risks occurring. It was asked if there would be some sort of record made of conflicts of interest and their occurrence. The Commissioner's CFO commented that as part of the governance statements a statement has to be made to show how compliance with the CIPFA requirements has been achieved. If a conflict arose this would be a matter of governance so there would be some public transparency but that this is a helpful recommendation for some type of form to be created that logs any conflicts as they arise.

The Chair asked about the proposed implementation date for this. The Commissioner's CFO confirmed that the proposed date was the 1<sup>st</sup> April 2017 with support being provided while the new structure was embedded. Whilst from a governance perspective it might not be the absolute gold standard there is clearly an efficiency responsibility. The Chair commented that the implementation date raised a couple of questions. Is the assessment of the CFO role against the CIPFA standard going to be repeated ahead of these changes. The Chair asked if the Commissioner's CFO would be leaving both roles. The Commissioner's CFO confirmed that the Deputy Chief Executive role would also be vacated. The Chair would like to thank the Commissioner's CFO on behalf of the committee for all her hard work particularly in setting up the governance arrangements in Cumbria.

The Chair asked for external audits initial response to this. The Associate Director commented that this is happening elsewhere and their understanding is that there is nothing in the regulations to prevent it from happening. Police services and public services are having to do things in different ways going forward. He felt impressed with the four lines of defence in relation to conflicts of interest which shows clear thinking. It is difficult to know how this is going to work which will only come out in time. The buddy system is interesting and not uncommon. He thinks there will have to be a future assessment of the arrangements perhaps as part of an internal audit programme. Practical help regarding how to recognise when there is a conflict of interest may be useful as that can be quite a challenge. There needs to be some regard made to whether there has been a reduction in the PCC's ability to hold the Constabulary to account.

The Senior Manager has spoken to colleagues elsewhere and commented that as capacity had been taken out at the top there should be some building in of capacity further down at resource level. The CFO requires equal access to the Commissioner and the Chief Constable.

The Commissioner's CFO commented that the finance team is going through a re-structure process and an additional post has been put into the team so the full time equivalent within the team had been increased. The Constabulary CFO and the Deputy CFO have met with the Chief Executive and gone through all the meetings which take place within the OPCC which the Commissioner's CFO would usually attend and ensured their attendance at those. It will only be effective if the Constabulary CFO role integrates within the OPCC in the same way that it does

within the Constabulary.

A member commented that it was important to ensure that nothing slipped, that what has successfully worked previously continues to work. The Deputy CFO commented that in terms of the Financial Rules and Regulations as they are now the responsibilities are set out for both CFO's together and some responsibilities that are for the PCC's CFO but that it was appropriate to leave it that way. In relation to the document which reviews the role of the CFO, CIPFA guidance is still being awaited so it is suggested that these are left at the moment but await the revised CIPFA guidance to avoid seeing the same document three times in the same year.

The Chair summarised that in principal the committee is not against this change. The committee would like a review of the new arrangement to take place in twelve months' time. The assessment should consider the effectiveness of:

- the arrangements to record when there is a conflict of interest and how this is designed to protect both the CFO and deputy CFO in fulfilling their responsibilities;
- how the PCC is able to independently hold the Constabulary to account on financial matters;
- the capacity issues arising from the reduction in the full time OPCC post;
- a revised document showing the assessment of the role of CFO following the new CIPFA guidance.

A member commented that in relation to the funding formula over a period of time the factors need to be robust, auditable and that there is some strength and consistency in the factors. The Constabulary CFO confirmed that it was one of the primary considerations.

The Associate Director commented that there was quite a lot of academic research in relation to the formula. The Commissioner's CFO commented that they have acknowledged that there is an opportunity for policy to influence final weightings. Whilst there has been an acknowledgement that non-crime based activities take a significant proportion of police resources, the current proposal and weightings for that would be a significant disadvantage to Cumbria as the amount of time spent on crime based activity is still over weighted. Where there has been opportunity to disaggregate the formula the data that is particularly beneficial to rural forces has not been used. There is still significant cause for concern in terms of the outcome.

A member commented on the phased implementation of the formula. The Commissioner's CFO commented that they have committed to transitional arrangements but have not said specifically what those will be but have been clear that the current situation where damping has been continually supported and the historic formula has never been implemented won't happen.

The Commissioner's CFO made the committee aware that the Public Sector Audit Appointments



document on final accounts has listed the policing bodies that achieved the 31<sup>st</sup> July audit deadline, only three bodies were on the list Cheshire, Cumbria, and the Metropolitan, which is a good achievement. A challenge for the OPCC now is that currently the process of producing the annual governance statement is being carried out and there is a difficulty in how to narrate that currently there is non-compliance with the specified information order as the website is currently down. The Governance & Business Services Manager (GBSM) confirmed that the website is hoping to go live next week. A member asked what had happened in relation to the OPCC website. The GBSM confirmed that the site had stopped working due to a technical issue.

The Chair asked if the decision had been made to opt in to the national procurement body for the appointment of external auditors. The Commissioner's CFO confirmed that this option had been chosen. The Associate Director commented that only six local government bodies had not signed up for the national procurement body and of those six only one was a police body.

### **303. STRATEGIC RISK REGISTER**

#### **(i) OPCC**

The GBSM shared with the committee the COPCC's strategic and operational risk register. Changes to the register have been highlighted in yellow.

The Chair commented that highlighting the changes was helpful.

#### **(ii) Constabulary**

The DCC shared with the committee the Constabulary's strategic risk register. There has not been a great deal of change the risks have been consistent.

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

### **304. RISK MANAGEMENT STRATEGY**

#### **(i) OPCC**

The GBSM presented an update on the OPCC's annual review of the risk management strategy. This strategy has been presented to members in various forms over the years. There have been minor changes to the strategy. It has been proposed that the strategy be reviewed on a three-year cycle but that if any significant changes are known it is reviewed and brought to the committee. The strategy will be implemented from the first of April.

#### **(ii) Constabulary**

The DCC presented an update on the Constabulary's annual review of the risk management strategy. There has not been a great deal of change but it has been updated to reflect the big six.

A member asked if there was any rationale behind the matrix being five by five for the Constabulary and four by four for the OPCC. The GBSM commented that they had made the decision to go to four by four primarily to move away from the middle ground and force a decision on where it was.

Note – The Governance & Business Services manager left the meeting at this point.

### **305. TREASURY MANAGEMENT ACTIVITIES**

The Deputy CFO presented a report on the Treasury Management Activities, which have taken place during the period October to December 2016, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

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

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

The Audit Manager (AM) presented a progress report, which provided a review of the work of Internal Audit for period up to the 22<sup>nd</sup> February 2017. The key points of the report are given below:

- Progress with the audit plan is on schedule with 72% of planned days delivered (compared to 78% in a similar period in 2015/16). 55% of audits have been delivered. Whilst this is a lower proportion when compared to the same period last year, work is on target to be completed in line with year-end timescales.
- All work in the 2016/17 plan is either complete or underway.
- The draft plan for 2017/18 has been prepared following consultation with Senior Managers in the OPCC and Constabulary. The proposed plan is presented to this meeting.

A member commented in terms of the performance measures, which looked very good and asked if there had been any thought to having a target put in place in relation to the number of feedback reports received. The AM confirmed that they do look for 100% of feedback forms returned and they do follow up and chase them and have had very good responses. She had reported that nine out of the ten forms had been returned. The AM confirmed that they would change this to a target.

A member queried if there was any concern relating to the percentage of audits completed. AM confirmed that they are comfortable with the timings. Part of the plan is that some of the work is carried out after the financial year-end but in time to get the accounts produced by May.

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

### **307. INTERNAL AUDIT REPORTS**

During the last quarter, 6 audit reports were circulated to members. Members asked for three of these reports to be included for discussion at the meeting.

- Code of Corporate Governance (OPCC),
- Code of Corporate Governance (CC)
- Stop and Search (CC)

Members agreed that the three remaining reports did not need to be included on the JASC agenda for discussion but that the minutes should note that members had received these reports and were content with these reports, copies of which are on the OPCC website. These reports related to:

- Mobile and Digital (CC),
- Audit follow up of Duty Management System
- Audit of Self-Service Travel Expenses and Overtime

(i) Audit of Code of Corporate Governance (OPCC)

Internal Audit undertook a review of the OPCC's Code of Corporate Governance, an overall level of assurance of 'reasonable' was given.

A member asked about the previous decision not to record formal minutes at executive team meetings. The Commissioners CFO requested that the Chief Executive respond to this as it was his decision.

(ii) Audit of Code of Corporate Governance (CC)

Internal Audit undertook a review of the Constabularies Code of Corporate Governance, an overall level of assurance of 'reasonable' was given.

A member requested clarification on the response that they took note of the need for greater transparency in the process for approval of the document and asked if there were any examples of changes that had been made to achieve that. The Constabulary CFO confirmed that

he had coordinated the document. He had informal discussions with the various governance leads and from that pulled the document together. It was necessary to have a better audit trail with regard to that and the approval process, which was done through a meeting with the Chief Constable, which in the past had been taken through the Chief Officer Group, and a formal sign off. The problem related to the timing of that due to the new governance code that was being operated to. It is about formalising those arrangements.

The Chair commented that these reports were very useful and suggested that the committee had on their work programme that the CFO confirmed the sign off of the Corporate Governance Review before the committee signed it off at the JASC meeting.

(iii) Audit of Stop and Search (CC)

Internal Audit undertook an audit of Stop and Search, an overall level of assurance of 'reasonable' was given.

A member asked about how the Intranet was kept up to date and how to ensure that it is consistent over time. The DCC confirmed that it should come through media and marketing and this would be looked at.

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

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

The Constabulary CFO presented the updated Audit Monitoring Report. A lower number of audit recommendations than there had been in the past, which is a sign that they are being implemented and taken off the list in an efficient manner. Ten actions brought forward from previous meetings, of those eight have been completed and two are outstanding. The recommendation in relation to the Multi-Agency Safeguarding Hub has not been completed due to the Health Service which is a statutory partner currently undergoing a significant restructure. A member commented that she understood that it was a joint audit and everyone needed to respond to the recommendations. The member asked whether it could be communicated to partners in the NHS that something has to be done despite the reorganisation. The member would like it communicated that the Joint Audit and Standards Committee are not happy with a red on this recommendation. The Chair confirmed that they would like to keep this on the agenda.

A member queried those actions that are shown in white on page six. The Constabulary CFO confirmed that these are in progress and a revised target date is required for one of them.

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

### **309. TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES**

The Deputy CFO presented the Treasury Management Strategy statement for approval. The Strategy was consistent with how it has been presented in previous years.

The Chair commented on the Joint Audit and Standards Committee role and wondered if it was worth having a further bullet point, which referred to the receipt of appropriate training. The Deputy CFO confirmed that this would be incorporated.

The Chair confirmed that the committee was satisfied with the controls in place.

### **310. EXTERNAL AUDIT PLAN AND UPDATE REPORT**

The Associate Director introduced the Joint Audit Plan for the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary and drew attention to a number of items within it.

- All of the risks identified are consistent with all police audits undertaken.
- The audit fees for 2016/17 are set out.
- The tax advisory and support services will no longer be provided going forward, as these are now a prohibited service.

A member asked what the tax helpline was. The Deputy CFO confirmed that this would relate to advice on tax in terms of payroll and Value Added Tax. The Chair asked how this was going to be addressed going forward. The Deputy CFO confirmed that they have appointed an alternative supplier for the following year.

### **311. VALUE FOR MONEY**

- (i) OPCC

The Deputy CFO presented the report on the review of Value for Money. The report provided details in respect of value for money regarding the Commissioner's directly managed budgets, as benchmarked by HMIC. It also provides members with an update on the position in respect of reserves.

A member asked if the income received included Appleby Horse Fair. The Constabulary CFO clarified that this was in the Constabulary report. The DCC confirmed that it did not as it was not an organised event.

A member asked if, when it referred to dealing with the public, it was referring to the control

room. The Constabulary CFO confirmed that it did and that this referred to the Constabulary report.

A member asked for clarification about the staffing structure. The Commissioner's CFO confirmed that this related to how the structure is currently and does not take into account the savings from reduction in the CFO post. The member commented that it looked as if the commissioning was more expensive than ideally it should be. The Commissioner's CFO confirmed that the staffing was consistent with other OPCC's but that the level of resource allocated to Commissioning is higher. The member commented that bearing in mind the level of spend put in it needs to ensure that it is able to deliver what is expected, and it is able to deliver what is expected in the future if the income goes down.

The Chair commented that the police and crime plan had not been commented on but that it would be helpful to see some clear measurable targets in relation to the delivery of the objectives to support the money being invested. The Commissioner's CFO commented that it might be useful for a workshop to be provided in relation to this.

The Chair commented on the use of reserves and £13 million on the Estates West Flood Management and asked if that had previously been included in the plan. The Commissioner's CFO confirmed it was as a strategic response in relation to some of the risks surrounding the original formula funding proposals, and the resilience issues that the floods exposed relating to the West estate. The Chair accepted that this is a more explicit use of those reserves.

Note – The Associate Director left the meeting at this point.

(ii) Constabulary

The Constabulary CFO presented the Constabulary report based on the HMIC value for money profiles.

A member appreciated that population was one of the drivers in the excess costs and wondered if it was possible to isolate this. The Constabulary CFO confirmed that this was a tendering exercise, which was particularly problematic. In relation to medical staff, for example there is a general shortage in Cumbria.

### **312. ANNUAL WORK PROGRAMME: ASSURANCE FORMAT**

The Deputy CFO introduced the Annual Work Programme for the committee.

The format of Appendix B has been changed slightly from previous years. An additional appendix C has been added which includes a new schedule for the cyclical review of documents. The content of one of the development sessions in the plan has not yet been confirmed and feedback from members would be welcomed in relation to this. The date of the

21<sup>st</sup> March has been suggested for the March 2018 meeting.

A member commented that they found it a helpful document.

The Chair accepted that it was helpful and requested clarification regarding whether a hard copy of the draft statement of accounts would be received before the meeting. The Deputy CFO confirmed that the members would receive a hard copy of the draft version.

The Chair commented on the review of the committee's effectiveness in March. The Deputy CFO confirmed that this has been prepared and some points were awaiting clarification. The review of effectiveness is to come to the May meeting and an annual report to the July meeting. The Chair commented that they were looking for feedback from those around the table rather than comments from the Commissioner and the Chief Constable only. The Deputy CFO asked if feedback from internal and external audit would be useful. The Chair confirmed that this would be useful, not necessarily a paragraph but an email to those around the table. A member commented that this could then be linked into development sessions for the future.

The Chair confirmed that the committee approved the work programme.

### **313. PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER**

The AM presented the proposed internal audit plan, which had been prepared in consultation with senior management and in conformance with the Public Sector Internal Audit Standards.

A member clarified that there was no contingency for any urgent unplanned work as this would be commissioned separately.

A member asked how many audit days there were this year. The AM confirmed that there was 271 days this year.

The Chair asked for clarification of who is responsible for approval of the Charter. The AM confirmed that this was the Chief Constable and the PCC. There was a discussion relating to what the reference to the 'Board' related to in the report. The Commissioner's CFO clarified that the Board is the term used within the Public Sector Internal Audit Standard for the body charged with governance. The Chair commented that paragraph 1.6 defines it as an old arrangement. The Commissioners' CFO apologised, as this was wrong and confirmed that this would be amended. The Chair asked if there would be some formal minutes relating to the approval of the Charter. The Commissioner's CFO confirmed that there would be.

The Chair queried whether part of paragraph 2.3 was missing. The AM confirmed that it should say 'for Cumbria County Council'.

### **314. QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

The AM presented the JASC quality assurance and improvement programme, which was designed to provide assurance that the work of internal audit was undertaken in conformance with the Public Sector Internal Audit Standards (PSIAS).

Key elements of the QAIP are:

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

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

The Chair congratulated the Finance Team on being shortlisted for the Finance Team of the Year award.

**Meeting ended at 13.00 pm**

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

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



## Joint Audit & Standards Committee – Action Sheet

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
<b>DATE OF MEETING: 3<sup>rd</sup> May 2016</b>					
233	Item 6 – Corporate update Performance management statistics to be provided for 2016/17 and put in audit plan for 2017/18	Michelle Skeer / Emma Toyne	April 2017	The Business Improvement Unit (BIU) will monitor performance management in relation to the 5/15 week reviews. The statistics for 2016/17 will be provided to JASC at the 24 May 2017 meeting. In November/December 2016 the planning meetings for the internal audit plan for 2017/18 will be held, 5/15 week reviews will be included as a suggested area for audit activity.	On-going
236	Item 12 – Effectiveness of Joint Audit and Standards Committee Request a formal comment in writing from internal audit, external audit the PCC and the CC regarding feedback on the effectiveness of the committee	Michelle Bellis	March 2017	Will be provided as part of the review of effectiveness report which is scheduled for committee in May 2017. The draft report is currently being prepared and will be circulated to the Chair of JASC in late March/April.	On-going
<b>DATE OF MEETING: 24<sup>th</sup> November 2016</b>					
288	Item 7 (iv) – Feedback to members to be scheduled following training and the role out of the financial regulations	Michelle Bellis	July 2017	Feedback will be provided once training has been provided.	On-going
<b>DATE OF MEETING: 15<sup>th</sup> March 2017</b>					
302	Item 6 – Corporate Update Review of new CFO arrangements	Roger Marshall / Michelle Bellis	March 2018	A review of the CFO arrangements will be provided in March 2018, once arrangements have settled in.	On-going

306	Item 11 – Internal Audit – Progress report Add a target in for the number of feedback forms returned.	Emma Toyne	July 2017	Target included within the Internal Audit performance measures in Appendix 3 of the progress report.	Complete
307	Item 12 (i) – Audit of Code of Corporate Governance (OPCC) Members would like a response in relation to why the previous decision was made not to record formal minutes of the executive team meetings.	Stuart Edwards	May 2017	It should be noted that Executive Team is not a formal decision making body. The initial decision not to formally note was made to free up the note taker, with individual Team members taking responsibility for the actions falling to them. The Chief Executive now takes and circulates a note of meetings.	
308	Item 13 – Monitoring of Audit, Internal Audit and other Recommendations and Action Plans A revised target date is required for the recommendation in relation to the Self Service Travel Expenses & Overtime audit and the publication of policy documents on the website.	Roger Marshall	May 2017		
309	Item 14 – Treasury Management Strategy and Treasury Management Practices Member would like a further bullet point added to page 21 of Treasury Management Practices which referred to the receipt of appropriate training.	Michelle Bellis	May 2017	The TMPs were amended as requested before publication on the PCC website.	Complete
313	Item 18 – Proposed Internal Audit Plan / Internal Audit Charter Amendment to wording	Emma Toyne / Dawn Masters / Roger Marshall	May 2017	Wording amended – awaiting sign off	On-going



Peter McCall

# Treasury Management Activities 2016/17 Quarter 4 (January to March 2016) and Annual Report 2016/17

PCC Decision Meeting 10 May 2017 and JASC Meeting 24 May 2017

## Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period January to March 2017, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

## Recommendations

The Commissioner is asked to note the contents of this report.

JASC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

## Economic Background

Financial uncertainty post Brexit and the USA election resulted in market volatility during 2016/17. The Bank of England (BOE) Base Rate was reduced from 0.50% to **0.25%** on 4 August 2016. Quantitative Easing (QE) was increased from £375bn to **£435bn** on the same date.

The treasury advisor's Arlingclose central case is for the Bank Base Interest Rate to remain at 0.25%, but there is a low possibility of a drop to close to zero, with a very small chance of a reduction below zero.

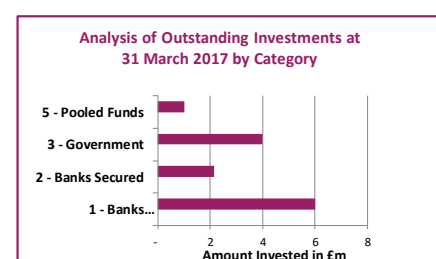
Consumer Price Index (CPI) inflation was subdued for the first part of the year but the sharp fall in the sterling exchange rate post brexit and rising energy prices resulted in CPI rising from 0.3% year on year in April 2016 to 2.3% year on year in March 2017. According to the ONS, CPI will be heading close towards the Bank of England's target rate of 2% in the first half of 2017, consistent with the forecasts contained within the Bank's last quarterly Inflation Report issued in February 2017.

## TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment and individual counterparty limits within the categories.

**Outstanding Investments:** As at 31 March 2017 the total value of investments was **£13.155m** and all were within TMSS limits.

The chart below shows the outstanding investments at 31 March by category.



A full list of the investments that make up the balance of £13.155m is provided at **Appendix A**.

**Investment Activity:** During quarter 4 a total of 3 investments with a combined value of £4m were made within TM categories 1-3 (banks unsecured, banks secured and Government). In addition to these there were regular smaller investments in category 5 (money market pooled funds).

**Non-specified investments:** The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 31 March the Commissioner had two investments meeting this description with a combined total of £4.2m. Of these two, only 1 has an outstanding duration of over 364 days. These investments are:

- Leeds Building Society £2.2m 887 days (13/07/16 to 17/12/18)
- Lloyds Bank £2m 366 days (11/08/16 to 11/08/17)

**Investment Income:** The budget for investment interest receivable in 2016/17 was £100k. The actual income achieved against this target was £102k which provides a slight excess of £2k (2%). Previous reports forecast a shortfall of £10k, this position was recovered as a result of investments secured earlier in the

year at higher rates and the rates not falling as quickly as expected.

The average return on investment at the end of quarter 4 is 0.38%. As a measure of investment performance the rate achieved on maturing investments of over 3 months in duration is compared with the average BOE base rate.

The table below illustrates the rate achieved on the two maturing investments of over three months duration in quarter 4 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Landesbank Hessen-Thuringen (HELABA)	£2m	6	0.47%	0.28%
Debt Management Office (Treasury Bill)	£1m	6	0.37%	0.27%

**Cash Balances:** The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period January to March are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	90	4,756	219,569
Days Overdrawn	0	0	0

The bank account had large un-invested balances on two occasions. The largest un-invested balance occurred on the 19 January (£219k) where a BACS deposit was received late in the afternoon in respect of the PFI unavailability charges. The second largest un-invested balance occurred on the 16 March (£55k) and related to a pension transfer being received by BACS.

During quarter 4 there were no occasions when the bank balance was overdrawn.

## Prudential Indicators

In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators which determine if the TMSS meets the requirements of the Prudential Code in terms of *Affordability, Sustainability and Prudence*.

An analysis of the current position with regard to those prudential indicators for the financial year 2016/17 is provided at **Appendix B**. The analysis confirms that the Prudential Indicators set for 2016/17 are all being complied with.

## Annual Report on Treasury Management Operations 2016/17

**Treasury Strategy:** In February 2016 the Commissioner approved the 2016/17 Treasury Management Strategy Statement (TMSS). The TMSS incorporated the investment and borrowing strategies for the 2016/17 financial year. The investment strategy approved for 2016/17 was largely the same as had been adopted for the previous year. The limits for each category of investment were based on the relative security of each class of financial institution and a percentage of the estimated balances, which would be available for investment during the year.

In relation to borrowing, the Commissioner has an underlying need to borrow funds to finance the capital programme, which is measured by the Capital Financing requirement (CFR). The CFR at the start of 2016/17 amounted to £18.67m (including £5.12m relating to the PFI agreement for West Cumbria TPA HQ in Workington) leaving a £13.55m exposure to external borrowing at some time into the future, which is presently being covered by the use of internal funds (reserves).

During 2016/17 the Commissioner has maintained this strategy of using cash balances, arising primarily from its reserves, to meet its cash flow commitments and was not therefore compelled to borrow. Although long term borrowing rates remained relatively low during 2016/17, a conscious decision was made to defer long term financing decisions as the short term cost of carrying debt (i.e. the differential between the borrowing rate at say 3% and the rate of under 1% available when such funding was invested) would have had an adverse effect on the revenue budget for the year and the immediate outlook period.

The Commissioner in consultation with the treasury advisors Arlingclose Ltd continues to look for the most opportune time to undertake any borrowing.

### Key Statistics

**Principal:** During 2016/17 a total of 242 investments were placed amounting to £152.12m (2015/16 244 investments amounting to £160.21m).

Of these investments, 94 were to external counterparties and as such

will have attracted a £10 transfer fee per transaction. The transfer to the NatWest Liquidity Select account for overnight money is classed as an 'inter-account transfer' as the NatWest holds the Commissioner's main bank account. This type of transfer is free although we do pay a small fee to access the internet banking site.

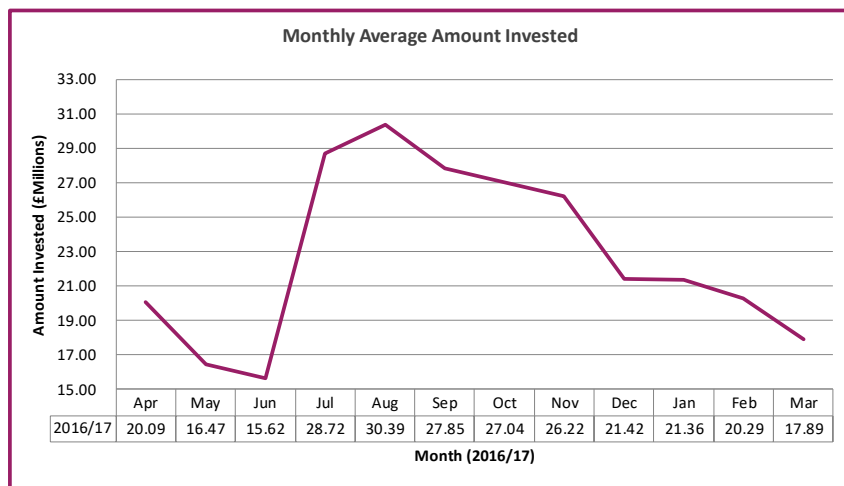
The **average** daily investment balance during 2016/17 was **£22.80m** (£24.29m in 2015/16).

The **highest** daily investment balance in 2016/17 was **£33.76m** (£34.28m in 2015/16)

The **lowest** daily investment balance in 2016/17 was **£11.32m** (£13.20m in 2015/16).

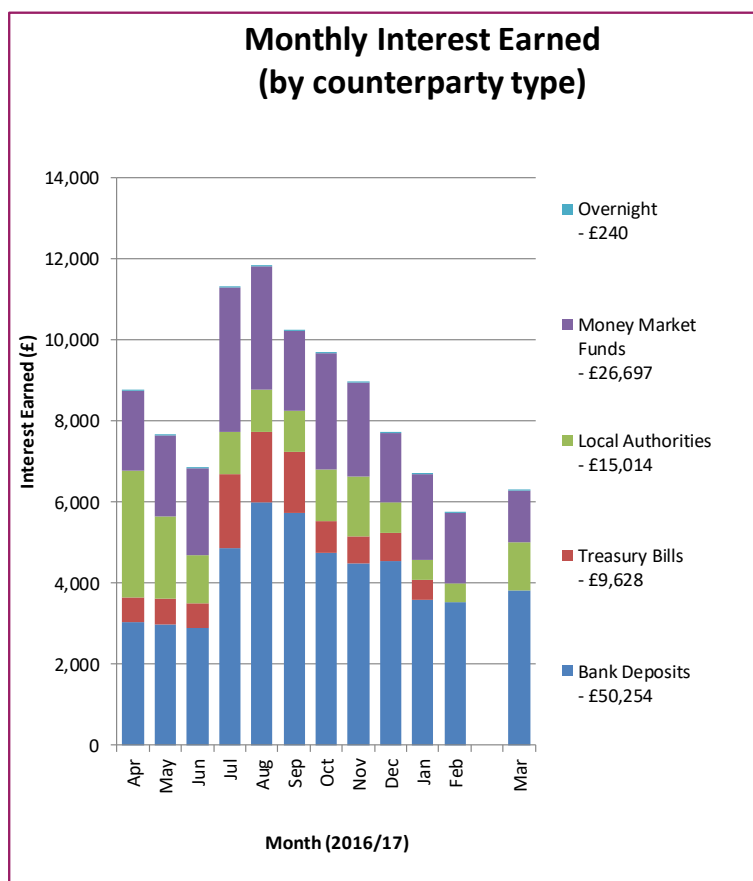
A detailed breakdown of the closing balance invested as at 31 March 2017 is provided at **Appendix A**.

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



This chart illustrates the monthly average amounts invested during 2016/17.

**Interest:** A total of £102k was earned in 2016/17 (£123k in 2015/16) from the Commissioner’s treasury management activities and can be broken down as follows:



Month	Interest Earned (£)
Apr	8,780
May	7,662
Jun	6,869
Jul	11,317
Aug	11,839
Sep	10,242
Oct	9,711
Nov	8,976
Dec	7,708
Jan	6,686
Feb	5,744
Mar	6,301
	<b>101,833</b>

The average return on investments for 2016/17 was 0.45% (0.51% in 2015/16) which is slightly above the average bank base rate for the year of 0.34%. The base rate was reduced from 0.50% to 0.25% on 4 August 2016.

The table above shows the outturn on investment interest as £102k for 2016/17, which is £2k above a base budget of £100k. The slight increase compared to the budget is as a result of interest rates not falling as quickly as had been anticipated and some investments being secured at relatively favourable rates before the reduction took effect.

**Treasury Operations:** As discussed above the aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner’s funds. Actual un-invested balances for 2016/17 for the Commissioner’s main bank account are summarised in the table below:

	Number of Days	Average Balance	Largest Balance
		£	£
Days In Credit	356	6,768	1,603,080
Days Overdrawn	9	19,012	56,619

The largest credit balance occurred during the first quarter, the largest overdrawn balance occurred during the second quarter. The explanations are provided below and were provided in the relevant quarterly activity report to the Commissioner and Members.

The largest un-invested balance occurred on the 10 June for three days over the weekend (£1.6m). This was as a result of an error by one of the constabulary’s brokers. Investments were placed with Standard life (£1.6m) and Aberdeen asset management (£2m) on the 7 June 2016 via the broker. The broker did not advise the fund managers of our subscription. As a result the Aberdeen investment was placed one day late and Standard Life returned the funds at the close of banking on Friday 10 June. The funds were immediately reinvested on the Monday morning with Standard Life and the broker has agreed to reimburse us for the lost interest on both accounts and the additional Chaps fee totalling £174.

The largest overdrawn balance occurred on the 2 September 2016 and resulted in the main fund bank account being overdrawn by £57k over 3 days of the weekend. This was due to human error which resulted in the daily transfer to the liquidity select account not being confirmed.

**Compliance with Prudential Indicators**

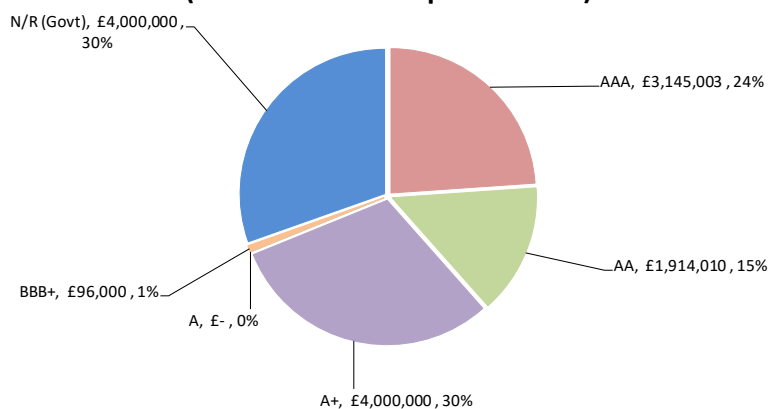
All treasury related Prudential Indicators for 2016/17, which were set in February 2016 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix B**.

## Appendix A

### Investment Balance at 31 March 2017

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
<b>Category 1 - Banks Unsecured (Includes Banks &amp; Building Societies)</b>							
Landesbank- Hessen-Thuringen (Heleba)	A+	11/01/2017	11/04/2017	11	0.24%	2,000,000	2,000,000
Lloyds Bank Plc	A+	11/08/2016	11/08/2017	133	1.00%	2,000,000	2,000,000
Svenska (Deposit Account)	AA	Various	On Demand	N/A	0.35%	1,914,010	1,914,010
NatWest (Liquidity Select Account)	BBB+	31/12/2016	01/01/2017	O/N	0.25%	96,000	96,000
						<b>6,010,010</b>	<b>6,010,010</b>
<b>Category 2 - Banks Secured (Includes Banks &amp; Building Societies)</b>							
Leeds Building Society (Bond)	AAA	13/07/2016	17/12/2018	626	0.68%	2,141,288	2,141,288
						<b>2,141,288</b>	<b>2,141,288</b>
<b>Category 3 - Government (Includes HM Treasury and Other Local Authorities)</b>							
East Dunbartonshire Council	NR	07/03/2017	06/03/2018	340	0.50%	2,000,000	2,000,000
Highland District Council	NR	14/10/2016	18/04/2017	18	0.30%	2,000,000	2,000,000
						<b>4,000,000</b>	<b>4,000,000</b>
<b>Category 4 - Registered Providers (Includes Providers of Social Housing)</b>							
None						0	0
						<b>0</b>	<b>0</b>
<b>Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)</b>							
Fidelity	AAA	Various	On demand	O/N	0.43%	3,715	3,715
Standard Life (Formally Ignis)	AAA	Various	On demand	O/N	0.51%	1,000,000	1,000,000
						<b>1,003,715</b>	<b>1,003,715</b>
<b>Total</b>						<b>13,155,013</b>	<b>13,155,013</b>

**Analysis of Outstanding Investments by Credit Rating of Counterparty at 31 March 2017 (Minimum Criteria per TMSS A-)**



Note – The credit ratings in the table & chart relate to the standing as at 31 March 2017, these ratings are constantly subject to change.



# Appendix B

## Prudential Indicators 2016/17

Prudential Indicator		Limits TMSS	Limits Revised at year end	Limits Revised at Sep-16	Actual	Within Target	
		£m	£m	£m	£m		
1	<b>Net Borrowing and the Capital Financing Requirement</b>						
	This indicator is to ensure that net borrowing will only be for capital puposes. The commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceeding year plus any additional borrowing for the next 2 years.	Net Debt (section 9 below provides analysis)	(8.492)	(17.192)	(17.567)	(8.143)	✓
		Capital Financing Requirement as at 31 March	18.360	18.401	18.401	18.401	✓
		Net external Borrowing	0.000	0.000	0.000	0.000	✓
2	<b>Capital Expenditure and Capital financing</b>						
	<i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2016/17</i>	Expenditure	6.883	8.553	5.027	3.034	✓
		Financing and Funding	0.100	0.141	0.141	0.141	✓
3	<b>Ratio of Financing Costs to Net Revenue Stream</b>						
	<i>This is an indicator of affordability and highlights the revenue implications of exisiting and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs</i>	Financing Costs	0.313	0.313	0.323	0.311	✓
		Net Revenue Stream	95.675	95.675	95.675	96.131	✓
		Ratio	0.33%	0.33%	0.34%	0.32%	✓
4	<b>Capital Financing Requirement</b>						
	<i>The CFR is a measure of the extent to which the commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	CFR including PFI & other long term liabilities	18.360	18.401	18.401	18.401	✓
		CFR excluding PFI & other long term liabilities	13.348	13.514	13.514	13.514	✓
5	<b>The Authroised Limit</b>						
	<i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not sustainable. It is the expected amximum borrowing need with some headroom for unexpecteed movements. This is a statutory limit</i>	Total Authorised Limit	24.860	24.901	24.901	24.901	✓
6	<b>The Operational Boundry</b>						
	<i>The operational boundry respresents and estimate of the most likely but not worse case scenario it is only a guide and may be breached temporarily due to variations in cashflow.</i>	Total Operational Boundry	23.360	23.401	23.401	23.401	✓
7	<b>Actual External Debt</b>						
	<i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing</i>	External Debt including PFI & other long term liabilities	5.012	5.012	5.012	5.012	✓
		External Debt excluding PFI & other long term liabilities	0.000	0.000	0.000	0.000	✓
8	<b>Impact of capital investment decisions on the Council Tax</b>						
	<i>This indicates the incremental impact of the capital investment decisions funded from prudential borrowing proposed for the period 2016/17 based on a Band D property in line with the proposed council tax level.</i>	Capital Expenditure funded from revenue	1.534	1.534	0.508	0.544	✓
		Incremental Impact on Band D Council Tax	9.146	9.146	3.029	9.485	✓
9	<b>Gross and Net Debt</b>						
	<i>The purpose of this indicator is highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	Outstanding Borrowing (at notional value)	0.000	0.000	0.000	0.000	✓
		Other Long Term Liabilities (PFI & Finance Lease)	5.012	5.012	5.012	5.012	✓
		Less Investments	13.504	22.204	22.579	13.155	✓
Net Debt		(8.492)	(17.192)	(17.567)	(8.143)	✓	
10/11	<b>Interest Rate Exposure</b>						
	<i>The purpose of this indicator is to contain the Commissioners exposure to unfavourable movements in future interset rates.. This represents the position that all of the Commissioner's auhorised external borrowing may be at a fixed rate at any one time.</i>	Net Principal sums Outstanding at Fixed Rates	24.860	24.901	24.901	24.901	✓
		Net Principal sums Outstanding at Variable Rates	1.500	1.500	1.500	1.500	✓
12	<b>Maturity Structure of Borrowing</b>						
	<i>The indicator is desgigned to exercise control over the Commissioner having large consentrations of fixed rate debt needing to be repaid at any one time.</i>	Not Applicable - currently no external debt					✓
13	<b>Upper Limit for total principal sums invested for over 364 Days</b>						
	<i>The purpose of this indicator is to ensure that the commissioner has protected himslef against the risk of loss arising from the need to seek early redemption of princiapl sums invested.</i>	Non Specified Investments with a maturity greater than 364 days	5.000	5.000	5.000	4.200	✓

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20 April 2017

Dear Mr Graham

### **Planned audit fee for 2017/18**

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions, the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government and police bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until the conclusion of the 2017/18 audits. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies. It will make auditor appointments and set fees for bodies that have opted into its national auditor appointment scheme.

### **Scale fee**

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for police audited bodies for 2017/18. PSAA therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The scale fee for 2017/18 for the Chief Constable for Cumbria Constabulary has been set by PSAA at £15,000.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses. Fees will be reviewed and updated as necessary as our work progresses.

#### **Chartered Accountants**

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### Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits for 2017/18 will be undertaken under this Code, on the basis of the [2017/18 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### Value for Money conclusion

The Code requires us to consider whether the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that, for police bodies, auditors are required to give a conclusion on whether the Chief Constable has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### Billing schedule

Fees will be billed as follows:

<b>Audit fee</b>	<b>£</b>
September 2017	3,750
December 2017	3,750
March 2018	3,750
June 2018	3,750
<b>Total</b>	<b>15,000</b>

### Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2017 to March 2018. Upon completion of this phase of our work, we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by 31 July 2018.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	December 2017 to March 2018	Joint Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Chief Constable accounts and VfM arrangements.
Final accounts audit	June to July 2018	Joint Audit Findings (Report to the Chief Constable as the individual charged with governance)	This report sets out the findings of our accounts audits and VfM work for the consideration of the Chief Constable as the individual charged with governance.
VfM conclusion	January to July 2018	Joint Audit Findings (Report to the Chief Constable as the individual charged with governance)	As above
Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August / September 2018	Annual audit letter to the Chief Constable	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2017/18 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Robin Baker	0161 214 6399 / 07880 456159	<a href="mailto:robin.j.baker@uk.gt.com">robin.j.baker@uk.gt.com</a>
Engagement Manager	Richard McGahon	0141 223 0889 / 07880 456156	<a href="mailto:richard.a.mcghon@uk.gt.com">richard.a.mcghon@uk.gt.com</a>
In Charge Auditor	Laurelin Griffiths	0121 232 5409	<a href="mailto:laurelin.h.griffiths@uk.gt.com">laurelin.h.griffiths@uk.gt.com</a>

**Additional work**

The scale fee excludes any work the Chief Constable may request that we may agree to undertake outside of our Code audit. Any such additional pieces of work will be separately agreed and a separate project specification and fee will be agreed with the Chief Constable.

**Quality assurance**

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Sarah Howard, our Head of Public Sector Assurance Sarah.Howard@uk.gt.com

Yours sincerely

**Robin Baker**  
**Engagement Lead**

For Grant Thornton UK LLP

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



Mr Peter McCall  
 The Police and Crime Commissioner for Cumbria  
 The Office of the Police and Crime Commissioner  
 Carleton Hall  
 PENRITH  
 Cumbria  
 CA10 2AU

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20 April 2017

Dear Mr McCall

### **Planned audit fee for 2017/18**

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions, the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government and police bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until the conclusion of the 2017/18 audits. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the [PSAA website](#).

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies. It will make auditor appointments and set fees for bodies that have opted into its national auditor appointment scheme it.

### **Scale fee**

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for police audited bodies for 2017/18. PSAA therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The scale fee for 2017/18 for the Police and Crime Commissioner for Cumbria has been set by PSAA at £30,338. The scale fee for 2017/18 for the Chief Constable for Cumbria Constabulary has been set by PSAA at £15,000. The total scale fee for 2017/18 for the audit of the group financial statements of the Police and Crime Commissioner for Cumbria, including the statements of the Chief Constable, is £45,338.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses. Fees will be reviewed and updated as necessary as our work progresses.

#### **Chartered Accountants**

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales No OC307742. Registered office: Grant Thornton House, Melton Street, Euston Square, London NW1 2EP. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's ads or omissions. Please see [grantthornton.co.uk](http://grantthornton.co.uk) for further details.

### Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits for 2017/18 will be undertaken under this Code, on the basis of the [2017/18 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website](#).

The scale fee covers:

- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections, from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

### Value for Money conclusion

The Code requires us to consider whether the Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in their use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that, for police bodies, auditors are required to give a conclusion on whether the Police and Crime Commissioner has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:

*In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.*

### Billing schedule

Fees will be billed as follows:

<b>Audit fee</b>	<b>£</b>
September 2017	7,585
December 2017	7,584
March 2018	7,584
June 2018	7,585
<b>Total</b>	<b>30,338</b>



### Outline audit timetable

We will undertake our audit planning and interim audit procedures in December 2017 to March 2018. Upon completion of this phase of our work, we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit, work on the VfM conclusion and work on the whole of government accounts return will be completed by 31 July 2018.

<b>Phase of work</b>	<b>Timing</b>	<b>Outputs</b>	<b>Comments</b>
Audit planning and interim audit	December 2017 to March 2018	Joint Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Police and Crime Commissioner accounts and VfM arrangements.
Final accounts audit	June to July 2018	Joint Audit Findings (Report to the PCC as 'the individual charged with governance')	This report sets out the findings of our accounts audits and VfM work for the consideration of the PCC as the individual charged with governance.
VfM conclusion	January to July 2018	Joint Audit Findings (Report to the PCC as the individual charged with governance)	As above
Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	August / September 2018	Joint Annual audit letter to the Police and Crime Commissioner	The letter will summarise the findings of all aspects of our work.

### Our team

The key members of the audit team for 2017/18 are:

	<b>Name</b>	<b>Phone Number</b>	<b>E-mail</b>
Engagement Lead	Robin Baker	0161 214 6399 / 07880 456159	<a href="mailto:robin.j.baker@uk.gt.com">robin.j.baker@uk.gt.com</a>
Engagement Manager	Richard McGahon	0141 223 0889 / 07880 456156	<a href="mailto:richard.a.mcghon@uk.gt.com">richard.a.mcghon@uk.gt.com</a>
In Charge Auditor	Laurelin Griffiths	0121 232 5409	<a href="mailto:laurelin.h.griffiths@uk.gt.com">laurelin.h.griffiths@uk.gt.com</a>

**Additional work**

The scale fee excludes any work the Police and Crime Commissioner may request that we may agree to undertake outside of our Code audit. Any such additional pieces of work will be separately agreed and a separate project specification and fee will be agreed with the Police and Crime Commissioner.

**Quality assurance**

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively, you may wish to contact Sarah Howard, our Head of Public Sector Assurance Sarah.Howard@uk.gt.com

Yours sincerely

**Robin Baker**  
**Engagement Lead**

For Grant Thornton UK LLP

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

# Joint Audit and Standards Committee Update for the Cumbria Police and Crime Commissioner and Chief Constable

## Progress Report and Update Year ending 31 March 2017

April 2017

**Robin Baker**

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Agenda Item 9



# Introduction

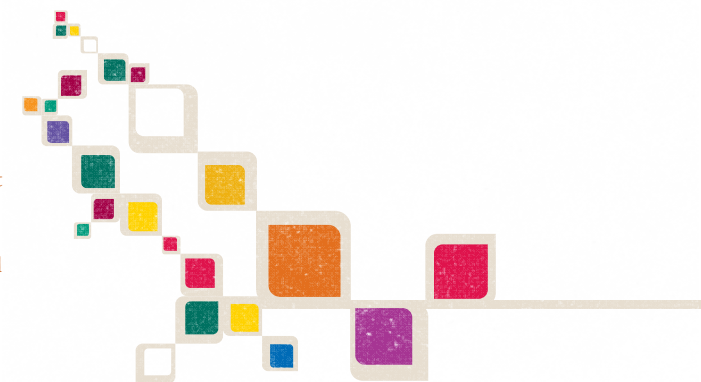
This paper provides the Joint Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Joint Audit and Standards Committee can find further useful material on our website [www.grant-thornton.co.uk](http://www.grant-thornton.co.uk), where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

- New laws to prevent fraud may affect the public sector (November 2016);  
<http://www.grantthornton.co.uk/en/insights/new-laws-to-prevent-fraud-may-affect-the-public-sector/>
- Fraud risk, 'adequate procedures', and local authorities (December 2016);  
<http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit: local government = transitioning successfully (December 2016) <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager. Their contact details are provided on the front page of this update.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.



# Results of interim audit work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

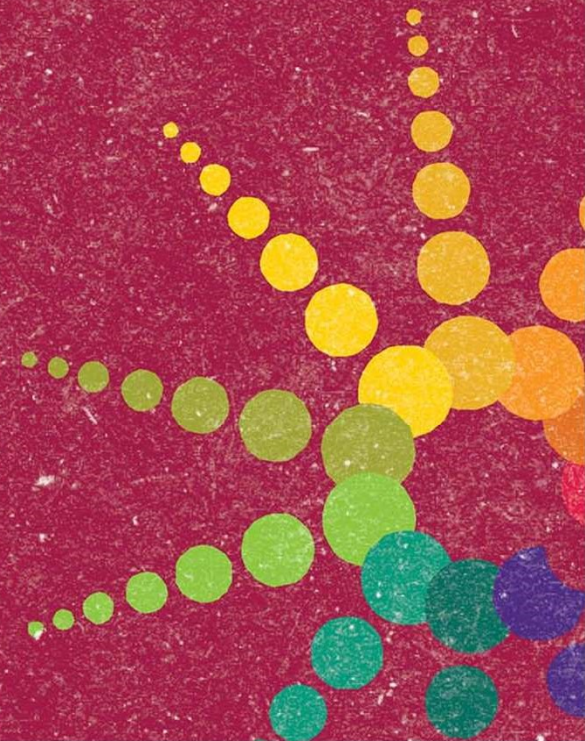
	<b>Work performed</b>	<b>Conclusion</b>
<b>Internal audit</b>	We have completed a high level review of internal audit's overall arrangements. Our work has not identified any issues which we wish to bring to the PCC's or the Chief Constable's attention.	Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the PCC and the Chief Constable and that internal audit work contributes to an effective internal control environment at both entities.
<b>Entity level controls</b>	We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including: <ul style="list-style-type: none"> <li>• Communication and enforcement of integrity and ethical values</li> <li>• Commitment to competence</li> <li>• Participation by those charged with governance</li> <li>• Management's philosophy and operating style</li> <li>• Organisational structure</li> <li>• Assignment of authority and responsibility</li> <li>• Human resource policies and practices</li> </ul>	Our work has identified no material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's financial statements.
<b>Walkthrough testing</b>	We have completed walkthrough tests of the Police and Crime Commissioner's and the Chief Constable's controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.  Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Police and Crime Commissioner and the Chief Constable in accordance with our documented understanding.	Our work has not identified any weaknesses which impact on our audit approach.

## Results of interim audit work (continued)

	Work performed	Conclusion
<b>Journal entry controls</b>	We have reviewed the Police and Crime Commissioner's and the Chief Constable's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Police and Crime Commissioner's or the Chief Constable's control environment or financial statements.	Our work has not identified any weaknesses which impact on our audit approach.
<b>Early substantive testing</b>	<p>We have worked closely with the finance team to identify areas of the 2016/17 accounts that can be audited early. We have carried out initial audit procedures on:</p> <ul style="list-style-type: none"> <li>• Opening Balances</li> <li>• Assets Held for Sale</li> <li>• Intangible Assets</li> <li>• PFI Debt</li> <li>• Bank Reconciliations</li> <li>• Investment Balances</li> <li>• Audit Fees</li> <li>• Minimum Revenue Provision</li> <li>• Operating Expenses (11 months of testing completed)</li> <li>• Employee Remuneration (12 months of testing completed)</li> <li>• Accumulated Absences</li> <li>• Members' Allowances</li> <li>• Grant Revenues (material grants only)</li> <li>• Police Precept Revenues (12 months of testing completed)</li> <li>• Police Officer Pension Fund Benefits Payable</li> <li>• Police Officer Pension Fund Contributions (12 months of testing completed)</li> <li>• Accounting Policies</li> </ul> <p>Further audit procedures will be required once the final accounts are submitted for audit, however this work will be reduced because of that already done at the interim visit.</p>	<p>Our early work has not identified any material misstatements or issues to report.</p> <p>We would like to thank the finance team for their continued cooperation in bringing audit work forwards in the year in order to streamline the final accounts audit process.</p>



# Police Sector Accounting and other issues







# The Policing and Crime Act 2017

A key bill in the police reform agenda achieved Royal Assent on 31 January 2017. The Policing and Crime Act 2017 will enhance the democratic accountability of police forces and fire and rescue services, improve the efficiency and effectiveness of emergency services through closer collaboration, and build public confidence in policing. The act includes provisions which will:

- reform pre-charge bail to put a stop to people remaining on bail for lengthy periods with no independent judicial scrutiny of its continued necessity
- better enable chief officers to make the most efficient and effective use of their workforce by giving them the flexibility to confer a wider range of powers on police staff and volunteers (whilst for the first time specifying a core list of powers that may only be exercised by warranted police officers) and conferring a power on the Home Secretary to specify police ranks in regulations, thereby affording the flexibility to introduce a flatter rank structure
- place a new duty on police, fire and rescue and emergency ambulance services to collaborate where it is in the interests of their efficiency or effectiveness and enable police and crime commissioners (PCCs) to take on responsibility for the governance of fire and rescue services, where a local case is made
- improve the response to those in mental health crisis - including stopping those under 18 from being detained in a police station - and restricting such detention for adults - by reforming police powers under sections 135 and 136 of the Mental Health Act 1983
- reform the police disciplinary and complaints systems to ensure that the public have confidence in their ability to hold the police to account, and that police officers will uphold the highest standards of integrity
- increase in the maximum sentence for stalking involving fear of violence from five to ten years' imprisonment
- amend the Police and Criminal Evidence Act 1984 (PACE), including to ensure that 17-year-olds who are detained in police custody are treated as children for all purposes, and to facilitate the increased use of video link technology
- amend the firearms acts to better protect the public by closing loopholes that can be exploited by criminals and terrorists, and by issuing statutory guidance to ensure that the robust processes we have in place for assessing suitability to hold a firearms certificate are applied consistently
- confer pardons, subject to conditions, for individuals living or deceased who were convicted of now abolished gay sex offences
- improve protection for victims of forced marriage and give them more confidence to come forward by providing them with lifelong anonymity.

Further details can be found at <https://www.gov.uk/government/collections/policing-and-crime-bill>



# The Home Affairs Committee launched an inquiry into policing for the future: changing demands and new challenges.

Advances in technology have led to the emergence of new forms of crime, and have enabled other crimes to move online, changing their nature and impact on victims and communities. Technological change has also generated new opportunities for the police, at a time of increasing focus on efficiency and innovation. Against this backdrop, there remains a complex relationship between public expectations of the police and the operational realities of modern-day policing. Police forces collectively have seen funding reductions of about 19% since 2010/11, accompanied by a significant reduction in the size of the police workforce. Many crimes are under-reported to the police and require proactive engagement with certain communities, and a large proportion of police time is devoted to non-criminal activity, such as mental health crisis work.

This inquiry explores the challenges of modern policing, and examines whether police forces in England and Wales are sufficiently equipped and resourced to keep the public safe and to respond effectively to evolving demands and changing patterns of crime.

At the launch of the enquiry, the Chair of the Home Affairs Select Committee, Yvette Cooper MP said:

"Police forces are facing multiple new and emerging challenges in their quest to protect the public from harm, including the growth of online crime and the pressures generated by non-crime demands, such as mental health crisis work. Ongoing funding reductions mean there is continuing demand for new efficiency measures, and technological change provides new opportunities for innovation.

Against this backdrop, the Home Affairs Committee is launching a major inquiry into 'Policing for the Future', to examine whether the police have appropriate capabilities to deal with modern challenges to public safety, changing patterns of crime, and new ways of engaging with the public whom they serve. We are seeking written and oral evidence on the reforms which might be required to ensure that our police are fit for purpose, cost effective and open to innovation and technological change."

- Written evidence (deadline for submission was 16 February 2017) was invited on the issues set out below:
- Reforms which may be necessary to ensure the police service has the ongoing capacity and capability to fulfil its primary task of ensuring public safety, in the face of new and evolving threats and challenges.
- Current and future crime trends and their implications for policing in England and Wales, including emerging or growing categories of crime (such as online crime and child sexual abuse) and under-reported types of crime.
- The extent to which the police are sufficiently equipped to deal with these changing patterns of crime and other operational demands, such as mental health crisis work, and where gaps in capacity and capability are likely to lie.
- The relationship between public expectations of the police, including desired visibility and perceived priorities, and the operational realities of policing within the current financial context.
- Police funding levels, efficiency and cost-effectiveness, including the role of Police & Crime Commissioners (PCCs) in driving innovation and reform.
- The role of digital technology in policing, including take-up, risks and barriers to use.
- International best practice examples of innovation in policing, and the extent to which they could be replicated in England and Wales.

Further details can be found at <https://www.parliament.uk/business/committees/committees-a-z/commons-select/home-affairs-committee/news-parliament-2015/170111-new-inquiry-policing-future/>

# Telling the story – Changes in 2016/17 CIPFA Code

CIPFA has been working on the 'Telling the Story' project, which aims to streamline the financial statements and improve accessibility to the user. This has resulted in changes to CIPFA's 2016/17 Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

The main changes affect the presentation of the Comprehensive Income and Expenditure Statement ('CIES'), the Movement in Reserves Statement ('MIRS') and segmental reporting disclosures. A new Expenditure and Funding Analysis has been introduced.

The key changes are:

- the cost of services in the CIES is to be reported on basis of the local authority's organisational structure rather than the Service Reporting Code of Practice (SERCOP) headings
- an 'Expenditure & Funding Analysis' note to the financial statements provides a reconciliation between the way local authorities are funded and the accounting measures of financial performance in the CIES
- the changes will remove some of the complexities of the current segmental note
- other changes to streamline the current MIRS providing options to report Total Comprehensive Income and Expenditure (previously shown as Surplus and Deficit on the Provision of Services and Other Comprehensive Income and Expenditure lines) and removal of earmarked reserves columns.

Other amendments have been made to the Code:

- other amendments and clarifications to reflect changes in the accounting standards.

# Delivering Good Governance

In April 2016, CIPFA and SOLACE published 'Delivering Good Governance in Local Government: Framework (2016)' and this applies to annual governance statements prepared for the 2016/17 financial year. Guidance notes for Policing bodies in England and Wales were also published to assist PCCs and chief constables in reviewing and testing their governance arrangements against the principles for good governance. They help interpret the principles and terminology contained in the Framework in a way that is appropriate for the constitutional and statutory arrangements established within the police service. The guidance notes were drawn up in conjunction with the professional officer organisations in policing. Members of the Association of Policing and Crime Chief Executives (APACE), the Police and Crime Commissioners Treasurers' Society (PACCTS), and the National Police Chiefs' Council (NPCC).

The key focus of the framework is on sustainability – economic, social and environmental – and the need to focus on the longer term and the impact actions may have on future generations.

Policing bodies should be:

- reviewing existing governance arrangements against the principles set out in the Framework
- developing and maintaining an up-to-date local code of governance, including arrangements for ensuring on-going effectiveness
- reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

The framework applies to all parts of local government and its partnerships and should be applied using the spirit and ethos of the Framework rather than just rules and procedures.





# Grant Thornton Publications





# Integrated Reporting

## Looking beyond the report

The move away from reporting based on historic financial information is beginning to gain momentum and Integrated Reporting is now mandatory in some countries.

In the UK, CIPFA proposed in their consultation document that the narrative report from 2017/18 reflects elements of the International Integrated Reporting Council's framework whilst the Treasury is encouraging public sector organisations to adopt Integrated Reporting.

*Integrated reporting: Looking beyond the report* was produced by our global Integrated Reporting team, based in the UK, New Zealand and South Africa, to help organisations obtain the benefits of Integrated Reporting.

The International Integrated Reporting Council (IIRC) describes Integrated Reporting as "*enhancing the way organisations think, plan and report the story of their business.*"

At Grant Thornton, we fully agree with this and, in our view, the key word is 'enhancing' because a lot of the elements to support effective Integrated Reporting are likely to be in place already.

But anyone focussing purely on the production of the report itself will not reap the full benefits that effective Integrated Reporting can offer.

Instead, think of Integrated Reporting as demonstrating "integrated thinking" across your entire organisation, with the actual report being an essential element of it.

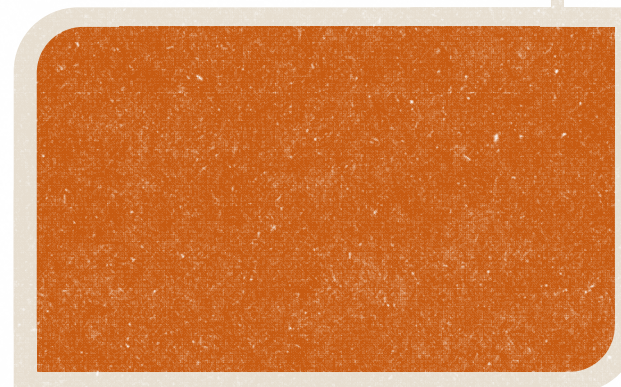
Our methodology is based on six modules which are designed to be independent of each other.

1. **Secure support** – effective Integrated Reporting needs leadership from the top.
2. **Identify stakeholders** – who are they and how can you engage with them?
3. **Identify the capitals for your organisation** – what resources do you use to create value?
4. **What do you have – and what do you need?** – do you have the data you need and is it accurate?
5. **Set limits and create boundaries** – make sure your report is focussed.
6. **Review and improve** – Integrated Reporting is a continuous learning process.

Our approach to Integrated Reporting is deliberately simple; experience has shown us that this works best. Things are often only complicated because people made them that way.

Our experienced, independent teams can help you keep focused throughout the entire Integrated Reporting process and can support you, no matter what stage you are at. Please speak to your Engagement Lead if you would like to discuss this further.

## Grant Thornton publications



Integrated reporting  
Looking beyond the report  
November 2016



# Apprentice Levy-Are you prepared?

Grant Thornton update

## What is the levy?

The UK has been struggling on productivity, now estimated to be 20% behind the G7 average. Developing apprenticeships is set to play a key part in tackling this and bridging the skills gap.

Announced by government in July 2015, the levy is to encourage employers to offer apprenticeships in meeting their skill, workforce and training needs, developing talent internally. The levy is designed to give more control to employers, through direct access to training funds and creation of apprenticeships through the Trailblazer process.

## What is the levy?

From April 2017, the way the government funds apprenticeships in England is changing. Some employers will be required to pay a new apprenticeship levy, and there will be changes to the funding for apprenticeship training for all employers.

All employers will receive an allowance of £15,000 to offset against payment of the levy. This effectively means that the levy will only be payable on paybill in excess of £3 million per year.

The levy will be payable through Pay As You Earn (PAYE) and will be payable alongside income tax and National Insurance.

Each employer will receive one allowance to offset against their levy payment. There will be a connected persons rule, similar the Employment Allowance connected persons rule, so employers who operate multiple payrolls will only be able to claim one allowance.

Employers in England are also able to get 'more out than they put in', through an additional government top-up of 10% to their levy contribution.

When employers want to spend above their total levy amount, government will fund 90% of the cost for training and assessment within the funding bands.

The existing funding model will continue until the levy comes into effect May 2017. The levy will apply to employers across all sectors. Paybill will be calculated based on total employee earnings subject to Class1 National Insurance Contributions. It will not include other payments such as benefits in kind. It will apply to total employee earnings in respect of all employees.

## What will the levy mean in practice

Employer of 250 employees, each with a gross salary of £20,000:

Paybill:  $250 \times £20,000 = £5,000,000$

Levy sum:  $0.5\% \times = £25,000$

Allowance:  $£25,000 - £15,000 = £10,000$  annual levy

## How can I spend my levy funds?

The funding can only be used to fund training and assessment under approved apprenticeship schemes. It cannot be used on other costs associated with apprentices, including wages and remuneration, or training spend for the wider-team.

Through the Digital Apprenticeship Service (DAS), set up by government, employers will have access to their funding in the form of digital vouchers to spend on training.

Training can be designed to suit the needs of your organisation and the requirements of the individual in that role, in addition to specified training for that apprenticeship. Training providers must all be registered with the Skills Funding Agency (SFA).

# Off-payroll working in the public sector “IR 35 rules”

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the Chancellor announced that the measures that were proposed in Budget 2016 that could affect services supplied through personal service companies (PSCs) to the public sector will be implemented.

At present, the so-called IR35 rules require the worker to decide whether PAYE and NIC are due on the payments made by a PSC following an engagement with a public sector body. The onus will be moved to the payer from April 2017. This might be the public sector body itself, but is more likely to be an intermediary, or, if there is a supply chain, to the party closest to the PSC.

The public sector body (or the party closest to the PSC) will need to account for the tax and NIC and include details in their RTI submission.

The existing IR35 rules will continue outside of public sector engagements.

**HMRC Digital Tool** – will aid with determining whether or not the intermediary rules apply to ensure of “*consistency, certainty and simplicity*”

When the proposals were originally made, the public sector was defined as those bodies that are subject to the Freedom of Information rules. It is not known at present whether this will be the final definition. Establishing what bodies are caught is likely to be difficult however the public sector is defined.

A further change will be that the 5% tax free allowance that is given to PSCs will be removed for those providing services to the public sector.

## Impact

- Increased costs
- Responsibility moved to the engager
- Increased risks for the engager
- Consider current arrangements in place

## Areas / risks to consider

- Interim and / or temporary staff engaged through an intermediary or PSC
- Where using agencies ensure they're UK based and operating PAYE
- Update on-boarding / procurement systems, processes and controls
- Additional take on checks and staff training / communications
- Review of existing PSC contractor population before April 2017
- Consider moving long term engagements onto payroll

# Salary Sacrifice Arrangements-Autumn Statement

The Chancellor's Autumn Statement 2016 speech delivered a number of changes that will impact the UK business environment and raise considerations for you as an employer.

In particular, the proposals from earlier this year to limit the tax and NIC advantages from salary sacrifice arrangements in conjunction with benefits will be implemented from April 2017.

Although we await the details, it appears that there is a partial concession to calls made by Grant Thornton UK and others to exempt the provision of cars from the new rules (to protect the car industry). Therefore, the changes will apply to all benefits other than pensions (including advice), childcare, Cycle to Work schemes and ultra-low emission cars.

Arrangements in place before April 2017 for cars, accommodation and school fees will be protected until April 2021, with others being protected until April 2018.

These changes will be implemented from April 2017.

As you can see, there is a limited opportunity to continue with salary sacrifice arrangements and a need also to consider the choice between keeping such arrangements in place – which may still be beneficial – or withdrawing from them.

## What should you be thinking about?

- Review the benefits you offer - particularly if you have a flex renewal coming up
- Consider your overall Reward and Benefit strategy
- Consider your Employee communications



# Brexit

## Planning can help organisations reduce the impact of Brexit

On 29 March 2017 the UK invoked Article 50 of the Lisbon Treaty – which triggers up to two years of formal EU withdrawal talks. There appears to be a general political consensus that Brexit does mean Brexit, but we feel there could be slippage beyond the original timetable which expected to see the UK leave the EU by March 2019.

2017 elections in France (April/May), and Germany (October/November) will potentially complicate the Brexit negotiation process and timeline at a time when Brexit is more important for the UK than it is for the remaining 27 Member States.

The question still remains, what does Brexit look like?

While there may be acceptance among politicians that the UK is leaving the EU, there is far from any agreement on what our future relationship with the continent should be.

So, what do we expect based on what has happened so far?

### Existing EU legislation will remain in force

We expect that the Government will introduce a “Repeal Act” (repealing the European Communities Act of 1972 that brought us into the EU) in early 2017.

As well as undoing our EU membership, this will transpose existing EU regulations and legislation into UK law. We welcome this recognition of the fact that so much of UK law is based on EU rules and that trying to unpick these would not only take many years but also create additional uncertainty.

### Taking back control is a priority

It appears that the top priority for government is 'taking back control', specifically of the UK's borders. Ministers have set out proposals ranging from reducing our dependence on foreign doctors or cutting overseas student numbers. The theme is clear: net migration must fall.

### Leaving the Single Market appears likely

The tone and substance of Government speeches on Brexit, coupled with the wish for tighter controls on immigration and regulation, suggest a future where the UK enjoys a much more detached relationship with the EU.

The UK wants a 'bespoke deal'. Given the rhetoric coming from Europe, our view is that this would signal an end to the UK's membership of the Single Market. With seemingly no appetite to amend the four key freedoms required for membership, the UK appears headed for a so-called 'Hard Brexit'. It is possible that the UK will seek a transitional arrangement, to give time to negotiate the details of our future trading relationship.

This is of course, all subject to change, and, politics, especially at the moment, moves quickly.

Where does this leave the public sector?

The Chancellor has acknowledged the effect this may have on investment and signalled his intention to support the economy, delaying plans to get the public finances into surplus by 2019/20.

We expect that there will be some additional government investment in 2017, with housing and infrastructure being the most likely candidates.

Clarity is a long way off. However, public sector organisations should be planning now for making a success of a hard Brexit, with a focus on:

## Grant Thornton update

For regular updates on Brexit, please see our website:

<http://www.grantthornton.co.uk/en/insights/brexit-planning-the-future-shaping-the-debate>

**Staffing** – organisations should begin preparing for possible restrictions on their ability to recruit migrant workers and also recognise that the UK may be a less attractive place for them to live and work. Non-UK employees might benefit from a degree of reassurance as our expectation is that those already here will be allowed to stay. Employees on short term or rolling contracts might find it more difficult to stay over time.

**Financial viability** – public sector bodies should plan how they will overcome any potential shortfalls in funding (e.g. grants, research funding or reduced student numbers).

**Market volatility** – for example pension fund and charitable funds investments and future treasury management considerations.

**International collaboration** – perhaps a joint venture or PPP scheme with an overseas organisation or linked research projects.



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## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee  
24 May 2017  
Agenda Item No 10

### Effectiveness of OPCC Risk Management Activity Monitoring

Report of the Chief Executive

#### 1. Introduction and Background

1.1 The Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. This takes place in a constantly changing and challenging environment and therefore the Office of the Police and Crime Commissioner (OPCC) must ensure that it has robust systems and processes in place to identify, monitor and react appropriately to risk.

#### 2. Effectiveness of Arrangements for Risk Management

2.1 In order to ensure that the OPCC's arrangements for Risk Management are effective a number of areas of business are monitored to ensure compliance and identify any risks to the organisation.

##### Risk Management Strategy

2.2 In 2016 the Governance Manager undertook an annual review of the Risk Management Strategy. The strategy outlined the OPCC's approach to risk management and was updated to reflect changes to the way in which the OPCC identified and reviewed strategic and operational risks. Assistance was provided by the Joint Audit and Standards Committee (JASC) lead for Risk, Mr Jack Jones, on various elements within the strategy including risk appetite. JASC were provided with a draft copy of the strategy to review and did not provide any further recommendations.

2.3 Following the review and update the revised Risk Management Strategy was presented to the Police and Crime Commissioner on 1 April 2016 at his public Executive Board Meeting. The strategy was approved and implemented immediately. The strategy has contributed to the overall governance arrangements which are in place for the Office of the Police and Crime Commissioner (OPCC). It has allowed strategic and operational risks to be identified and provided guidance to enable staff to deal with these appropriately and effectively. Being a dynamic document it assists the consideration of risk to permeate throughout the OPCC's business when making decisions.

## Risk Monitoring

2.4 During 2016-17, with input from the Chartered Institute of Public Finance and Accountancy, the risk registers for the OPCC have been fundamentally reviewed with the objective of supporting more dynamic risk management processes. This has resulted in a reduction in the number of strategic risks and a more focused operational risk register with a mechanism for moving risks between the two. Assurance from the Joint Audit and Standards Committee has been enhanced through the reporting of both strategic risks in full supported by the high level register for operational risks. This provides the Committee with oversight that all expected risks are captured and being appropriately scored and monitored.

2.5 Within the reporting period on a quarterly basis JASC were presented with the updated strategic risk registers to enable them to have oversight in line with their terms of reference. The Committee has not identified any areas of concern in relation to the identified risks or the actions in place to deal with them.

2.6 During 2016-17 the Commissioner made 32 decisions based on information provided including any areas of risks which need to be considered. The Executive Support Officer when receiving and logging decision forms ensures that this section of the form is completed to enable the Commissioner to make an informed decision. No forms have been received where this section has not been completed.

## Oversight of Constabulary Strategic Risks

2.7 The Governance Manager in addition to monitoring OPCC risks also carries out monitoring of Cumbria Constabulary's strategic risks. This has taken place on a quarterly basis during 2016-17 whereby the Governance Manager met with the Constabulary's Director of Corporate Improvement who has responsibility for the Constabulary's Strategic Risk Management. The meetings provide an opportunity to identify risks which impacted upon both organisations. During 2016-17 there was one risk identified which impacted upon both organisations this being current and future funding. The Governance Manager gained assurance that the Constabulary had correctly identified the risk and had appropriate mitigations in place to deal with and monitor the risk and no areas of concern were identified.

## Risk Training

2.8 The Governance Manager, as OPCC lead officer for risk management, attended a 2 day refresher training course on the 13<sup>th</sup> and 14<sup>th</sup> July 2016 facilitated by our insurance risk control consultant Gallagher Bassett. On a six monthly basis the Governance Manager discussed risk management with staff at team meetings to assist with development and understanding. No areas of concern have been raised or identified at these times.

## Joint Audit and Standards Committee

2.9 During 2016-17 the Governance Manager presented the OPCC's strategic risk register to the Joint Audit and Standards Committee on four separate occasions. This afforded the OPCC the benefit of the committee testing the validity of the recorded risks and mitigations; reviewing the current arrangements and ensuring the integration of risk management into governance and decision making processes. No areas of concern or issues were identified by the committee.

## Lead Officer

2.10 The Governance Manager is the OPCC lead officer for risk and carried out this role throughout 2016-17. In order to maintain skills and knowledge they attended training provided to the Constabulary and OPCC on 13<sup>th</sup> and 14<sup>th</sup> July 2016. On a quarterly basis they have ensured that the OPCC's strategic and operational risk registers were updated by those members of staff who have responsibility for individual risks. No areas of concern or issues have been identified by the Governance Manager during 2016-17.

## 3. Internal Audit

3.1 As part of the annual audit programme for 2016-17 Internal Audit carried out reviews over a number of areas of business within the OPCC and Cumbria Constabulary. Each review evaluated any exposures to risks relating to the organisation through its governance, operation and information systems. Audit reviews undertaken during 2016-17 did not identify any new or unidentified risks to the OPCC.

## 4. Conclusions

4.1 From the monitoring which has taken place during 2016-17 by the Office of the Police and Crime Commissioner, no unidentified risks have been identified or occurred. When taking this into consideration assurance can be gained that the strategy, policy, systems and processes in place are working effectively.

## 5. Recommendations

Members of the Joint Audit and Standards Committee are asked to consider this report and:

- (i) determine whether they are satisfied with the effectiveness of the OPCC's processes and monitoring of risk.
- (ii) determine whether they wish to make any recommendations to the Commissioner with regard to future developments or improvements in those arrangements

**Stuart Edwards**  
**Chief Executive**

**Financial Implications:** the inability of the OPCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPCC but Cumbria Constabulary and other partner organisation which are financially dependent upon it.

**Risk Management Implications:** if the OPCC does not identify and mitigate risks then it may mean that it cannot carry out its statutory function efficiently and effectively.

**Legal Implications:** the OPCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.

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Peter McCall

Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee

24 May 2017

Agenda Item No 11

## Effectiveness of OPCC Anti-Fraud and Corruption Activity Monitoring

Report of the Chief Executive

### 1. Introduction and Background

1.1 The Police and Crime Commissioner has a statutory responsibility to provide policing services for Cumbria. The Office of the Police and Crime Commissioner (OPCC) must ensure that effective processes and procedures are in place to deliver that service in an environment free from fraud and corruption.

1.2 To safeguard against fraud and corruption the Commissioner and OPCC staff operate in an open and transparent environment. This is achieved by a variety of methods including making decisions in public, publishing information on its website including registers of interests, decisions, declarations of gifts and hospitality and expenses.

1.3 On an annual basis arrangements to prevent and detect Fraud and Corruption are reviewed and approved by the Police and Crime Commissioner. These arrangements provide clear definitions of fraud, corruption, theft and irregularity within the strategy.

1.4 The Anti-Fraud and Corruption Policy provides clarity over roles, responsibilities and duties of staff within the OPCC. The Deputy Monitoring Officer undertakes an annual dip sample between the gifts and hospitality registers, the contact with supplier register and decisions made by the Commissioner.

### 2. Effectiveness of Arrangements for Anti-Fraud and Corruption

2.1 In order to ensure that the OPCC's arrangements for Anti-Fraud and Corruption are effective a number of areas of business are monitored to ensure compliance and identify any fraudulent or corrupt practices.

2.2 During 2016-17 and in compliance with arrangements covering gifts and hospitality the Governance Manager has issued a notice on a monthly basis to all OPCC staff formally requesting the documentation of any gifts and hospitality offered during the previous month. Staff identified what the gift or hospitality was; who it was offered to and whether it was accepted or declined. They have made notification of 35 offers of hospitality, 4 of which were declined and the remainder accepted. Upon completion the registers are published on the OPCC website at the beginning of the following month. The Governance Manager has not identified any areas of concern or irregularities.

2.3 The Commissioner also identifies any gifts or hospitality which has been offered and again indicates whether this is accepted or declined. During 2016-17 he made notification of 46 offers of hospitality, 1 offer of a gift, 13 of which were declined and the remainder accepted. Again upon completion the registers are published on the OPCC website at the beginning of the following month. The Chief Executive has not identified any areas of concern or irregularities.

2.3 In accordance with guidelines set by the Secretary of State the Commissioner is eligible to claim allowances and expenses whilst carrying out his role. The Commissioner on a monthly basis will complete an expenses form which includes a declaration stating that the expenses have been necessarily incurred. They are then approved or declined by the Chief Executive. In line with the Elected Local Policing Bodies (Specified Information) Order 2011 authorised expenses are published on the OPCC website. During 2016-17 the Commissioner made 11 expense claims in which no incorrectly claimed expenses were identified by the Chief Executive. A further level of assurance is provided by the fact that claims are processed and paid by the Constabulary's Central Services Department who re-check the claims against the Home Office criteria before making payment.

2.4 OPCC members of staff, independent custody visitors, members of the Joint Audit and Standards Committee and members of the Ethics and Integrity Panel are eligible to claim expenses in line with approved policies and procedures. Each individual must sign a declaration stating that the expenses claimed were necessarily incurred during the course of their agreed duties. All claimed expenses are checked for accuracy and signed off by the Chief Executive or the Governance Manager whichever is the appropriate authority to approve the expense claim. Throughout 2016-17 no irregularities or fraudulent claims were made by any of those mentioned above.

2.5 On the 17 May 2016 the Commissioner submitted a signed declaration of interest setting out any business and personal interests for which the Office should be aware in the context of the integrity of decision making. This form was published on the Commissioners website on 18 May 2016 to ensure public transparency of declarations. During 2016-17 the commissioner made 32 decisions, of which the decision forms recorded that there were no personal and prejudicial interests. The Governance Manager has undertaken a review during the year of each decision form against the published declaration of interests and has confirmed that no conflicts of interests have been identified regarding any decisions the Commissioner has made during 2016-17.

2.6 During 2016-17 and in compliance with the arrangements governing supplier contacts, the Governance Manager has issued a notice on a monthly basis to all OPCC staff formally requesting the documentation of any supplier contacts that have taken place in the previous month. Staff have made notification of 66 supplier contacts during the year through this process. These notifications form a supplier contact register that has been reviewed by the Governance Manager to provide assurance during procurement processes that there are no conflicts of interest at contract award. The Governance Manager has confirmed that during 2016-17 no issues or areas of concern have been identified in relation to this area of work.

2.7 On behalf of the Commissioner the Ethics and Integrity Panel at their quarterly meetings review the Constabulary's performance in relation to Anti-Corruption. Reports provide information on the number, categories of reported incidents, officer and staff suspensions, ongoing cases and investigations which are being dealt with by the Constabulary. This enables the Panel to identify emerging trends or patterns which the Panel can then ensure that preventative measures are put into effect. The Panel report their findings to the Commissioner at his Public Accountability Conference meetings. During 2016-17 the Panel considered four reports covering this area of business from which no issues or areas of concern have been identified by the Panel and raised with the Commissioner.



2.8 On an annual basis the Constabulary undertakes a number of financial tasks for the OPCC including under Section 6 of the Audit Commission Act 1998 to provide relevant data for the National Fraud Initiative. The initiative uses advanced data matching techniques to tackle a broad range of fraud risks faced by the public sector. The Constabulary participates, on the OPCC's behalf within the Audit Commission National Fraud Initiative having completed fraud risk assessments for the financial year. No incidents of fraud were identified to the OPCC's Chief Finance Officer during the 2015-16 process. The outcome of the 2016-17 process at the time of writing this reported is awaited.

2.9 To encourage reporting by OPCC staff of anything they are concerned about posters have been reissued throughout the offices providing up to date contact numbers if they feel apprehensive about reporting an issue to their line manager. The OPCC have not been advised of any issues being raised with external organisations.

### 3. Internal Audit

3.1 As part of the annual audit programme Internal Audit carry out reviews of a number of areas of business within the OPCC and Cumbria Constabulary. Each review evaluates any exposures to risks relating to the organisations governance, operation and information systems. Audit reviews undertaken during 2015-16 did not identify any risks to the OPCC in relation to fraud or corruption.

### 4. Conclusions

4.1 From the monitoring which has taken place during 2016-17 by the Office of the Police and Crime Commissioner, no instances of fraud or irregularity have been identified or reported. No allegations have been made against any member of staff or the Police and Crime Commissioner. When taking this into consideration assurance can be gained that the policy, systems and processes in place are working effectively.

### 5. Recommendations

Members of the Joint Audit and Standards Committee are asked to consider this report and:

- (i) determine whether they are satisfied with the effectiveness of the OPCC's monitoring of Anti-Fraud and Corruption Activity.
- (ii) determine whether they wish to make any recommendations to the Commissioner with regard to future developments or improvements in those arrangements

**Stuart Edwards**  
**Chief Executive**

**Legal Implications:** the OPCC has a statutory obligation with regard to preventing and dealing with fraud and corruption as outlined within the report.

**Financial Implications:** If the OPCC does not actively manage any potential or actual fraud and corruption then there is the potential for the organisation to suffer financially, therefore having an impact upon its ability to provide policing services in Cumbria.

**Risk Management Implications:** there is a potential for the organisation to suffer not only financially, but with regard to its reputation leading to a loss of public confidence. The OPCC could be open to legal challenge if it does not actively identify and manage fraud and corruption.

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

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## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee

24 May 2017

Agenda Item No 12

### Ethics and Integrity Panel Annual Report

Report of the Chair of the Ethics and Integrity Panel

#### 1. Introduction and background

- 1.1 The purpose of the Ethics and Integrity Panel is to promote and influence high standards of professional ethics in all aspects of policing and to challenge; encourage and support the Commissioner and the Chief Constable in their work in monitoring and dealing with issues of ethics and integrity in their organizations. The Panel's role is to identify issues and monitor change where required. They have no decision making powers, although it is able to make recommendations to the Commissioner and the Chief Constable. The Panel considers questions of ethics and integrity within both organisations and provides strategic advice, challenge and support in relation to such issues.
- 1.2 This report provides an overview of the work that the panel has carried out during 2016.
- 1.3 The Panel meets on a quarterly basis in private but its agenda and reports are published on the Commissioner's website following each meeting, with only sensitive or confidential information being excluded. Reports are provided by the Panel to the Commissioner's public meeting to provide information about the Constabulary's performance in areas which relate to ethics and integrity. The purpose is to promote public confidence.
- 1.4 An annual work programme has been agreed to enable it to fulfil its terms of reference and scrutiny role. The programme fixes the tasks to be undertaken by the Panel at each of its scheduled meetings and has been set to ensure whenever possible that meetings are balanced in terms of the volume of work. The work of the Panel has developed during 2016 and therefore the work programme was reviewed at the end of 2016 and revised for 2017. Notably there is an introduction of two thematic sessions to be held during the year. A copy of the Panel's current work programme can be found at [Appendix 1](#).
- 1.5 Following two members resigning from the Panel in late 2015 the Police and Crime Commissioner and the Chief Constable made two further appointments. The first being in May 2016 having revisited the list of candidates interviewed previously; the second in November 2016 following a recruitment process.

Membership of the Panel currently stands as:

- Ms Lesley Horton
- Mr Alan Rankin
- Mr Michael Duff
- Mr Alex Rocke

## 2. Public Complaints and Quality of Service

- 2.1 During 2016 the Panel noted that the standard of the Constabulary's public complaint files had substantially improved following recommendations made by the Panel. It was subsequently agreed that due to the improvements the Panel would review complaint files on a six monthly basis to ensure that standards were retained.
- 2.2 Over the reporting period the Panel reviewed 33 complaint files. At each dip sample any recommendations or comments are collated within an action sheet, some of which include:
- Pleased to see that letters now reflect an apology from the Constabulary.
  - More emphasis should have been given to the using of the correct Stop and Search procedure with a reminder being made to personnel.
  - Although a complaint was registered as 'direction and control' there was evidence which related to the conduct of an officer which should have been recorded.
  - Some concerns on the objectivity of the report as felt the loss of evidence was not properly addressed.
  - Investigation report does not seem balanced, fails to properly engage with the complainant's concerns.

The action plans are monitored by the Panel at their next dip sample session to ensure that these are completed and where appropriate implemented in a timely manner.

- 2.3 The Panel has also been asked by the Police and Crime Commissioner to look at a number of specific complaint files following communication to him from members of the public. The Panel undertook reviews and concluded that on each occasion the complaint had been dealt with fairly, proportionately and in line with statutory guidance.
- 2.4 At their quarterly meetings the Panel receive performance data from the Constabulary on the number of complaints they have received and how these have been subsequently managed, including whether this was in line with required timescales. It has been noticed that the number of force appeals upheld has been consistently very low compared with the number upheld by the Independent Police Complaints Commission (IPCC). To this end the Panel at their May and November 2016 meetings specifically reviewed more appeal files in order to ascertain whether appeals are being processed in line with statutory guidance. The Panel did not identify any issues in relation to the appeal files dealt with by the Constabulary.

## 3. Police Officer and Police Staff Misconduct

- 3.1 As part of their work programme the Panel have reviewed police officer and police staff misconduct files prior to both their May and November 2016 meetings. Since their first dip sample sessions in 2015 the Panel have noted an improvement in the way the files have been dealt with and the information recorded therein.
- 3.2 The Panel reviewed a number of files, providing views and recommendations for any improvement in the way information was provided or public perception of the handling of such cases. These included:
- Any advice given to officers or staff should be fully documented within the file to enable it to be referred to in the future.

- Amendments to be made to the Management Action Form and senior officer should check they have been completed correctly when reviewing.

The action plans are monitored by the Panel at their next dip sample session to ensure that these are completed and where appropriate changes are implemented.

- 3.3 The Panel receive on a quarterly basis information relating to police officer misconduct from the Constabulary's Anti-Fraud and Corruption Unit report and information relating to police staff misconduct. This enables the Panel to monitor performance in relation to these areas of business and consider any patterns or trends.
- 3.4 Having reviewed such files, the Panel have gained assurance that the Constabulary are dealing with misconduct and complaints in a professional manner. At no time did the Panel disagree with the outcome of any of the files. Where they provided advice or recommendations, this was to improve the service provided or the process being undertaken.
- 3.5 The Panel also undertook a dip sample of the Constabulary's Secondary Business Interest process as part of the Panel's thematic remit. They looked at the current process and requirements for officers and staff to declare their business interests. They were guided through the process and identified the different types of businesses which should be declared. On the examples they viewed the Panel considered whether the secondary business interest may increase the number of hours an individual worked and whether this could have an adverse effect on their performance. They were assured that line managers when approving any applications ensured that they monitored future performance.
- 3.6 The Panel questioned why if an application was rejected in the initial stages that it should still have to be looked at by each of the relevant departments. They proposed that if the individual appealed the decision then it could be seen and commented upon by the different departments, therefore speeding up the initial decision process and providing staff with a decision sooner.

#### 4. Code of Ethics and Code of Conduct

- 4.1 As part of the Panel's role it seeks to ensure that both the Constabulary and the Police and Crime Commissioner have embedded within their organisations the **Code of Ethics** and **Code of Conduct** respectively.
- 4.2 During their dip sample sessions the Panel saw first-hand that policies and procedures within the Constabulary had the ethos of the Code of Ethics embedded within them. When carrying out reviews of performance the Panel were provided with evidence of the methods used by the Constabulary to promote the Codes of Ethics since its inception. These included training courses which all officers and staff were required to undertake, information on noticeboards, newsletters and Chief Officer road shows.
- 4.3 Similarly the Commissioner upon taking office in May 2016 swore an oath to act with integrity and signed a Code of Conduct. A Code of Ethics developed by the Association of Police and Crime Commissioners (APCC) has also been adopted by the Commissioner. It sets out how The Commissioner has agreed to abide by the seven standards of conduct recognised as the Nolan Principles. This Ethical Framework allows transparency in all areas of work of the Police and Crime Commissioner. These principles encompass the Commissioner's work locally and whilst representing Cumbria in national forums. The Panel did not identify any complaints received from either members of staff or the Commissioner.

- 4.4 The Panel have been assured that both organisations take the ethos of the Code of Ethics and Code of Conduct extremely seriously and this has been evident in the reviews and dip samples they have undertaken in other areas of business.

## 5. Grievances and Civil Claims

- 5.1 On a six monthly basis the Panel have reviewed **Grievances** being processed by the Constabulary during agreed reporting periods. Although the numbers were very low, the Panel gained assurance that the Constabulary were proactively encouraging officers and staff to raise such matters. It was noted that many issues were raised and dealt with on an informal basis which those concerned felt was more beneficial.
- 5.2 The Panel were advised that the staff union, Unison, were pleased that issues were resolved at an early stage and saw this as a positive step by the Constabulary. Although this may be good for the individuals involved the Panel felt that it did not allow the matters to be recorded and enable the organisation to learn for the future or make appropriate changes.
- 5.3 On behalf of the Police and Crime Commissioner the Panel also monitor **Civil Claims** being processed by the Constabulary's Legal Department. They received information about the types of claims being made, the stage the proceedings had reached and about the claims that had been resolved. As part of this review the Panel seek assurance that any trends are being identified and how the organisation learnt from particular cases disseminating information throughout the organisation to avoid future risks and claims.
- 5.4 To date the Panel have not identified any issues or concerns in either area of business. On a national and local level the Constabulary, along with other forces, are in the process of dealing with employment tribunals in relation to police pensions. Currently there were 108 claims with more being added following the Constabulary implementation the national pension regulations. The claims were being co-ordinated nationally by Hertfordshire Constabulary.

## 6. Information Management

- 6.1 As public authorities, the Office of the Police and Crime Commissioner (OPCC) and Cumbria Constabulary are required to process information in an appropriate manner including complying with the Freedom of Information Act 2000 and the Data Protection Act 1998. Both of these Acts entitle an individual to request information from a public authority and as such public authorities must comply with requests under this legislation.
- 6.2 During 2016 the Panel reviewed both organisations compliance with these requirements. It was recognised that the Constabulary had taken steps and created a new post to support the business of the Data Control Unit enabling it to respond to more requests within the statutory timescales.

## 7. Thematic Inspections

- 7.1 The Panel were asked to specifically review and provide feedback on two areas of Constabulary work. The first of these was the **Performance Discretion Framework** which was introduced as part of the new Command and Control system. The framework gives officers discretion not to investigate or attend incidents allowing the Constabulary to rationalise the work that they carried out with reducing resources.

- 7.2 Having sampled very few of the calls the Panel were not able to put into context whether or not the system was working effectively. In August the Panel were advised that there was to be a full review of the control room and they would be provided with an update on developments at their February 2017 meeting.
- 7.3 In 2015 HMIC had carried out a thematic inspection of the Constabulary's use of **Stop and Search Powers**, following which they made a number of recommendations to the Constabulary. In February 2016 the Panel undertook a dip sample of stop and search forms with a view to assessing whether the information contained within the form provided enough evidence to substantiate the grounds for the stop and search. The Panel found very few which they felt fully explained the reason for the stop and search and none had been checked by a supervising officer. The Constabulary undertook to provide a classroom based training programme for all officers.
- 7.4 The Panel reviewed this area of work prior to their August meeting. Having sampled a number of the forms they found assurance that the learning had been embedded and noted significant improvements to the completion of the forms.
- 7.5 In November 2016 the Panel had carried out a thematic review of the Constabulary's involvement in the **Kendal Calling Festival** earlier in the year. The Panel reviewed the Constabulary's ethical decision regarding the organisers wish to have a procedure whereby those attending the event could have drugs tested. Once analysis of the drugs was carried out the sample was destroyed. Upon being provided with the results the individual would also be given health advice on the risks of taking drugs.
- 7.6 The Constabulary had considered the risks and benefits of such a process taking into account the number of incidents and deaths in previous years. Guidance had been sought from the National Police Chiefs Council' lead for drugs and the Home Office, however there was no previous case law which could be utilised as this process had not been used in the UK before. Although the event organisers did provide the service the Constabulary had made it perfectly clear that anyone caught with or using drugs at the event would be arrested and possibly charged with relevant offences. The Constabulary had no direct contact with the testing process which was arranged by the event organisers. Having considered all the relevant information the Ethics and Integrity Panel felt that the Constabulary had made a reasoned decision and the benefits had been borne out with no drugs related incidents or deaths occurring at the 2016 event.
- 7.7 Work has developed over the year following on from the successful work of the Panel. In November the Panel agreed to have two thematic sessions within their annual work programme in February and August. This would enable the Panel to look at topics in-depth and provide views and opinions to the Constabulary to assist them in informing future work.

## 8. Conclusion

- 8.1 The Panel continues to develop their role, expanding into other areas of business to assist not only the Constabulary but enable the Police and Crime Commissioner to have further and more detailed oversight of the work of the Constabulary.
- 8.2 Recommendations and guidance have been welcomed not only by the Constabulary but the OPCC resulting in a number of changes and developments to processes and procedures. The future work of the Panel will continue to be reviewed and developed to ensure that the Panel remain an independent body in their oversight of the Constabulary and OPCC.

## **9. Recommendations**

The Joint Audit & Standards Committee are asked to:

- (i) receive and note the report on the work undertaken by the Ethics and Integrity Panel during the past year; and
- (ii) note the positive changes to processes and practices as a direct result of work and recommendations made by the Panel.



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



### Audit of Digital Case File Preparation

Draft Report Issued: **12th January 2017**

Final Report Issued: **8<sup>th</sup> May 2017**

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## Audit Report Distribution

For Action:	Gordon Rutherford – (Chief Inspector CJU & Partnerships)
For Information:	Mark Pannone – (T/Chief Superintendent Territorial Policing Command) Sean Robinson (Assistant Chief Constable)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 May 2017, will receive the report.

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

### Cumbria Shared Internal Audit Service

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



## 1. Background

- 1.1. This report summarises the findings from the audit of **Digital Case File Preparation**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The preparation of high quality case files is fundamental to the Constabulary in delivering its objectives of providing justice for the victim by detecting crime and bringing criminals to justice as set out in the Police and Crime Plan for Cumbria. The Constabulary is one of the top five forces in the country in terms of guilty pleas at first hearing and successful outcomes. This has been a focus for Chief Officers and senior level ownership in progressing file quality issues has been acknowledged by the North West Area Crown Prosecution Service.
- 1.3. During 2015/16 significant changes in systems and the staffing structure were implemented with a move to maintaining digital case files and a transfer of responsibilities from the Criminal Justice Unit (CJU) to individual officers.
- 1.4. This audit was included in the 2016/17 audit plan to provide assurance over the new arrangements.

## 2. Audit Approach

### 2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

### 2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was Chief Superintendent Territorial Policing Command. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
  - Management arrangements to ensure digital case files are complete, robust and secure.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

## 3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the Digital Case File Preparation provide **partial** assurance.

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

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

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are **five** audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation’s strategic objectives (see section 5.1.)	1	2	-
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	1	-
3. <b>Information</b> - reliability and integrity of financial and operational information	-	-	-
4. <b>Security</b> - safeguarding of assets	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes (see section 5.3)	-	1	-

<b>Total Number of Recommendations</b>	1	4	0
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4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Senior manager commitment to addressing file quality issues by allocating a high level of resource to checking the quality of case files.
- Senior Officers attend regular liaison meetings with the Courts and Crown Prosecution Service to discuss case file quality.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- Arrangements are not in place to identify and address the root causes of file quality issues at an early stage.

4.4.2. *Medium priority issues:*

- The risk score on the risk register relating to digital case file quality is not a clear reflection of the residual risk.
- Current arrangements do not give assurance that all relevant officers have been trained appropriately and consistently in digital case file preparation.
- Documented and approved policy and procedures for digital case file preparation are not in place.
- Management have yet to explore the reason for case file errors and options for improvement.

4.4.3. *Advisory issues:* No advisory issues were identified

### **Comment from the Assistant Chief Constable**

I have reviewed this Audit Report and discussed it with both T/Ch Supt Pannone and T/Supt Rutherford. This report provides 'partial assurance,' and I welcome its findings. In terms of the one High Priority recommendation 1, Chief Officers have commissioned a report which is due to report to COG in May 17, is anticipated to address the future structure of the CJU and file checking function, which addresses this recommendation. Recommendation 5 is also linked to this review. This will be implemented through T/Supt Rutherford before between 1 June 2017 and 30 September 2017. In terms of Recommendation 2 (Medium), this was a 'housekeeping issue and is being monitored and reviewed through Territorial Policing monthly SMT, implemented (Feb 2017). Recommendation 3 – work is ongoing to address the three points raised. The training proposal will be delivered Sep-Nov 17, with the CJ trainer continuing to utilise area training days in the interim. Point 2 has been

actioned in Feb 2017, with point 3 being subject to ongoing evaluation. I note and support the plan to progress Recommendation 4 which is linked to the National Manual of Guidance. Overall I welcome the report and T/Supt Rutherford will drive these and report into TP SMT, with exceptions and a quarterly progress report coming to Ops Board for monitoring and governance, which is chaired by the ACC.

T/ACC S Robinson

## 5. Matters Arising / Agreed Action Plan

### 5.1. Management - achievement of the organisation's strategic objectives.

● High priority

Audit finding	Management response
<p><b>(a) Case file quality.</b></p> <p>There are three levels of case file quality review in place:</p> <ol style="list-style-type: none"> <li>1) Supervisory review of case file activity in Police Works;</li> <li>2) 100% checks on digital case files by the Area Compliance Teams (ACTs) before submission to the Courts and CPS;</li> <li>3) Quality and system checks by the Courts and CPS on receipt of digital case files.</li> </ol> <p>The checks in place have maintained Cumbria Constabulary's position as one of the top five forces in the Country in terms of guilty pleas at first hearings and successful outcomes.</p> <p>The mechanisms in place are identifying errors for correction. However, there is limited oversight and analysis to identify and understand the reasons for the errors (root cause analysis). Because of this the underlying issues have not been determined and addressed through feedback, training, performance management and procedural / system changes. Consequently case file quality hasn't been improved at an early stage to reduce the need for subsequent high levels of checking.</p> <p>Internal Audit were informed that the Strategic Development Unit have been tasked to undertake some analysis in this area and that this work will be complete by the end of March 2017.</p> <p>Without arrangements to identify and address the root cause of file quality issues at an early stage there is limited scope for improvement and less opportunity to reduce the need for extensive retrospective checking.</p>	<p>Agreed management action:</p> <p>The Chief Officer commissioned review will report to COG in May 17.</p> <p>The evidence-gathering phase took place from January to March, with the team now considering data analysis and findings.</p> <p>Once recommendations as to future structure of CJU and the file checking function are considered and approved by Chief Officers, then they will be implemented before September 30<sup>th</sup> 2017.</p>

<p><b>Recommendation 1:</b> Arrangements to ensure the robustness of digital case files at an earlier stage should be strengthened taking into consideration the outcomes of the Strategic Development Unit's review.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Inefficient use of resources</li> <li>• Failure to improve</li> </ul>	<p><b>Responsible manager for implementing:</b> <b>T/Supt Rutherford</b> <b>Date to be implemented:</b> <b>June 17 – end of September 2017</b></p>

• **Medium priority**

<b>Audit finding</b>	<b>Management response</b>
<p><b>(b) Risk register</b> A risk relating to digital case file quality has been included in the Corporate Improvement risk register with mitigating actions.</p> <p>The mitigating actions have reduced the risk score down from 16 to 4 (as at the end of October 2016). The mitigating actions are considered by Internal Audit to be either not fully evidenced, still in progress or ineffective. As a result the risk score may not be a clear reflection of the residual risk.</p>	<p><b>Agreed management action:</b> This was a housekeeping issue. The risk has been reviewed and mitigating actions updated. The score has been revised from 4 to 8 to reflect the ongoing work.</p> <p>This will be subject to monthly review at TPSMT chaired by the C/Supt TPA.</p>
<p><b>Recommendation 2:</b> Management should ensure that mitigating actions used in the risk assessment process are fully explored and challenged to effectively determine the level of risk mitigation actually provided.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve service objectives</li> </ul>	<p><b>Responsible manager for implementing:</b> <b>Chief Inspector CJU and Partnerships</b> <b>Date to be implemented: 02/2017</b></p>



● Medium priority

Audit finding	Management response
<p><b>(c) Training</b></p> <p>The current arrangements are inconsistent across the force in terms of who has received training. There is evidence of training being provided to officers on digital case file preparation in the South Area. At the time of our audit we were advised that the training would be rolled out to the other areas by the end of December 2016.</p> <p>We were provided with evidence that some Area Compliance Teams produce weekly bulletins to highlight common issues with file quality. There is inconsistency across the force regarding production, content and audience of these weekly bulletins. There is no evidence of oversight of the bulletin production in terms of content, tone and key messages delivered.</p> <p>We were informed that the Constabulary’s approach to training in this area is threefold and consists of increasing knowledge, confirming understanding and then monitoring compliance. As a result the ability to demonstrate success will not be immediate. At the time of our review, we consider that the current arrangements do not provide management with assurance that all relevant officers have been trained appropriately and consistently, that the training has led to improvements in case file quality and ongoing updates are fitting.</p>	<p>Agreed management action:</p> <ol style="list-style-type: none"> <li>1. The Constabulary Training Panel has approved the file quality training proposal and this will be delivered Sept to Nov 17 to all staff. In the meantime, the CJU trainer is continuing to deliver training across the force utilising Area Training Days.</li> <li>2. This has been actioned. With effect from February 2017 one force wide bulletin will be issued. Note – the frequency of the bulletin is Monthly now due to the reduced demand to get key messages out.</li> <li>3. Links to interventions are being evaluated using work based techniques.</li> </ol>
<p><b>Recommendation 3:</b></p> <ol style="list-style-type: none"> <li>1. Management should ensure that digital case file training is rolled out to all appropriate officers across the force.</li> <li>2. Arrangements should be in place to ensure that information bulletins contain appropriate information and communicate key issues consistently to the relevant audience.</li> <li>3. The effectiveness of training activity and communications should be monitored to ensure that they contribute to improvements in digital case file quality.</li> </ol>	

<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Misunderstandings and inconsistencies because comprehensive training on digital case file preparation isn't in place for all officers.</li> <li>• Failure to continuously improve</li> </ul>	<p><b>Responsible manager for implementing:</b>  <b>Chief Inspector CJU and Partnerships</b>  <b>Date to be implemented: 09/2017</b></p>
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**5.2 Regulatory** - compliance with laws, regulations, policies, procedures and contracts

• **Medium priority**

<b>Audit finding</b>	<b>Management response</b>
<p><b>(a) Policies and procedures</b>                      Police Works user manuals are maintained up to date and are available to staff. However, policy and procedures around digital case file preparation are not in place covering areas such as:</p> <ul style="list-style-type: none"> <li>• Quality assurance checks;</li> <li>• File transfer process;</li> <li>• Case file sign off.</li> </ul> <p>Without documented and approved policy and procedures around digital case file preparation management cannot be assured that files are being prepared and maintained in accordance with regulatory requirements and to a consistent high standard.</p>	<p><b>Agreed management action:</b>                      The National Manual of Guidance is currently being redrafted to reflect changes in national digital file transfer processes. The Constabulary work needs to take cognisance of the national requirement. This work can be picked up via the ACTs and CJU Trainer. Embedded processes exist but for new recruits and staff it is accepted that these need to be made explicit in the form of written documentation.</p>
<p><b>Recommendation 4:</b>                      Defined policies and procedures should be prepared and approved in accordance with the Constabulary's established process.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Sanctions and reputational damage arising from non-compliance with regulatory requirements.</li> <li>• Poor quality case files</li> </ul>	<p><b>Responsible manager for implementing:</b>  <b>Chief Inspector CJU and Partnerships</b>  <b>Date to be implemented: 09/2017</b></p>

**5.3. Value** - effectiveness and efficiency of operations and programmes.

- **Medium priority**

Audit finding	Management response
<p><b>(a) Value for money</b></p> <p>A presentation was made to senior officers in July 2016 setting out current case file error rates and the cost of the current Area Compliance Team function. The report highlighted that 67% of files submitted for review by the ACT contained errors. A set of options were presented to management for a decision on how best to move forward with digital case file quality.</p>	<p><b>Agreed management action:</b></p> <p>Chief Officers have commissioned Strategic Development Unit to undertake an activity analysis of the file QA process covering Area Compliance Teams, training and CJU structure. This review will report to COG in May with recommendations for implementation before the end of September 2017.</p>
<p><b>Recommendation 5:</b></p> <p>Management should continue to explore the reason for the error rate and explore options for improving the efficiency of the oversight / review mechanisms.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>● Wasted resources and inefficiency.</li> </ul>	<p><b>Responsible manager for implementing:</b></p> <p><b>Chief Officer Group</b></p> <p><b>Date to be implemented: 09/2017</b></p>

## Audit Assurance Opinions

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

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

## Grading of Audit Recommendations

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

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

### Recommendation Follow Up Arrangements:

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

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



### Audit of Receipt, Handling and Disposal of Drugs

Draft Report Issued: **11 April 2017**

Final Report Issued: **8 May 2017**

## Audit Resources

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## Audit Report Distribution

For Action:	Paul Duhig – T/Detective Superintendent
For Information:	Andy Slattery - Detective Chief Superintendent, Crime Command Sean Robinson – T/Assistant Chief Constable
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 May 2017, will receive the report.

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

### Cumbria Shared Internal Audit Service

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





## 1. Background

- 1.1. This report summarises the findings from the audit of **Receipt, handling and disposal of drugs**. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. The Constabulary are required to seize, store and dispose of controlled drugs in an efficient and consistent manner to ensure that national and local objectives are met.

## 2. Audit Approach

### 2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

### 2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Detective Chief Superintendent – Crime Command. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
  - Arrangements for receiving, recording, storing and disposal of seized drugs.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

## 3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating around arrangements for Receipt, Handling and Disposal of Drugs provide **partial** assurance.

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

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

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There is **one** audit recommendation arising from this audit review and this can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation’s strategic objectives (see section 5.1.)	1	-	-
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts	-	-	-
3. <b>Information</b> - reliability and integrity of financial and operational information	-	-	-
4. <b>Security</b> - safeguarding of assets	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes	-	-	-

<b>Total Number of Recommendations</b>	1	-	-
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4.3. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.3.1. *High priority issues:*

- A policy and supporting procedures outlining detailed requirements for receipt, recording, storing and disposal of seized drugs have not been produced. As a result, management cannot be assured that processes and practices meet national requirements, local objectives and management expectations and are applied consistently in each Territorial Policing Area.

### **Comment from the Assistant Chief Constable**

I have reviewed and considered this Audit report and spoken to the Constabulary Crime Commander Det Ch Supt Slattery. I welcome the report and the partial assurance given. In terms of the High Priority Recommendation made, I am pleased to see that work to address this policy and procedure is already underway and being led by DCI Stalker. The policy will come through Ops Board, for governance, before being disseminated to ensure compliance. It is expected to be in place by the end of June 2017.

T/ACC S Robinson

## 5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

● **High priority**

### Audit finding

#### Policy and Procedures

There are currently no corporate policies or procedures outlining the detailed requirements for receipt, recording, storage, and disposal of drugs. Management have not defined their requirements or expectations and therefore they cannot be assured that seized drugs are being received, recorded, stored and disposed of as intended.

The Standard Operating Procedure for property management shows, at Appendix H, a flow chart of the process for controlled drugs but this does not specify any detailed requirements. We were informed that local customs and practices have developed in each Territorial Policing Area meaning that there is no consistent approach over how drugs are receipted, recorded, stored and disposed of.

In the absence of a policy and procedures Internal Audit are unable to provide assurance to management that:

- Procedures meet national requirements, local objectives and management expectations;
- Roles and responsibilities are clearly defined;
- Staff have been trained effectively;
- Consistent processes are being followed in each Territorial Policing Area.

#### Recommendation 1:

A policy and supporting procedures should be in place in respect of the arrangements for receiving, recording, storing and disposal of seized drugs.

### Management response

#### Agreed management action:

We recognise there is a weakness in relation to policy and procedure re seized drugs and work is being undertaken in force to remedy this. Policy and procedure is being written and will be approved at Ops Board. One agreed it will be disseminated to staff. We will put arrangements in place to ensure compliance with policy and procedure.

Risk exposure if not addressed:

- Reputational damage and poor inspection outcomes due to failure to comply with national standards;
- Misunderstanding and inconsistent practices across the Territorial Policing Areas;
- Drugs are not accounted for / potential for drugs to go missing;
- Staff subject to unwarranted suspicion.

Responsible manager for implementing:

**DCI Stalker**

Date to be implemented: **06/2017**

## Audit Assurance Opinions

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

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

## Grading of Audit Recommendations

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

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

### Recommendation Follow Up Arrangements:

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

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



## Audit of Main Financial Systems: Main Accounting System

Draft Report Issued: **20 April 2017**

Final Report Issued: **8 May 2017**

## Audit Resources

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## Audit Report Distribution

For Action:	Mark Carter, Principal Financial Services Officer, Revenue and Systems
For Information:	Michelle Bellis, Deputy Chief Finance Officer Roger Marshall, PCC/CC Chief Finance Officer Stephen Kirkpatrick, Director Corporate Support
Audit Committee	The Joint Audit Standards Committee, which is due to be held on 24 May, will receive the report.

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

### Cumbria Shared Internal Audit Service

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



## 1 Background

- 1.1 This report summarises the findings from the audit of Cumbria OPCC and Constabulary's Main Accounting System. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan, as part of a cyclical review of main financial systems.
- 1.2 The main accounting system is important to the both organisations because it records all financial transactions. The Chief Finance Officer is responsible for ensuring the financial affairs of the PCC and Chief Constable are properly administered and that financial regulations are observed.

## 2 Audit Approach

### 2.1 Audit Objectives and Methodology

- 2.1.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4 of this report; detailed findings and recommendations are reported within section 5 of this report.

### 2.2 Audit Scope and Limitations

- 2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsors for this review were the Director of Corporate Support and the Deputy Chief Finance Officer and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following areas:

- **Journals and virements**

- 2.2.2 There were no instances whereby the audit work undertaken was impaired by the availability of information.

### 3 Assurance Opinion

- 3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating in respect of the main accounting system provide **reasonable** assurance.

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

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

- 4.1 There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2 There is 1 audit recommendation arising from this review and these can be summarised as follows;

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation's strategic objectives (see section 5.1)	-	-	-
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	-	-
3. <b>Information</b> - reliability and integrity of financial and operational information (see section 5.3)	-	<b>1</b>	-
4. <b>Security</b> - safeguarding of assets	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes (see section 5.4)	-	-	-
<b>Total Number of Recommendations</b>	-	<b>1</b>	-

4.3 **Strengths:** The following areas of good practice were identified during the course of the audit:

- Comprehensive financial policies and procedures in place that are easily accessible
- The roles and responsibilities of budget managers are clearly defined
- Robust access permissions to the system with regular reviews in place

4.4 **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1 *High priority issues:*

None

4.4.2 *Medium priority issues:*

Arrangements are not in place to ensure that all virement requests are recorded and approved in accordance with financial rules and regulations.

4.4.3 *Advisory issues:*

None

**Comment from the Director of Corporate Support:**

I am very pleased with the findings of this audit of the Main Accounting System, specifically focusing on governance, risk management and internal controls around journals and virements. I am pleased that the audit has resulted in a reasonable level of assurance with only one medium priority recommendation being identified. I note and accept the recommendation regarding improving the compliance for managing virements in line with financial regulations. I also note and support the details and timescales for the agreed management action to address the recommendation.

The strengths identified in the audit, specifically regarding the comprehensive financial policies & procedures in place, together with the clearly defined roles and responsibilities, provide the Constabulary with positive assurance that the services provided are robust and effective which is a credit to all involved in financial management of the organisation.

## 5 Matters Arising / Agreed Action Plan

### 5.3 Information - reliability and integrity of financial and operational information.

● Medium priority

Audit finding	Management response
<p><b>a) Virement request forms:</b></p> <p>The financial rules require that a record of virement requests is maintained and monitored ensuring that appropriate approval is in place before virements are actioned in accordance with the financial regulations, funding agreements and budget protocols. Audit testing identified a small number of virement request forms were either not available or did not contain a budget managers signature to approve the virement.</p>	<p><b>Agreed management action:</b></p> <p>A named budget holder will be assigned to each Cost Centre and Project. Financial Services to maintain a record of all virements and to check all virements have been approved by the appropriate person.</p>
<p><b>Recommendation 1:</b></p> <p>The arrangements for virements, as outlined in the financial regulations and financial rules, should be complied with.</p>	<p>In additional Financial Services Staff will be reminded of the appropriate regulations, funding agreement and budget protocols concerning the approval of budget virement.</p>
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>● Unauthorised virements being actioned</li> <li>● Inaccurate budget management/monitoring</li> <li>● Non-compliance with internal procedures.</li> </ul>	<p><b>Responsible manager for implementing:</b></p> <p>Principal Financial Services Officer, Revenue and Systems</p> <p><b>Date to be implemented:</b></p> <p>For the 2017/18 financial year with effect from April 2017</p>

## Audit Assurance Opinions

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

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



## Grading of Audit Recommendations

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

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

### Recommendation Follow Up Arrangements:

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

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



## Audit of the Constabulary's Use of Stingers

Draft Report Issued: **10<sup>th</sup> April 2017**

Final Report Issued: **8<sup>th</sup> May 2017**

## Audit Resources

Title	Name	Email	Telephone
Audit Manager	Emma Toyne	emma.toyne@cumbria.gov.uk	01228 226261
Lead Auditor	Diane Lowry	diane.lowry@cumbria.gov.uk	01228 226281

## Audit Report Distribution

For Action:	Matt Kennerley (Superintendent Operations)
For Information:	Mark Pannone (T/Chief Superintendent – Territorial Policing) Sean Robinson (T/Assistant Chief Constable)
Audit Committee	The Joint Audit & Standards Committee, which is due to be held on 24 <sup>th</sup> May 2017, will receive the report.

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

### Cumbria Shared Internal Audit Service

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



## 1. Background

- 1.1. This report summarises the findings from the audit of the use of Stingers. This was a planned audit assignment which was undertaken in accordance with the 2016/17 Audit Plan.
- 1.2. Effective arrangements over the use of stingers is important to the organisation to ensure that police pursuits are brought to a safe conclusion whilst protecting officers and the public from harm. This supports the Police and Crime Plan vision of making Cumbria even safer.

## 2. Audit Approach

### 2.1. Audit Objectives and Methodology

- 2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

### 2.2. Audit Scope and Limitations

- 2.2.1. The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsor for this review was the Chief Superintendent Territorial Policing. The agreed scope of the audit was to provide assurance over management's arrangements for governance, risk management and internal control in the following areas:
  - Policy and procedures
  - Training
  - Maintenance of equipment
  - Recording the use of stingers.
- 2.2.2. There were no instances whereby the audit work undertaken was impaired by the availability of information.

### 3. Assurance Opinion

- 3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.
- 3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the use of stingers provide **Partial** assurance.

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

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

- 4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.
- 4.2. There are four audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. <b>Management</b> - achievement of the organisation's strategic objectives (see section 5.1.)	2	-	-
2. <b>Regulatory</b> - compliance with laws, regulations, policies, procedures and contracts (see section 5.2.)	-	1	-
3. <b>Information</b> - reliability and integrity of financial and operational information	-	-	-
4. <b>Security</b> - safeguarding of assets	-	-	-
5. <b>Value</b> - effectiveness and efficiency of operations and programmes (see section 5.3)	-	1	-
<b>Total Number of Recommendations</b>	2	2	-

4.3. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.3.1. *High priority issues:*

- There are no arrangements in place to provide senior management with assurance over the Constabulary's use of stingers.
- Internal procedures, roles and responsibilities in relation to Stingers have not been formally defined or assigned within the Constabulary.

4.3.2. *Medium priority issues:*

- The arrangements for ensuring that the driver training system alerts are actioned and the necessary refresher training is delivered on a timely basis have not been formally defined.
- There is no mechanism in place to review pursuit information involving stingers to identify opportunities for improvement.

4.3.3 *Advisory issues:*

- None

**Comment from the Assistant Chief Constable**

I have reviewed the Audit report and that it provides partial reassurance. In terms of the two High priority recommendations(1 and 2), a policy document will be prepared, approved and implemented by August 2017(to be led by Supt(OS)), together with an operational framework these will be brought to Ops Board in terms of governance. Recommendation 3 – I note the update and the longer term aspiration to utilising the Chronicle system, this will be implemented by August 2017, this is achievable. In terms of recommendation 4 this will be implemented through Driver Training, to include specific expectations around debriefs, again I believe this is a pragmatic solution and can be delivered by August 2017, with progress update being provided to Ops Board in July 2017. Overall I welcome the Audit report and findings.

T/ACC S Robinson

## 5. Matters Arising / Agreed Action Plan

5.1. **Management** - achievement of the organisation's strategic objectives.

● **High priority**

Audit finding	Management response
<p><b>(a) Management assurance on the use of stingers</b></p> <p>We are informed that Approved Professional Practice (APP) guidance has been adopted for police pursuits; this includes the use of tactical options such as stingers.</p> <p>There are no arrangements in place to review or check compliance with APP stinger guidance, including the decisions taken to deploy a stinger, ensuring risk assessments have been carried out, information is being accurately recorded and refresher training frequency is on track. As a result, management cannot be assured over the use of stingers.</p>	<p><b>Agreed management action:</b></p> <p>A policy document will be prepared to be agreed at Executive level. The document will incorporate the areas identified as part of the audit.</p> <p>We will implement systems to ensure compliance with the policy document and national guidance.</p>
<p><b>Recommendation 1:</b></p> <p>A mechanism should be developed to give management assurance that stingers are being deployed in accordance with national guidance.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Non-Compliance with Approved Professional Practice</li> <li>• Reputational damage arising from unsafe or ineffective use of stingers</li> </ul>	<p><b>Responsible manager for implementing:</b>  <b>Superintendent Operations</b></p> <p><b>Date to be implemented:</b>  <b>08/2017</b></p>

● High priority

Audit finding	Management response
<p><b>(b) Roles, responsibilities and internal procedures</b></p> <p>APP guidance sets out the roles and responsibilities for pursuit driving and associated tactics. However, the guidance does not cover wider arrangements around stinger usage.</p> <p>Internal procedures, including roles and responsibilities have not been formally defined or assigned within the Constabulary. For example:</p> <ul style="list-style-type: none"> <li>responsibility for accounting for all stingers and associated equipment,</li> <li>responsibility for maintaining stingers and recording this,</li> <li>responsibility for ensuring all vehicles that should be equipped with stingers are,</li> <li>the review of and reporting on the records maintained of stinger usage and decisions taken,</li> <li>the arrangements for debriefing following stinger use,</li> <li>keeping the driver training unit informed of stinger activity.</li> </ul> <p>Clear, comprehensive and up to date procedures would provide clarity on roles and responsibilities and management's expectations in respect of wider arrangements for stingers.</p>	<p>Agreed management action:</p> <p>An operational framework for stingers will include named roles and responsibilities and will be communicated to officers.</p>
<p><b>Recommendation 2:</b></p> <p>The wider arrangements around stinger usage should be clearly defined and communicated to those involved and give greater clarity around procedures, roles and responsibilities.</p>	
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>Risk of injury to officers or the public because vehicles are not adequately prepared for stinger deployment.</li> </ul>	<p>Responsible manager for implementing: <b>Superintendent Operations</b></p> <p>Date to be implemented: <b>08/2017</b></p>



## 5.2. Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p><b>(a) Driver Training</b></p> <p>APP police driver training guidance states that “<i>where enhanced skills are required as part of daily or periodic use those skills require regular assessment and / or refresher training</i>”. APP Police Driving Training Governance recommends that regular assessment or refresher training is undertaken every 2 – 5 years depending on the role of the Officer.</p> <p>There is a mechanism in place to flag, to individual officers and the training department, when pursuit training is due to expire. However, there are no defined responsibilities or procedures in place to ensure that this information is acted upon and drivers receive the appropriate training at the required time, ensuring that there is no skills gap.</p>	<p><b>Agreed management action:</b></p> <p>We will rationalise the procedures in place within our operating framework for current systems with a view to implementing the Chronicle system over a longer period.</p>
<p><b>Recommendation 3:</b></p> <p>The arrangements for ensuring that the driver training system alerts are actioned and the necessary refresher training is delivered on a timely basis should be clearly defined and communicated.</p>	<p><b>Responsible manager for implementing:</b>  <b>Superintendent Operations</b></p> <p><b>Date to be implemented:</b>  <b>08/2017</b></p>
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Reputational damage resulting from non-compliance with national guidance</li> <li>• Failure to protect the public due to a skills gap because suitably trained pursuit drivers are not on duty as required</li> </ul>	

### 5.3. Value - effectiveness and efficiency of operations and programmes.

● **Medium priority**

Audit finding	Management response
<p><b>(a) Improvement activity</b></p> <p>Pursuit decisions and tactics deployed are recorded in STORM on the incident logs together with recordings of communications. More recently a national tool; NPCC pursuit recording has been adopted which records further information on pursuits for national submission. This information held is not reviewed or reported on internally for the purpose of confirming compliance with national requirements, capturing lessons learnt and identify training needs.</p> <p>APP guidance states that forces must establish briefing and debriefing protocols for pursuits and appoint an individual responsible for their recording and analysis. We are informed that there is not a formal debrief in place following each pursuit.</p> <p>15 week officer reviews are in place that provide an opportunity to discuss recent performance or issues. However, the pursuit logs are not currently reviewed and reported on to inform these discussions.</p> <p>Without arrangements in place to review pursuit information involving stingers management cannot be assured of compliance with national requirements, data quality, that training needs are identified and lessons are learnt.</p>	<p><b>Agreed management action:</b></p> <p>The extent and frequency of debriefs will be outlined and delivered as part of driver training. Specific expectations on when debriefs will take place and in what format will be documented.</p>
<p><b>Recommendation 4:</b></p> <p>There should be mechanisms in place to review pursuit information involving stingers so that management can be assured that improvement opportunities are maximised.</p>	<p><b>Responsible manager for implementing:</b>  <b>Superintendent Operations</b></p> <p><b>Date to be implemented:</b>  <b>08/2017</b></p>
<p><b>Risk exposure if not addressed:</b></p> <ul style="list-style-type: none"> <li>• Reputational damage for non-compliance with national guidance</li> <li>• Missed opportunities for improvement due to a failure to review pursuit data involving the use of stingers.</li> </ul>	

## Audit Assurance Opinions

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

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

## Grading of Audit Recommendations

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

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

### Recommendation Follow Up Arrangements:

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

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<b>JOINT POLICE &amp; CRIME COMMISSIONER AND CUMBRIA CONSTABULARY AUDIT AND STANDARDS COMMITTEE</b>	<b>Paper No. 14</b>
<b>Meeting date: 24 May 2017</b>	
<b>From: Audit Manager (Cumbria Shared Internal Audit Service)</b>	

## **INTERNAL AUDIT: ANNUAL REPORT 2016/17**

### **1. EXECUTIVE SUMMARY**

- 1.1. *This report provides a summary of the outcomes of the work of internal audit for 2016/17 and includes the Head of Internal Audit's opinion on the effectiveness of the Police and Crime Commissioner and Chief Constable's arrangements for risk management, governance and internal control in accordance with the requirements of the Public Sector Internal Audit Standards.*
- 1.2. *Key points from internal audit's annual report are:*
- *The annual opinion of the Head of Internal Audit: based on work undertaken by Internal Audit during the year, the Audit Manager is able to provide Reasonable assurance over the effectiveness of the Police and Crime Commissioner and Chief Constable's arrangements for governance, risk management and internal control.*
  - *A total of 20 audit reviews have been finalised. This represents 91% of the planned audit work for the year.*
  - *Work is continuing on two audits from the 2016/17 internal audit plan. This does not impact on our ability to provide an annual opinion. The outcome of these audits will be reported to the Joint Audit and Standards Committee and will feed into our opinion for 2017/18.*
- 1.3. *Overall, 70% of finalised audit reviews resulted in Reasonable assurance.*

- 1.4. ***All audits have received a positive response from management with agreed action plans in place to address all recommendations.***
- 1.5. ***Follow ups have resulted in assurances being revised from partial / limited to reasonable assurance demonstrating the organisations' commitment to ensuring strong governance, risk management and internal control arrangements.***
- 1.6. ***Summaries of the outcomes of all completed audits during the year are included at Appendix 1. The text shaded in grey has been reported to Joint Audit and Standards Committee through regular progress reports during the year.***

## **2. POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS**

- 2.1. ***Internal Audit's assessment of internal control forms part of the annual assessment of the system of governance, risk management and internal control, which is now a mandatory requirement.***
- 2.2. ***The Audit Plan aims to match internal audit coverage with the PCC and Chief Constable's corporate risk assessment.***
- 2.3. ***Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit and Standards Committee enables emerging issues to be identified during the year.***

## **3. RECOMMENDATION**

- 3.1. ***Members are asked to note:***
  - ***The progress in delivering the 2016/17 audit plan.***
  - ***The Head of Internal Audit's opinion and assurance statement on the PCC and Chief Constable's overall systems of governance, risk management and internal control for the year ended 31<sup>st</sup> March 2017.***
  - ***The Head of Internal Audit's declaration of conformance with the mandatory Public Sector Internal Audit Standards.***
  - ***The results of the Quality Assurance and Improvement programme***

- ***The Head of Internal Audit's declaration of Internal Audit independence as required by the PSIAS.***

## **4. BACKGROUND**

- 4.1. The PCC and Chief Constable must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 4.2. Internal audit is responsible for providing independent assurance to the PCC and Chief Constable and to the Joint Audit and Standards Committee on the systems of governance, risk management and internal control.
- 4.3. It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.

### **Internal Audit Opinion**

- 4.4. The purpose of this report is to give my opinion as the Head of Internal Audit for the PCC and Chief Constable on the adequacy and effectiveness of both organisations' systems of risk management, governance and internal control from the work undertaken by internal audit for the year ended 31<sup>st</sup> March 2017. The annual opinion from the designated head of the internal audit function is a requirement of the Public Sector Internal Audit Standards.
- 4.5. This report is a key contributor to the PCC and Chief Constable's Annual Governance Statement.
- 4.6. In giving this opinion, it should be noted that assurance can never be absolute and it is not possible to give complete assurance that there are no major control weaknesses. My opinion is based on the work undertaken by internal audit during the year, including the outcomes of follow up work.
- 4.7. I am satisfied that sufficient internal audit work has been undertaken to allow me to give a conclusion on the adequacy and effectiveness of risk management, governance and internal control. I can also report that there



has been no threat to the independence of internal audit that would impact on the provision of my annual opinion statement.

- 4.8. In my opinion, the PCC and Chief Constable's frameworks of governance, risk management and internal control are reasonable and audit testing has confirmed that controls are generally working effectively in practice. Where internal audit work has identified scope for improvements, the management response has been positive with agreed action plans in place to address all recommendations.
- 4.9. The Shared Service Group Audit Manager has undertaken review of all internal audit work contributing to the annual opinion statement and is able to confirm that all work has been undertaken in accordance with the Public Sector Internal Audit Standards and with the Quality Assurance and Improvement Programme. All audit work has been reviewed at key stages by the Audit Manager or nominated deputy and is supported by appropriate evidence.
- 4.10. The Group Audit Manager supports the assurance opinion provided in this report.

#### **Internal audit performance**

- 4.11. A suite of performance measures was used to monitor Internal Audit's performance during 2016/17. The results are shown at Appendix 3.

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

- 4.12. 18 reviews contributing to the assurance rating have been finalised. All audits relating to the OPCC have received an assurance level of reasonable or above.
- 4.13. Seven Constabulary reviews were assessed as providing reasonable or substantial assurance with all reviews of financial systems, covering both organisations and operated by the Constabulary, receiving reasonable assurance or higher. Five Constabulary audits have received partial assurance levels.
- 4.14. Management responses to Internal Audit reports and recommendations have been positive and follow ups undertaken during the year show a consistent picture of improvement. Progress in implementing Internal Audit recommendations are monitored by the Joint Audit and Standards Committee at each meeting.

- 4.15. The following table summarises the total number of audit evaluations made during 2016/17 for the Constabulary, OPCC and systems operated jointly for both organisations.

<b>Assurance level</b>	<b>Constabulary</b>	<b>OPCC</b>	<b>Joint</b>
Substantial	1	1	1
Reasonable	6	2	2
Partial	5	0	0
No / limited	0	0	0
<b>Total (with assurance)</b>	<b>12</b>	<b>3</b>	<b>3</b>
N/A	1	1	0
Grand total	13	4	3

- 4.16. Appendix 1 provides the detail of audit work undertaken from the 2016/17 internal audit plan. Text that is shaded in grey was reported to Joint Audit & Standards Committee at its meeting on 15<sup>th</sup> March and is included here for completeness.

### **Results of the Quality Assurance and Improvement Programme**

- 4.17. The QAIP was presented to the March 2017 JASC. We can confirm that the QAIP was followed in 2016/17.

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

- 4.18. We have reviewed our conformance with the Public Sector Internal Audit Standards. The review took the format of a self-assessment against the checklist contained within the Local Government Application Note which accompanies the Public Sector Internal Audit Standards.
- 4.19. The outcomes of the review confirm that internal audit work has been undertaken in accordance with the Public Sector Internal Audit Standards.

**Emma Toyne**  
**Audit Manager**  
 9th May 2017

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### **APPENDICES**

***Appendix 1: Audits completed from the 2016/17 internal audit plan***

***Appendix 2: Progress of 2016/17 audit plan***

***Appendix 3: Internal Audit performance measures***

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

## Appendix 1 – Final reports issued to 9 May 2017

Assignments	Status	Assessment
Annual report 15/16	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Annual Governance Statement 15/16 OPCC	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Annual Governance Statement 15/16 Constabulary	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Procurement – OPCC	Report presented to Joint Audit and Standards Committee at the 7th September 2016 meeting. Report included in Committee papers and available on the Commissioner’s website.	Substantial
Procurement – Constabulary	Report presented to Joint Audit and Standards Committee at the 7th September 2016 meeting. Report included in Committee papers and available on the Commissioner’s website.	Partial
Business Continuity Planning - follow up (OPCC)	Report circulated to Joint Audit and Standards Committee. Report available on the Commissioner’s website.	Reasonable
Cumbria Multi-Agency Safeguarding Hub (2015/16 plan)	Report presented to Joint Audit and Standards Committee 24 November 2016. Report included in Committee papers and available on the Commissioner’s website.	Partial
Mobile and Digital	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Substantial
Stop and Search	Report presented to Joint Audit and Standards Committee 15 February 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Reasonable
Self Service – travel expenses and overtime	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Reasonable

## Appendix 1 – Final reports issued to 9 May 2017

Code of Corporate Governance – OPCC	Report presented to Joint Audit and Standards Committee 15 February 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Reasonable
Code of Corporate Governance - Constabulary	Report presented to Joint Audit and Standards Committee 15 February 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Reasonable
Follow up – Duty Management System	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Reasonable
Information Security	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Reasonable
Criminal Justice Unit - Digital Case Files	Report presented to Joint Audit and Standards Committee 24 May 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Partial
Use of Stingers	Report presented to Joint Audit and Standards Committee 24 May 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Partial
Receipt, handling & disposal of drugs	Report presented to Joint Audit and Standards Committee 24 May 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Partial
Pensions	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Reasonable
Payroll	Report circulated to Joint Audit and Standards Committee. Report will be available on the Commissioner’s website.	Substantial
Main Accounting System	Report presented to Joint Audit and Standards Committee 24 May 2017. Report included in Committee papers and will be available on the Commissioner’s website.	Reasonable
<p>In addition to the above a member of the Internal Audit team attended the Police Audit Group Conference in July 2016. The event was a useful networking opportunity and provided an overview on a number of areas including:</p> <ul style="list-style-type: none"> <li>• The changing policing landscape</li> <li>• Developments in Internal Audit and governance – CIPFA overview</li> <li>• Promoting Internal Audit and raising standards – Chartered Institute of Internal Auditors</li> <li>• How contracts really work – risk transfer in commercial relationships</li> </ul>		

## Appendix 1 – Final reports issued to 9 May 2017

- Integrated services
- Police effectiveness and accountability – HMIC
- Leadership, ethics and standards in policing
- Police accountability, collaboration and devolution

We will take these areas into account when preparing the 2017/18 Internal Audit plan.

The Group Audit Manager and Audit Manager attended the October 2016 extended Chief Officers' Group (COG) to present key points arising from national governance reports. This was well received and will lead in to 2017/18 Internal Audit planning.

Planning meetings for the 2017/18 Internal Audit plan have been scheduled. Our meetings with Senior Managers at the OPCC and Constabulary will inform the audit universe for both organisations. We will consult with the OPCC and Constabulary in January 2017 to consider the areas to be included in the plan which will be approved by Management. The plan will be presented to Joint Audit and Standards Committee in March 2017.

We have prepared and consulted on the 2017/18 draft Internal Audit plan with the Constabulary and OPCC. The draft plan is presented to the Committee for information as a separate agenda item.

## Appendix 2 – Progress on 2016/17 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Safeguarding Hub (work in progress from 2015/16 Internal Audit plan)	Complete	Yes
OPCC	Procurement	Complete	Yes
Constabulary	Procurement	Complete	Yes
Constabulary	Information Security	Complete	Yes
Constabulary	Mobile and Digital	Complete	Yes
Constabulary	Command and Control	Awaiting information from the Constabulary to complete fieldwork	n/a
Constabulary	Criminal Justice Unit – Digital case file preparation	Complete	Yes
Constabulary	Use of Stop Sticks (stingers)	Complete	n/a – form issued 08/05/17
Constabulary	Stop and Search	Complete	Yes
Constabulary	Offender Management	Initial findings meeting held with a further meeting organised prior to report being drafted	n/a
Constabulary	Receipt, handing and disposal of drugs	Complete	n/a – form issued 08/05/17
Constabulary	Self-service – travel expenses / overtime	Complete	Yes

## Appendix 2 – Progress on 2016/17 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Governance – Code of Corporate Governance	Complete	Yes
OPCC	Governance – Code of Corporate Governance	Complete	Yes
OPCC and Constabulary	Pensions	Complete	n/a - form issued 09/05/17
OPCC and Constabulary	Payroll	Complete	Yes
OPCC and Constabulary	Main accounting	Complete	Yes
OPCC	Follow up – Business Continuity Planning	Complete	Yes
Constabulary	Follow up – Business Continuity Planning	Complete	n/a – form issued 08/05/17
Constabulary	Follow up - Duty Management System	Complete	Yes
Constabulary	Annual Governance Statement 2015/16	Complete	n/a
OPCC	Annual Governance Statement 2015/16	Complete	n/a

### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	91%	All audit work has been delivered with the exception of offender management and command & control. A findings meeting has been held for offender management and a further meeting is required before we issue the draft report. There have been delays in receiving some information required to complete the review of command and control due to Constabulary staff absences. This has been raised with management who are working with us to bring this audit to its conclusion.
	Number of planned days delivered	274 (annual target)	268	Six planned days remaining will be delivered to bring the audits of offender management and command & control and command & control to their conclusion.
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	



### Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Timeliness of final reports	% of final reports issued for corporate director comments within five working days of management response or closeout meeting.	90%	100%	
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer feedback forms returned.	100%	100%	All feedback forms have been returned with the exception of those issued during May 2017. We would not expect to have received these forms at the time of writing our annual report.
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	Figure is based on fifteen returned client feedback forms as detailed in Appendix 2.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	80%	



## Cumbria Office of the Police and Crime Commissioner

Joint Audit & Standards Committee 24 May 2017: agenda Item 15  
Office of the Police and Crime Commissioner/Chief Constable Decision Meeting 10 May 2017 agenda  
item 6a

### Review of effectiveness of the arrangements for Audit 2016/17

A Joint Report by the Chief Executive and Joint Chief Finance Officer of the Police and Crime Commissioner and Chief Constable

#### 1. Introduction and Background

- 1.1. The Accounts and Audit Regulations 2015 removed the requirement within the 2011 Regulations to conduct an annual review of the effectiveness of the arrangements for audit. Assurances in respect of the arrangements for audit are however part of a robust governance framework. They support the Commissioner in placing reliance on the opinion of the Group Audit Manager (Head of Internal Audit) and support the Joint Audit and Standards Committee in placing reliance on the work and reports of the internal auditors. An effective internal audit service is also a characteristic with the seven principles of the CIPFA 2016 Good Governance Framework.
- 1.2. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines the system of Internal Audit as the entirety of the arrangements for audit put in place by the entity, including the activities of any oversight committee. This report sets out an overall judgment, based on that review. The review comprises the arrangements for internal audit, detailed within this report and the arrangements for the Joint Audit and Standards Committee, detailed in the Committee's Review of Effectiveness accompanying this item on the agenda.

1.3. The review process seeks to provide assurance that the arrangements are adequate and effective. This is based on a judgment made following an assessment of compliance with relevant codes and standards. For internal audit the review is undertaken against the Public Sector Internal Audit Standard (PSIAS). The review, in assessing the adequacy and effectiveness of the internal audit function, provides further assurance in respect of the reliance that can be placed on the opinion given by the Group Audit Manager (Head of Internal Audit) in her annual report for the Annual Governance Statement. The review of the effectiveness of the arrangements for the Joint Audit and Standards Committee is undertaken in line with the CIPFA 2013 guidance<sup>1</sup> that provides an evaluation self-assessment framework and a checklist of good practice.

## 2. Effectiveness of the Internal Audit Function

2.1. The effectiveness of the internal audit function is reviewed on the basis of compliance by the Internal Audit shared service provider with the PSIAS. The Group Audit Manager is required under the PSIAS to include within her annual report, a statement of conformance with the Standards. Any instances of non-conformance must be reported to the Joint Audit and Standards Committee. Furthermore, any significant non-conformance should be considered for inclusion within the Commissioner and Chief Constable's respective Annual Governance Statements.

2.2. The Public Sector Audit Standards support audit effectiveness by setting out a set of requirements for the governance, management and delivery of internal audit. This includes a requirement to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of internal audit activity. Key elements of the QAIP include on-going monitoring of the performance of the internal audit activity, periodic assessment or self-assessment and external assessment. The QAIP also ensures that reasonable assurance is provided that Internal Audit is performing its work in accordance with its Internal Audit Charter, which is consistent with the PSIAS and that it operates in an effective and efficient manner.

2.3. The QAIP was presented to members of the Joint Audit and Standards Committee at their meeting 15 March 2017 for review. The QAIP report set out what was in place during 2016/17 and what is envisaged to be in place during 2017/18. The QAIP set out for members how audit

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

engagements are supervised, how work including final reports are reviewed, arrangements for the audit manual and performance measures. The QAIP also includes the annual assessment of Internal Audit's conformance with its Charter and annual completion of the CIPFA checklist for assessing conformance with the PSIAS. At the same meeting members received the Internal Audit Charter. The Internal Audit Charter sets out the purpose, authority, responsibility and objectives of Internal Audit, providing clarity on how Audit works, its scope, lines of reporting and requirements in respect of objectivity and independence. The Charter, alongside the QAIP, supports the organisation and its auditors in ensuring the delivery of arrangements for Internal Audit that are effective. During the year members of the Joint Audit and Standards Committee has also received monitoring reports on actual performance against Internal Audit's performance framework at their quarterly meetings.

- 2.4. The summary of the outcomes of the completed self-assessment is attached to this report at Appendix A and is further supported by an evaluation of the role of the Group Audit Manager (Head of Internal Audit) against the CIPFA standard at Appendix B. The full 50 page checklist is retained on file for review by the External Auditors. The Annual Report of the Group Audit Manager (Head of Internal Audit), provided within this agenda, confirms that the Standards within the PSIAS have been complied with.
- 2.5. Whilst the review of internal audit against the PSIAS provides the primary source of assurance, further assurance of the effectiveness of internal audit is taken from the opinion provided by the external auditors. This is included within Grant Thornton's Progress Update Report for the 2016/17 audit. The report sets out that the external auditors have completed a high level review of internal audit's overall arrangements. Their work has not identified any issues that they wish to bring the Commissioner or Chief Constable's attention. Overall, they conclude that the internal audit service continues to provide an independent and satisfactory service to the PCC and the Chief Constable and that internal audit work contributes to an effective internal control environment at both entities.

### 3. Effectiveness of arrangements for an Audit Committee

- 3.1. The effectiveness of the arrangements for an audit committee have been assessed by reviewing the arrangements for the Joint Audit and Standards Committee against the assessment criteria and checklist provided by CIPFA in its 2013 publication, audit committees\Practical Guidance for Local Authorities and Police. The guidance document provides a detailed regulatory

framework against which the work and activity of the committee, in addition to the overall arrangements, can be assessed and consideration given to areas for improvement and development. The key messages arising from the review are that:

- ◆ The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- ◆ Members are recruited appropriately and the range of skills has been strengthened through new appointments.
- ◆ The Committee's remit complies with best practice.
- ◆ The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- ◆ Audit and Standards Committee members have carried out their duties diligently, achieving 95% attendance, have made a valued contribution to governance arrangements and have taken action on specific issues.
- ◆ Members have substantially increased their formal and informal training and development activities.

3.2. The overall conclusion and assessment from the review is that the Joint Audit and Standards Committee is effective in its operation. The review has demonstrated that within the areas of the self-assessment the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 across all areas. The full report of the review of effectiveness is included on the agenda to this meeting.

## 4. Conclusions

4.1. From the reviews described above, it is concluded that:

- i. The review of the internal audit shared service against the PSIAS, and supported by the review of the role of the Head of Internal Audit, demonstrates that the service is effective.

- ii. The annual review of the arrangements for an audit committee in accordance with the guidance, assessment criteria and checklists defined by CIPFA, demonstrates that the Joint Audit and Standards Committee is effective in its operation
- 4.2. When taken together, there are no material shortcomings in the effectiveness of the entirety of the Internal Audit arrangements for the year to 31 March 2017, or to the date of this meeting.

## 5. Recommendations

- 5.1. Members of the Joint Audit and Standards Committee are asked to consider this report and:
- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2017 and to the date of this meeting, and
  - ii. Consider any areas where they might wish to make recommendations to the Commissioner and Chief Constable for improvements in 2017/18.
- 5.2. The Commissioner and Chief Constable are asked to consider this report and:
- i. Determine whether they are satisfied with the effectiveness of Internal Audit for the year to 31 March 2017 and to the date of this meeting, taking into account the views of the Joint Audit and Standards Committee, and
  - ii. Consider any areas where they might wish to see improvements or changes in 2017/18.

Stuart Edwards  
Commissioner's Chief Executive

Ruth Hunter  
PCC Chief Finance Officer  
5 May 2017

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified

**Financial Implications:** None Identified

**Risk Management Implications:**

The Annual Governance Statement and the underpinning reviews, including the effectiveness of arrangements for audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner and Chief Constable discharge their respective responsibilities.

**Contact points for additional information**

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## Review of Internal Audit Effectiveness

### 1. Definition of Internal Auditing

- 1.1. Internal audit work is carried out in line with the definition of internal auditing so as to provide independent assurance on the Commissioner's and Chief Constable's systems of risk management, governance and internal control.
- 1.2. All internal audit reviews result in an audit report detailing the level of assurance that can be given. Standard definitions are in place to ensure consistency in the assurance levels across the service.
- 1.3. Internal audit does not have any operational responsibilities, thereby ensuring its ability to independently review all of the Commissioner and Chief Constable's systems, processes and operations

### 2. Code of Ethics

- 2.1. The internal audit team have been made aware of the mandatory code of ethics within the PSIAS and have the opportunity to discuss this at team meetings.
- 2.2. All internal audit work is performed with independence and objectivity and all staff are aware of the need for them to declare any relevant business interests in order that any potential conflict of interest or compromise to audit objectivity is effectively managed.
- 2.3. Staff are aware of their responsibilities in relation to confidentiality and information governance.
- 2.4. Arrangements are in place to ensure that work is performed by staff with the appropriate skills, knowledge and experience and that training and development needs are identified through annual appraisals and six month reviews.



### 3. Purpose, Authority and Responsibility

- 3.1. An internal audit charter is in place which defines the purpose, authority and responsibility of internal audit as well as its rights of access to all information, premises and personnel for the purpose of completing internal audit reviews.
- 3.2. The charter sets out the functional reporting line of the Group Audit Manager / Audit Manager to the Joint Audit and Standards Committee to ensure internal audit independence.
- 3.3. The Audit Manager attends all meetings of the Joint Audit and Standards Committee.
- 3.4. The Audit Manager has direct access to the Chief Officer Group, the Chief Executive, the Commissioner and the Joint Audit and Standards Committee Chair.
- 3.5. The reporting lines for the Audit Manager ensure that internal audit independence is maintained and in line with the Standards, the Audit Manager reports directly to the Chief Finance Officer (S151 Officer) who is a member of the Public Accountability Conference.
- 3.6. There have been no identified threats to internal audit independence or objectivity during the year.
- 3.7. The Standards refer to the arrangements for the Audit Manager's appraisal. Input and feedback should be obtained from the Chief Executive or equivalent and Chair of the Audit Committee. This is a requirement of the employing organisation designed to protect the independence of the Audit Manager in relation to those audits that may be subject to undue influence, being within the area of the appraiser's responsibility. Whilst this is not a requirement for either the Commissioner or the Chief Constable, the Joint Chief Finance Officer, on behalf of both entities, will provide feedback on the performance of the Audit Manager as part of the arrangements for management of the shared audit service.

### 4. Proficiency and Due Professional Care

- 4.1. The Audit Manager is professionally qualified and experienced to deliver an effective internal audit service.
- 4.2. Job descriptions and person specifications reflect the duties required to deliver the risk-based approach to internal auditing and the skills needed to undertake the roles.

- 4.3. The team has a wide range of skills and experience brought about in part by the creation of the Shared Internal Audit Service which brought together a number of existing internal audit teams into a single service.
- 4.4. All audit work is undertaken with due professional care and reviewed by an Audit Manager to ensure that the work undertaken supports conclusions reached.
- 4.5. A Quality Assurance and Improvement Programme (QAIP) has been in place during 2016/17. The programme has been formally documented and was reported to the Joint Audit and Standards Committee on 15 March 2017. This includes the adoption of a comprehensive performance framework that is incorporated within the audit charter. The Joint Audit and Standards Committee have received quarterly reports monitoring actual performance against the framework.

## 5. Performance Standards

- 5.1. Internal audit work is undertaken to support the purpose of internal audit as defined within the audit charter. Management arrangements are in place to ensure that all work is delivered in accordance with the charter and to deliver relevant assurance to management, the Joint Audit and Standards Committee, the Commissioner and Chief Constable.
- 5.2. Risk based audit plans have been developed across the shared internal audit service. The plans have been developed to enable an overall annual opinion to be provided on the arrangements for governance, risk management and internal control.
- 5.3. In developing the plans, account has been taken of the organisation's risk management frameworks, the expectations of senior management and emerging national and local issues.
- 5.4. Audit plans have been developed based on a documented risk assessment. Arrangements are in place to report required amendments to audit plans to the Joint Audit and Standards Committee should this become necessary.
- 5.5. The plans identify the audit resources required to deliver them and arrangements are in place to allocate the workload across the audit team in advance to ensure all plans can be delivered.
- 5.6. Arrangements are in place to ensure the audit manual is continually updated as working practices continue to be reviewed.

5.7. Internal audit contributes to improve the Commissioner and Chief Constable's operations through delivery of approved audit plans. Internal audit recommendations are aimed at strengthening performance and risk management, governance and ethical policies and values and internal controls.

## 6. Engagement Planning

6.1. All internal audit reviews are scoped and a brief prepared setting out the scope and objectives of the audit work together. This process ensures that management input to the scope of each audit. A standard client notification document has been designed and has been used for all audit reviews. Audit scopes include consideration of systems, records, personnel and premises.

6.2. The audit planning process includes a preliminary assessment of risk for each audit included in the plan. Auditors then undertake research as part of planning individual audit reviews to identify specific risks within the area under review. Within the risk based approach, once the scope of an audit is agreed, a full risk identification exercise is undertaken as part of the audit fieldwork. This ensures that risk is considered throughout the audit process.

6.3. The Internal Audit management review process ensures that work plans are prepared for each audit that document how the audit objectives will be met and that sufficient audit work is undertaken to support conclusions reached.

6.4. There is a document retention policy in place to manage audit records.

6.5. All internal audit work is subject to management review, and there is a consistent approach in place to documenting and retaining evidence of this review.

6.6. All internal audit reports are issued in draft for management comments and agreement of the factual accuracy and completion of the action plan. Clients have the opportunity to discuss the draft reports with the auditor.

6.7. Audit final reports issued in relation to 2016/17 audit plans were accurate, comprehensive and complete. All contained an assurance statement and agreed action plan.

6.8. The Audit Manager produces an annual report to the Joint Audit and Standards Committee and the Public Accountability Conference, which includes the overall opinion on the arrangements

for governance, risk management and internal control. The report includes a summary of the work undertaken in support of the opinion.

## 7. Monitoring Progress

- 7.1. Arrangements are in place for follow up of agreed actions arising from internal audit reports and the outcome of these is reported to the Joint Audit and Standards Committee within the quarterly progress reports.

## 8. Communication of the Acceptance of Risks

- 8.1. Arrangements are in place to ensure that where key risks are accepted by management, this is discussed with senior management. Should the Audit Manager consider that the organisation is accepting a level of risk that may be unacceptable, this would be reported to the Joint Audit and Standards Committee and the Public Accountability Conference.

## CIPFA Statement on the Role of the Head of Internal Audit 2010

### 1. Introduction

- 1.1. In 2010, CIPFA published a Statement on the Role of the Head of Internal Audit (HIA) in Public Sector Organisations in recognition of the critical position occupied by the HIA within any organisation in helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. CIPFA introduced a 'comply or explain' requirement which has been formally set out within the CIPFA / SOLACE publication 'Delivering Good Governance in Local Government: 2016'.
- 1.2. The Addendum sets out 20 key elements of the typical systems and processes that comprise governance arrangements and requires that the annual review of the effectiveness of governance arrangements makes reference to each of these key elements.
- 1.3. In relation to the role of the Head of Internal Audit, the Addendum states that a key element of governance includes the arrangements for:
  - ◆ "Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and where they do not, explain why and how they deliver the same impact."
- 1.4. In order to make a public declaration of conformance with the Statement, it is recommended that a self-assessment is undertaken against the detailed requirements set out within the publication and signed off by the Chief Financial Officer / Corporate Management Team.

### 2. The Five Principles

- 2.1. The Statement sets out how the requirements of legislation and professional standards should be fulfilled by HIA's in carrying out their role and is structured under five core principles:
- 2.2. The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:
  - ◆ championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and

- ◆ giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

2.3. To perform this role, the Head of Audit:

- ◆ must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
- ◆ must lead and direct an internal audit service that is resourced to be fit for purpose; and
- ◆ must be professionally qualified and suitably experienced.

2.4. The table below sets out the completed self-assessment for the HIA operating the shared internal audit service on behalf of the Commissioner and Chief Constable.

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
<b>Principle 1: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments</b>					
1.1	Set out the HIA's role in good governance and how this fits with the role of others.	HIA Role Profile sets out the contribution of the annual report of the HIA to the Annual Governance Statement. The PCC CFO acted as a panel member for recruitment to the HIA post.	✓		
1.2	Ensure that the importance of good governance is stressed to all in the organisation, through policies, procedures and training	Code of Corporate Governance sets out the frameworks that are in place to support the overall arrangements. There are individual codes for the COPCC and Constabulary that are subject to audit	✓		
1.3	Ensure that the HIA is consulted on all proposed major projects, programmes and policy initiatives.	Major projects, programmes and policy initiatives were considered during the planning stage and incorporated into the plan as appropriate. The process for development of the audit plan ensures engagement with the business to identify risks and developments for inclusion within the audit programme.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
<b>Principle 2: The HIA in a public service organisation plays a critical role in delivering the organisation's strategic objectives by giving an objective and evidence based opinion on all aspects of governance, risk management and internal control</b>					
2.1	Set out the responsibilities of the HIA, which should not include the management of operational areas.	Responsibilities of the HIA are set out in the Role Profile and do not include any operational responsibilities. This is further supported by the shared service nature of the function with the County Council as provider	✓		
2.2	Ensure that internal audit is independent of external audit.	Internal audit is independent of external audit. IA plans will be shared with external audit, but will not be in any way directed by external audit.	✓		
2.3	Where the HIA does have operational responsibilities the HIA's line manager and the Audit Committee should specifically approve the IA strategy for these and associated plans and reports and ensure the work is independently managed.	n/a			
2.4	Establish clear lines of responsibility for those with an interest in governance (e.g. Chief Executive, Chief Legal Officer, Chief Financial Officer, and Audit Committee, non-executive directors /elected representatives). This	Clear lines of responsibility are set out in job roles, the scheme of delegation and key supporting governance documents e.g. financial regulations, procurement regulations, grant regulations. The Joint Audit and	✓		



Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	covers responsibilities for drawing up and reviewing key corporate strategies, statements and policies	Standards Committee has a clear terms of reference consistent with the CIPFA guidance.			
2.5	Establish clear lines of reporting to the Leadership Team and to the Audit Committee where the HIA has significant concerns	Reporting lines are defined within the Internal Audit Charter which has been reviewed by the Joint Audit and Standards Committee and agreed by the Public Accountability Conference.	✓		
2.6	Agree the terms of reference for internal audit with the HIA and the Audit Committee as well as with the Leadership Team	The Internal audit charter sets out internal audit's terms of reference. The charter has been approved by the Public Accountability Conference following review by the Joint Audit and Standards Committee.	✓		
2.7	Set out the basis on which the HIA can give assurances to other organisations and the basis on which the HIA can place reliance on assurances from others.	The basis of assurances provided to other organisations is set out within the Shared Services agreement. Various sources of assurance have been taken into consideration in preparing audit plans to ensure optimum audit coverage.	✓		
2.8	Ensure that comprehensive governance arrangements are in place, with supporting documents covering e.g.	Key governance documents include the Code of Corporate Governance, scheme of delegation, arrangements for anti-fraud and corruption, financial regulations and procurement	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	risk management, corporate planning, anti-fraud and corruption and whistleblowing.	regulations. Risk management arrangements are in place and the corporate risk register for each organisation is reported to the Joint Audit and Standards Committee and Public Accountability Conference.			
2.9	Ensure that the annual internal audit opinion and report are issued in the name of the HIA.	Annual report of the Head of Internal Audit contains the internal audit opinion. This report is presented to the Joint Audit and Standards Committee by the Head of Internal Audit for review prior to approval by the Public Accountability Conference.	✓		
2.10	Include awareness of governance in the competencies required by members of the Leadership Team.	Role profiles for the Chief Executive, CFO and deputy monitoring officer are based on the relevant professional standards and include governance responsibilities. Constabulary Chief Officers are trained on governance matters as part of their professional qualification.	✓		
2.11	Set out the framework of assurance that supports the annual governance report and identify internal audit's role within it. The HIA should not be responsible for preparing the report	The framework of assurance that supports the annual governance statement is documented within the Statement itself and the accompanying Code of Corporate Governance.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
		Both documents set out the role of audit. The documents are prepared by the Chief Finance Officer of both entities.			
2.12	Ensure that the internal audit strategy is approved by the Audit Committee and endorsed by the Leadership Team.	IA is no longer required to produce a strategy. This was a requirement of the CIPFA Code of Practice for IA (2006) which has been replaced by the Public Sector Internal Audit Standards (PSIAS) which now require the annual internal audit plan to contain a high level statement of how the service is to be delivered. This was included within the Internal Audit annual plan for 2016/17.	✓		
<b>Principle 3: The HIA in a public service organisation must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee.</b>					
3.1	Designate a named individual as HIA in line with the principles in this Statement. The individual could be someone from another organisation where internal audit is contracted out or shared. Where this is the case then the roles of the HIA and the client manager must be clearly set out in the contract or agreement.	The Audit Manager is the designated HIA for the OPCC.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.2	Ensure that where the HIA is an employee that they are sufficiently senior and independent within the organisation's structure to allow them to carry out their role effectively and be able to provide credibly constructive challenge to the Management Team.	N/A			
3.3	Ensure that where the HIA is an employee the HIA is line managed by a member of the Management Team. Where the HIA is not an employee then the reporting line must be clearly set out in the contract or agreement with the internal audit supplier.	The arrangements for management of the shared service are set out within shared service agreement and operate through a shared service board attended by the CFO. The HIA reports into the board.	✓		
3.4	Establish an Audit Committee in line with guidance and good practice.	There is a joint Audit and Standards Committee which is the recommended approach in the Financial Management Code of Practice for the Police Forces of England and Wales. The Committee has undertaken an annual self-assessment against the CIPFA practical guidance checklist and has assessed itself as performing appropriately.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.5	Set out the HIA's relationship with the Audit Committee and its Chair, including the Committee's role (if any) in appointing the HIA.	The relationship is set out in the Internal Audit Charter.	✓		
3.6	Ensure that the organisation's governance arrangements allow the HIA: <ul style="list-style-type: none"> <li>▪ to bring influence to bear on material decisions reflecting governance;</li> <li>▪ direct access to the Chief Executive, other Leadership Team members, the Audit Committee and</li> <li>▪ external audit; and</li> <li>▪ to attend meetings of the Leadership Team and Management Team where the HIA considers this to be appropriate.</li> </ul>	There are appropriate arrangements in place to allow the HIA to perform these functions appropriately and these are set out in the Internal Audit Charter.	✓		
3.7	Set out unfettered rights of access for internal audit to all papers and all people in the organisation, as well as appropriate access in (significant) partner organisations.	This is defined within the Internal Audit Charter	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
3.8	Set out the HIA's responsibilities relating to partners including joint ventures and outsourced and shared services.	The HIA responsibilities are defined within the approved audit charter.	✓		
<b>Principle 4: The HIA in a public service organisation must lead and direct an internal audit service that is resourced to be fit for purpose.</b>					
4.1	Provide the HIA with the resources, expertise and systems necessary to perform their role effectively.	Internal audit is considered to be adequately resourced to deliver the level of service currently required.	✓		
4.2	Ensure that the Audit Committee sets out a performance framework for the HIA and their team and assesses performance and takes action as appropriate.	A range of performance measures have been reported quarterly to The Joint Audit & Standards Committee.	✓		
4.3	Ensure that there is a regular external review of internal audit quality	The PSiAs introduced a requirement for formal external inspection of internal audit. External inspection is due by March 2018 and will be complete within this timescale.	✓		
4.4	Ensure that where the HIA is from another organisation that they do not also provide the external audit service	The Shared Internal Audit Service does not provide the external audit service.	✓		
<b>Principle 5: The HIA in a public service organisation must be professionally qualified and suitably experienced</b>					
5.1	Appoint a professionally qualified HIA whose core responsibilities include those set out under the other	HIA is ACCA qualified. HIA responsibilities are defined within the role profile for the post. The Internal Audit Charter supports the organisational understanding of the HIA role.	✓		

Ref	Governance Requirement	Commissioner/Chief Constable arrangements and any required actions	Assessment of conformance		
			Y	N	P
	principles in this Statement and ensure that these are properly understood throughout the organisation.				
5.2	Ensure that the HIA has the skills, knowledge, experience and resources to perform effectively in his or her role.	HIA has 20 years' internal audit experience within Local Government and undertakes CPD to keep her skills up to date.	✓		



Peter McCall



Joint Audit and Standards Committee  
Review of Effectiveness 2016/17



## Executive Summary

The purpose of an audit committee is to provide those charged with governance<sup>1</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's guidance document, Audit Committee's Practical Guidance for Local Authorities and Police, recommends that audit committees review their effectiveness annually. The Annual Report of the Committee sets out the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

The review covers four areas, Core Committee Functions, Wider Functions, Independence and Accountability and Membership and Effectiveness. For each area under review, the overall conclusions are assessed against an evaluation key with a score of 1-5, with 5 indicating the highest level of effectiveness.

*CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.*

The overall conclusions from the assessment is that the committee is highly effective in its operation. The key messages arising from the review are that:

- The Committee has continued to build on the firm foundations put in place at the inception of the OPCC, expanding and refining its remit in the light of changing circumstances and emerging trends.
- Members recruited appropriately and the range of skills strengthened through new appointments.
- The Committee's remit complies with best practice.
- The Committee is supported by key members of the OPCC and Chief Constable's management teams at all Committee meetings to ensure that members are appropriately informed when considering the issues.
- Audit and Standards Committee members have carried out their duties diligently, achieving 95% attendance at meetings, have made a valued contribution to governance arrangements and have taken action on specific issues.
- Members have substantially increased formal and informal training and development activities and adjusted their remit accordingly.

### Core Functions

Promoting Good Governance (5)  
Supporting Internal Audit and Internal Control (5)  
Supporting Risk Management (5)  
Assurance Frameworks and Planning (5)  
Supporting Value for Money (5)  
Values & Countering Fraud and Corruption (5)  
External Audit and Inspection (5)  
Promoting Reporting and Accountability (4)

The committee achieves a consistent grade of 4 or 5 across all areas of the assessment against the Core Functions and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability and Membership and Effectiveness both score a grade 5, being evidenced as fully compliant with best practice requirements.

<sup>1</sup> The Commissioner and the Chief Constable  
Corporate Support / Financial Services / MB

In the one area where the Committee has not achieved a grade 5 (promoting effective public reporting, partnership governance and accountability), there are plans to improve and develop the arrangements. The Committee's continues to strive for improvements across all areas of its activities and plans for 2017/18 include:

- Helping to improve the outcome focus of the new Police and Crime Plan so that delivery can be measured more effectively.
- Exploring ways to strengthen partnership working with the Police and Crime Panel and the Ethics and Integrity Panel where appropriate.
- Support and monitor the OPCC and Constabulary plans to address the increasingly stringent funding environment.
- Support and challenge any new governance arrangements, for example, from restructuring, greater collaboration with other organisations or joint working on delivery of services.

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

- Improvements in the clarity of analysis and reporting of risk management within the OPCC.
- Taking steps to ensure that the Committee are appropriately briefed on key issues including potential changes to the funding formula and reports on performance issued by HMIC.
- Improvements to the financial regulations both in terms of the overall wording of the document and greater clarity being provided in respect of ex-gratia payment limits and authorisation.
- Increased understanding of the impact of regulatory changes in relation to the treasury management function, supporting robust scrutiny of the annual treasury management strategy.
- Oversight and scrutiny of a wider range of thematic audit reports recognising the increasing scope of each entities risk profile.
- Changing the committee's arrangements for scrutiny of financial arrangements to support early closedown recognising that this limits the capacity of the committee to input to the pre-audited financial statements.

The review of the effectiveness of the arrangements has demonstrated that the Committee can evidence substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as the factors that evidence the Committee's effectiveness.

The Committee's full review of Effectiveness provides further information on the assessment process and CIPFA standards, this together with the Committee's Terms and Reference and detailed work programme for 2016/17 can be found on the Commissioner's website at <https://cumbria-pcc.gov.uk/finance-governance/budget-finance/joint-audit-and-standards-committee/>. The Joint Audit and Standards Committee holds public meetings, Committee papers and audit reports are all available on the Commissioner's website using the above link.

## Introduction

The purpose of an audit committee is to provide those charged with governance<sup>2</sup> independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.

CIPFA's document, Audit Committee's Practical Guidance for Local Authorities and Police, recommends that audit committees review annually their effectiveness. This report sets out for the Commissioner and Chief Constable's Joint Audit and Standards Committee the conclusions of that review and provides a commentary on the effectiveness of the Committee in fulfilling its purpose.

## Review of Effectiveness

The review has been undertaken against the framework of the CIPFA document. It reviews the activities and impact of the Committee against the guidance in relation to the purpose and functions for Audit Committees and a checklist for effectiveness. The full range of activities undertaken by the Committee during 2016/17 is also set out in Appendix A as a consolidated summary of the work of the Committee in fulfilling its functions. For each of the areas in the CIPFA guidance, an assessment is made to award a grade in accordance with the CIPFA standard, based on the conclusions of the review. The grades are set out in table one below. In addition to consideration of Committee activity the review of effectiveness is also supported by consideration of the issues of Committee independence and objectivity and the skills and experience of members. Audit Committee members have further agreed a self-assessment checklist for good practice, included with the CIPFA document to support the annual review.

Table One: CIPFA Effectiveness Evaluation Assessment Key

Score	Assessment Key
5	Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.
4	Clear evidence from some sources that the committee is actively and effectively supporting improvements across some aspects of this area.
3	The committee has had mixed experience in supporting improvement in this area. This is some evidence that demonstrates their impact but there are also significant gaps.
2	There is some evidence that the committee has supported improvements, but the impact of this support is limited.
1	No evidence can be found that the audit committee has supported improvements in this area.

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<sup>2</sup> The Commissioner and the Chief Constable  
Corporate Support / Financial Services / MB

## Overall Conclusions and Assessment

The overall conclusion and assessment is that the Audit and Standards Committee is extremely effective in its operation.

The review has demonstrated that within the areas of the self-assessment the Committee can evidence the effective use of substantial support, influence and persuasion in carrying out its functions. These are the elements defined by CIPFA as being evidence of effectiveness. The committee achieves a consistent grade of 5 in 7 out of the 8 areas of the assessment against the Core Functions (with the other being graded a 4) and a grade 5 assessment against the Wider Functions of Ethical Values and Treasury Management. Independence and Accountability score a grade 5 and Membership and Effectiveness also score a grade 5. In the one area where the Committee has not achieved a grade 5 there are plans to improve and develop the arrangements. The key messages arising from the review are that:

- Committee members have carried out their duties diligently, meetings are well attended and members have made an effective contribution to governance arrangements
- Members have kept up to date with training and developments. During 2016/17 these arrangements have continued to include a corporate briefing prior to Committee meetings and for 2016/17 specific development sessions covering treasury management, the police and crime plan and the budget/MTFF. In addition for 2016/17, the constabulary hosted an “introduction to policing day” which was attended by all members and provided a valuable insight into a number of areas of operational policing, including the bail act, control room, child sexual exploitation, cyber crime, custody and neighbourhood policing.
- Another development for 2016/17 is that Members have also been provided with an “Induction Pack and Handbook” which provides a number of useful documents in one handbook and includes details of structures, key individuals and governance arrangements within the OPCC and Constabulary.

As part of the overall assessment process the Commissioner and Chief Constable were asked to comment on the effectiveness of the Committee, their comments were as follows:

### The Police and Crime Commissioner for Cumbria Comment

The Joint Audit and Standards Committee continues to provide independent professional assurance with regard to the governance and standards across the wide spectrum of work undertaken by the Constabulary and OPCC. The service supports both the OPCC and the Chief Constable and is complimentary to the work of internal audit, the public accountability process and Her Majesty’s Inspectorate of Constabulary (HMIC). The Committee’s specialist knowledge and flexibility to provide in depth scrutiny as necessary, gives me, on behalf of the public, additional assurance of the appropriate performance and accountability of the Constabulary.

## Chief Constable for Cumbria Constabulary Comment

The Joint Audit and Standards Committee perform a pivotal function in reassuring me that the appropriate governance and controls are in place within the Constabulary. Because of the skills and individuals on the committee they are able to ask detailed and relevant questions to ensure good governance.

The rest of this report sets out the requirements of the CIPFA guidance, the arrangements for the Committee and the evidence and conclusions of the review. It is set out in four sections with supporting appendices:

- **Section One:** Core Committee Functions and the Effectiveness Checklist page 7-21
- **Section Two:** Possible Wider Functions of an Audit Committee page 22-23
- **Section Three:** Independence and Accountability page 24-25
- **Section Four:** Membership and Effectiveness page 26-28
- **Appendix A:** Committee Activities 2016/17 page 29-31
- **Appendix B:** Committee Terms of Reference Assurance Framework page 32-37
- **Appendix C:** Governance Documents Review Schedule page 38
- **Appendix D:** Committee Attendance page 39
- **Appendix E:** Committee Chair and Member Role Profiles page 40-43
- **Appendix F:** CIPFA Good Practice Checklist page 44-46

# Section One: Core Committee Functions and the Effectiveness Checklist

*CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what has happened in the past.*

## Promoting the Principles of Good Governance/Annual Governance Statement

CIPFA guidance makes clear that Audit Committees should address governance principles in the course of its regular business rather than governance being limited to a once a year reporting process.

There should be a local code of governance setting out how the principles of the CIPFA SOLACE good governance framework are applied, that should be reviewed by the Committee. Police Audit Committees should review the Annual Governance statement (AGS) of both the Commissioner and the Chief Constable prior to approval.

The CIPFA guidance provides that to meaningfully review the AGS, the Committee should be in a position to draw on their knowledge of the governance arrangements as they are established and on assurances of their operation in practice. It should also ensure that the AGS is underpinned by a framework of assurance.

Over the course of the year the Committee should receive reports and assurances over the application of the governance framework, monitor action plans and recommendations and consider the application of governance principles to other agenda items. CIPFA notes the importance of the capacity of the Committee to promote good governance, making things better, not just reviewing what happened in the past.

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

The Committee's annual work programme includes an independent cyclical review of the Commissioner and Chief Constable's governance framework and all material governance arrangements. During 2016/17 the work of the Committee has included:

- Reviewing and advising on revisions to and the updating of the financial regulations and financial rules, the OPCC Grant regulations, the OPCC scheme of delegation/consent and the OPCC treasury management strategies and practices. The review of treasury management included a briefing by external treasury management advisors (Arlingclose) in respect of changes to the wider economic environment and associated implications for the operation of the treasury management function within the OPCC, following which members were able to robustly challenge changes in the approach to investment strategy. Members input to financial regulations, financial rules and grant regulations has resulted in improvements to the overall wording of the document and greater clarity being provided.

- A review of the role of the Commissioner and Chief Constable's Chief Finance Officer against the CIPFA guidance for police and consideration of the Chief Finance Officer's review of the effectiveness of arrangements for governance, including internal audit and a review of the role of the Head of Internal Audit against CIPFA guidance.
- In line with CIPFA recommendations, the Committee reviewed the Chief Constable and Commissioner's AGS in May, prior to the publication of the unaudited statement and again in July prior to publication alongside the audited accounts. Alongside the AGS, members reviewed the Commissioner and Chief Constables Code of Corporate Governance.
- The Committee receive all audit reports in full, at the point at which they were finalised, with members requesting that reports with significant issues are tabled at Committee meetings. Members have given specific focus to audit reports covering code of ethics, property handling, police pensions, creditors, surrendered and seized firearms, procurement, the multi-agency safeguarding hub, code of corporate governance and stop and search.
- The scope of the audit plan has been significantly developed since 2014/15 to ensure it provides wider governance assurance in addition to that provided on core financial systems and financial governance. The audit areas covered in 2016/17 are highlighted in the bullet above. During 2017/18 the approved audit plan will focus on finances/formula funding, vulnerability, firearms licensing, use of force, commissioning, performance development and 5/15week reviews, duty management, IT capacity, fleet, digital media investigation, business improvement unit and OPCC information security.
- At their meeting in May 2016 internal audit provided members with a draft annual audit opinion and an audit report on the Annual Governance Statement providing assurance from the group Audit Manager (Head of Internal Audit). Members also receive further assurance at each meeting through reports from the external auditors. This included the Audit Findings Report presented to members in July 2016 setting out the external auditor's un-qualified opinion on the financial statements and an un-qualified value for money conclusion.

Through these arrangements and their prior experience and skills, members develop a robust understanding of governance across the OPCC and Constabulary and the extent to which those arrangements are well embedded. This provided the basis on which Committee members provided assurance and add value with regard to governance.

### **Conclusion and Overall Assessment: Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Contributing to the development of an effective control environment & supporting the quality and independence of Internal Audit

*The Audit Charter is a key governance document setting out the purpose, authority, responsibilities and objectives of Internal Audit.*

CIPFA guidance makes clear that the Audit Committee has a clear role in relation to oversight of the internal audit function.

Within policing, the advisory role of the Committee means that this responsibility is managed through support and review of the arrangements for internal audit. These arrangements are set out under the requirements of the Public Sector Internal Audit Standard (PSIAS) and the supporting Local Government Application Note (LGAN) within an Audit Charter.

The Audit Charter sets out the functional reporting arrangements between Internal Audit, the Board<sup>3</sup> and the Joint Audit and Standards Committee. CIPFA guidance sets out a number of roles for the committee as part of the support and review arrangements. These are to oversee Internal Audit's independence, objectivity, performance and professionalism, support the effectiveness of the internal audit process and promote the effective use of internal audit within the assurance framework.

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

The Committee's annual work programme, in line with the CIPFA guidance, includes a review of the Internal Audit Charter and a review of a risk based internal audit plan including the audit budget and number of audit days within the plan. The report that incorporates the Plan and Charter was received by members in March 2016 in respect of the 2016/17 financial year. In March 2017 members approved the Plan and Charter for 2017/18 which has increased the number of audit days by 7 from 274 in 2016/17 to 281 in 2017/18 to reflect increased work identified by the OPCC and Constabulary in relation to risks identified. The plan sets out the process undertaken to assess risks and develop a programme of audit in accordance with the risk based approach of the PSIAS.

*The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor*

The Audit Charter, in compliance with the PSIAS, makes a number of statements setting out how the arrangements for Internal Audit provide assurance with regard to ethics, independence and objectivity, including arrangements for resourcing and ensuring proficiency and due professional care. The Committee receive an annual statement on conformance with the PSIAS and LGAN. In reviewing the Audit Charter Committee members are able to assess and challenge the robustness of these arrangements.

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<sup>3</sup> The Executive Board comprising the Commissioner, the Chief Constable, the Commissioner's Chief Executive and the Commissioner's Chief Finance Officer  
Corporate Support / Financial Services / MB



The Committee meets annually and independently with the Internal Auditors and receives an annual report and opinion from the Chief Internal Auditor on the adequacy and effectiveness of governance, risk management and internal control. The report includes a summary of the audit work on which the opinion is based. This is supported by a report from the Chief Finance Officer on the overall effectiveness of the arrangements for internal audit including the opinion of the external auditor.

The Committee receives all internal and external audit reports in full supporting assurance on the overall control environment. The reporting format was improved in 2014/15 to provide a stronger link between audit recommendations and control objectives. The reports also aim to focus attention on internal control strengths and recommendations. Members have considered reports across a diverse range of Constabulary and OPCC business including procurement, the multi-agency safeguarding hub, mobile & digital, stop & search, governance, self-service travel expenses & overtime and a follow up to the 2016/17 audit of the duties management system.

Monitoring against performance measures and benchmarks for the Internal Audit service was introduced in 2014/15 and has continued throughout 2016/17. Proposed performance measures are reviewed at the start of the financial year and have been included within the Internal Audit Charter on the recommendation of the Committee. Members have received a quarterly monitoring report assessing actual performance against the benchmark. In 2014/15 recommendations were made by members regarding ways in which the service might improve the volume of post audit customer feedback. The result is that during 2016/17 feedback forms have been provided in respect of the majority of finalised audits. Where these were not initially received, a programme of reminders both by internal officers and by internal audit is implemented to ensure 100% compliance.

The terms of reference of the Committee and associated annual work programme fully complies with the detailed CIPFA guidance. Collectively these arrangements ensure members are able to make effective judgements on the effectiveness of internal controls and Internal Audit provision, making recommendations with regards to improvement.

### Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area.

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

## Supporting arrangements for the governance of risk and effective arrangements to manage risk

CIPFA guidance references that Police Audit Committees are directed in the Home Office Financial Management Code of Practice to advise the Commissioner and Chief Constable on the adoption of appropriate risk management arrangements.

It also notes the assurance that risk management provides in respect of the AGS and when reviewing the risk based internal audit plan. The guidance describes governance of risk as the arrangements for leadership, integration of risk management arrangements, ownership and accountability. Effective arrangements to manage risk include:

- those for reviewing risks,
- arrangements that secure the ownership and management of strategic, operational and project risks,
- assurance arrangements for risk assessing strategies and polices,
- the arrangements for monitoring effectiveness and supporting the development and embedding of good practice in risk management.

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

In accordance with the CIPFA guidance, specific actions undertaken by the Committee during 2016/17 included:

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

*The Risk Management Strategy is a comprehensive document that provides the basis for members to challenge and provide assurance over how risks are governed and managed.*

*The Committee has nominated a lead member for risk who provides prior input and advice on the Risk Management Strategy prior to its consideration by the full Committee*

review of Risk Management Strategy is supported by a quarterly review of strategic risk registers that set out the most significant risks facing the Commissioner and Constabulary and the mitigations in accordance with the methodology within the strategy. This ensures the Committee has an effective understanding of the significant risks facing both organisations and can hold risk managers to account.

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

### Conclusion and Overall Assessment: **Assessment Grade 5.**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Assurance Frameworks and Assurance Planning

CIPFA guidance explains assurance frameworks as a description that typically outlines the key areas of assurance required by the Audit and Standards Committee that supports the AGS and is available to enable the Committee to meet its terms of reference.

A framework will support the ability to ensure that assurance is planned and delivered efficiently and effectively, avoiding duplication and with independence across a range of assurance providers. It also ensures that the Committee is clear on the extent to which assurance is reliant on the arrangements for Internal Audit.

*The Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference*

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

The Joint Audit and Standards Committee operates with an assurance-based work programme aligned to its terms of reference and that, in line with the guidance, forms an appropriate balance between cost and risk. The assurance framework that was in place for 2016/17 is set out at appendix B and includes assurances from management, Chief Officers, internal and external audit and external inspectorates. During 2016/17 and in recognition of CIPFA's updated guidance for Audit Committees, members have:

- Improved the arrangements for assurance in relation to a number of areas within the work programme. This included receipt at the May meeting of monitoring reports covering the areas of risk management anti-fraud and corruption monitoring. At their March meeting the Committee received reports covering the Commissioner and Chief Constable's arrangements for providing value for money.
- Improved the efficiency and focus of assurance gathering continued at formal meetings of the Committee by excluding from the agenda audit reports where there are no significant/material issues arising.
- Received an assurance report from the Chief Finance Officer in respect of the sources of assurance members can place reliance on in respect of their review of the statement of accounts.
- Maintained the number of committee meetings at 5 per year to ensure that members can give appropriate time and consideration to agenda items in the context of the widening of the assurance framework.

### Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Supporting the development of robust arrangements for value for money and best value

The CIPFA guidance notes that in the Police sector it is the Chief Constable that has statutory responsibility for securing value for money and that the Commissioner's responsibility is to hold the Chief Constable to account for this duty.

The Audit and Standards Committee role is to support both the Commissioner and Chief Constable to fulfil their responsibilities through the assurance process. This should focus on arrangements to ensure value for money and the progress in achieving value for money. This includes how performance in value for money is evaluated as part of the AGS and the Committee's consideration of the external audit opinion on value for money. The AGS should be focused on outcomes and value for money. The Committee should also consider what other assurances are available.

*The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews which aim to secure maximum value from the resources available to it.*

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

*The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2015/16 was positive.*

The Commissioner's Code of Corporate Governance and AGS sets out the arrangements for securing the achievement of the goals and objectives set out within the Police and Crime Plan. This includes a performance framework that supports the Commissioner in holding the Chief Constable to account for VFM. These documents also references the receipt annually of HMIC value for money profiles and inspection reports that further support VFM accountability.

The Chief Constable's Code of Corporate Governance provides reference for the Committee to the Constabulary Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The AGS references the specific reviews that have been undertaken during the year and the improvements in efficiency and effectiveness arising from that work.

The work of the Committee further supports value for money in providing an overview of the treasury management strategy and activities that helps to promote value in the treasury function. This will have greater impact in future years, when decisions will need to be made in respect of borrowing. The timing of decisions will be instrumental to the value for money achieved from the balance between borrowing costs and investment returns.

The overall arrangements for value for money are concluded on by the external auditors who provide for the Committee their opinion on value for money. The conclusion for 2015/16, received by the Committee in the External Auditor's July 2016 Audit Findings Report was positive.

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

Following a review by the Committee during 2013/14 that identified limited 'other' sources of assurance with regard to value for money and securing best value, the Committee now routinely receives a number of reports from the OPCC and Constabulary with a specific focus on value for money. This has included an analysis of HMIC value for money profiles for the Constabulary and OPCC, including further work to benchmark OPCC costs and structure, and the outcome of the HMIC PEEL review of efficiency, effectiveness and legitimacy. As part of the review of the arrangements for value for money, members also sought assurances regarding the approach to the management of reserves, the reserves strategy was included as part of the member development session on the budget, medium term financial strategy and change programme provided in March 2017.

#### Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.

## Helping to implement values of good governance & countering fraud and corruption

CIPFA guidance states that the role of the Audit and Standards Committee is to have oversight of counter-fraud strategy, assessing whether it meets recommended practice, governance standards and complies with legislation.

The Committee should understand the level of fraud risk to which the organisation is exposed and the implications for the wider control environment. The guidance also recognises the link to ethical standards and the role of the committee in championing good counter-fraud practice. The committee should also monitor performance on counter fraud activity including monitoring action plans and overseeing any major areas of fraud.

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

The Audit and Standards Committee undertakes a cyclical review of counter-fraud strategy, policy and action plans as part of the arrangements for review of all core strategic governance documents. This provides an opportunity for members to consider the approach to counter-fraud within the context of the wider governance arrangements and internal controls that support the anti-fraud approach. These arrangements include those covering codes of conduct and ethical behaviour.

During 2016/17 members reviewed and provided constructive feedback on the overall arrangements for integrity. As a result of this feedback changes and improvements have been made to support the clarity of key documents.

In May 2016 members received a report from the Chief Executive monitoring the anti-fraud and corruption arrangements within the OPCC. The report sets out the activity that takes place during the year in line with the strategy and policy and to ensure anti-fraud arrangements are well embedded. The report covered the 2015/16 financial year and members will receive in May 2017 a report covering the 2016/17 financial year.

During 2015/16 the arrangements for ethics and integrity in relation to the Code of Ethics within the Constabulary were subject to internal audit with members receiving a report with an audit judgement of reasonable assurance. The report made three medium priority recommendations primarily covering the areas of training, establishing a lead office for ethics and performance management. During 2016/17 members monitored the implementation of these recommendations.

In July 2016, as part of the arrangements for the financial statements, members received copies of the Commissioner and Chief Constable's letter of management assurance. These are prepared by the respective Corporate Support / Financial Services / MB

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

Members further support their understanding of the control environment through receipt of audit reports. During 2016/17 members received a variety of audit reports with judgements of substantial (2), reasonable (4) and partial (2) assurance. The audit reports in relation to major financial systems in respect of self-service overtime and expenses provided reasonable assurance and procurement provided partial assurance. Members receive the full report on all audits supporting a wider understanding of internal controls that can be gained from summary reports.

During 2016/17 the Committee has operated as a Standards Committee for the Commissioner. This has included monitoring the effectiveness of the Commissioner's Code of Conduct and PCC/Officer Protocol, supporting the approach to ethical standards. In 2015/16 the Commissioner and Constabulary established an independent Ethics and Integrity Panel to facilitate a more in-depth scrutiny of arrangements for ethics and integrity including Constabulary conduct matters and the handling of complaints. The second annual report of the Ethics and Integrity Panel was provided to members of the Joint Audit and Standards Committee in May 2016.

### Conclusion and Overall Assessment: **Assessment Grade 5**

The Committee is fully compliant with the CIPFA guidance. Clear evidence is available from a number of sources that the Committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.



## External Audit & Inspection

CIPFA guidance states that the Audit Committee's role should include receiving and considering the work of the external auditor.

This includes receiving the planned work programme and reports following completion of the audit work such that the committee is able to make judgements on audit resources, assess the effectiveness and quality of the audit (this may include feedback from key people e.g. CFO) and report to the Commissioner or Chief Constable where appropriate. The Committee should also support the implementation of external audit recommendations, review any non-audit work undertaken and have the opportunity to meet separately and privately with the external auditors. The guidance also recognises the assurance that can be provided from reports about financial management and governance from wider inspection agencies.

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

The Joint Audit and Standards Committee receive all reports of the External Auditors and conduct an annual private meeting with the External Auditors. The External Auditors have attended all Committee meetings during 2016/17. The Committee's terms of reference are fully compliant with the CIPFA guidance and provide for an annual private meeting with the External Auditors. The Committee receives inspection reports from other agencies where these are relevant to the Committee's functions. Recommendations arising from audit and inspection are monitored for implementation by the Committee.

Membership of the Audit and Standards Committee includes the skills and experience of a former district auditor and former S151 officers, in addition to members who have significant experience of committees fulfilling an audit function. This ensures that the Committee have the skills and experience to assess the work of the external auditors and will have clear expectations regarding the requirements in respect of seniority, quality and experience of audit staff. During 2016/17 members have:

- Undertaken robust scrutiny of the external audit plan, including questioning the robustness of work that will be carried out in respect of the value for money conclusion and the assurance it can provide.
- Received the External Auditors Annual Fee letter that includes a disclosure from the external auditors in respect of their contract for the provision of tax and VAT helpline services to the Commissioner and Constabulary. This was not considered to create any conflicts.
- Received the External Auditors Audit Findings report covering the financial statements, matters of governance and the value for money conclusion in respect of the 2015/16 financial year.
- Scrutinised HMIC reports covering value for money (HMIC annual profiles), national child protection inspections and efficiency, effectiveness and legitimacy (PEEL

inspections). Members have also received a report and briefing from the Deputy Chief Constable covering the full HMIC inspection programme for the Constabulary and issues that need to be brought the attention of members. From 2015/16 members have received regular briefings on any relevant inspection matters as they arise through the formal corporate update session included within each meeting.

- In 2014/15 Members agreed a change to their terms of reference to incorporate responsibility as an audit panel, to oversee the appointment of external auditors for the Commissioner, at the time the relevant provisions of the 2014 Local Audit and Accountability Act come into effect.

#### Conclusion<sup>4</sup> : Assessment Grade 5

The Committee is compliant with the CIPFA guidance through a combination of the activity undertaken and the particular specialist mix of skills and experience within the Committee membership.

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<sup>4</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Promoting effective public reporting, partnership governance & accountability

*The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.*

The guidance from CIFPA on the core functions of an audit committee focuses primarily on the role of the Committee in relation to financial reporting and governance and specifically on the work of the Committee in relation to the statement of accounts.

This is recommended to include reviewing consistency between the foreword to the accounts, the financial statements and the committee's own understanding of financial challenges and risks, reviewing the sustainability of policies, areas of judgment and changes in accounting policies/treatment. The guidance also notes that the Committee should give consideration to the accessibility of the statements to the lay person e.g. use of plain English and key messages. The Committee should review the financial statements prior to approval, although best practice is to review the accounts prior to the commencement of the audit.

The guidance also considers how the Committee supports transparency and public accessibility in relation to decision making taken through partnership arrangements, specifically where these involve stewardship of public funds. The guidance identifies these arrangements as strategic relationships, shared services, commercial relationships and third sector. The Committee should consider how assurances of governance are gained in respect of partnership arrangements and may seek to consider these assurances through processes for the AGS.

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

Financial reporting: The statement of accounts is presented to the Audit and Standards Committee prior to formal approval and at a joint meeting of the Committee and the Public Accountability Conference. This facilitates members in undertaking their review of financial statements and providing assurances to the Commissioner and Chief Constable.

The financial statements are supported by a report from the Chief Finance Officer that consolidates for members all key areas of assurance on which they can place reliance in respect of the statements and details significant areas of risk and the basis of material judgments. This dialogue assists in explaining a number of complex transactions within the 2015/16 statements arising from changes in legislation that have impacted on how the Chief Constables financial position is presented. The 2015/16 report also highlighted to members the work undertaken by the finance team to prepare in advance for the forthcoming earlier date for the statutory publication of both the draft (subject to audit) and final audited statement of accounts.

*The financial statements are supported by a report that consolidates all key areas of assurance and details significant areas of risk and the basis of material judgments.*

Whilst best practice dictates that the statements would be presented to the Committee prior to the commencement of the audit, there is a resource cost to delivering this. This is particularly the case with the financial statements for policing that require a set of group statements and two single entity statements.

During 2016/17 the draft unaudited accounts for 2015/16 were emailed to the Committee in May 2016 in order to provide members with an early opportunity to review and scrutinize the accounts. The subsequent audited accounts were presented in July alongside the External Auditors Audit Findings report. The tight timescales for the production of the accounts and the timing of the May meeting of the committee (at the start of the month) meant that it was not possible for the 2015/16 statement of accounts to be received by the committee prior to publication.

Planning for the expected early closedown timetable for Local Authority financial statements means that the committee will now receive the audited 2016/17 statements at their meeting in July 2017. The timing of the May 2017 meeting is such that the draft (subject to audit) statements will hopefully have been produced and will be able to be presented at that meeting. The reporting deadlines for the issue of papers to committee may mean that the draft statement of accounts will need to be issued as a late paper just prior to the date of the meeting.

The arrangements in respect of governance for partnerships are set out in the appropriate governance documents that are presented to the Committee for cyclical review as part of their review of governance. During 2016/17 members reviewed and contributed to the further development of the Role of the CFO (both OPCC and CC), the Financial Regulations, the Financial Rules, the OPCC Scheme of Delegation/Consent and the OPCC Grant Regulations that provide a framework for working with partners and the third sector.

The overall arrangements for partnerships are set out within the Commissioner and Chief Constable's Code of Corporate Governance which was received by members in May 2016 alongside the AGS, setting out how those arrangements have been complied with. The Internal Auditor's report on the Annual Governance Statement received alongside the Code and AGS confirmed for members that the AGS was accurate and had been prepared in line with the correct process.

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

The Committee is compliant with the CIPFA guidance but would need to receive the unaudited statement of accounts prior to publication in order to fully meet best practice standards in respect of the contribution to financial reporting. It is hoped that the arrangements put in place for the presentation and reporting of the 2016/17 statement of accounts will assist the committee in fully meeting its requirements for future years. In respect of partnership governance the Committee receives assurance from a number of sources within the overall arrangements for governance. The conclusion is that there is clear evidence from some sources that the Committee is actively and effectively supporting improvements across some aspects of this area.

# Section Two: Possible Wider Functions of an Audit Committee

## Ethical Values and Treasury Management

*The Committee has received and reviewed the Treasury Management Strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices*

The Audit and Standards Committee undertake two areas of work that CIPFA guidance acknowledges are appropriate to the role of the Committee but not a core function. These areas are Ethical Values and Treasury Management.

In relation to ethical values the guidance acknowledges the role of the Committee in promoting high standards and that it may take on the role and responsibilities of a standards committee.

With regards to Treasury Management the Committee may be nominated as the responsible body for ensuring effective scrutiny of the Treasury Management Strategy and policies. The guidance is clear that this excludes executive and decision making roles in relation to this function. Scrutiny involves developing an understanding of treasury matters and receiving treasury activity reports to support this, reviewing policies and procedures, treasury risks and assurances.

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

Evaluation of the role of the Committee in respect of ethical values is covered in the section on good governance & countering fraud and corruptions. In respect of treasury management the Committee received and reviewed at its March 2016 meeting the treasury management strategy, including related investment and borrowing policies and a comprehensive document covering treasury management practices that would apply to the 2016/17 financial year.

During 2016/17 members have also received and reviewed the arrangements for Treasury Management proposed for 2017/18. This included a robust scrutiny of the strategy, where members have been keen to ensure an appropriate balance between risk and return in respect of the range of permissible investment counterparties and increased risk in the more traditional banking investments.

To ensure members sufficiently understand treasury matters, training has been provided by the Commissioner's treasury management advisors and treasury management activities reports are presented to the Committee at

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<sup>s</sup> The conclusion and assessment of that review is a grade 5  
Corporate Support / Financial Services / MB

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

### Conclusion<sup>6</sup> : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance through a combination of the activity undertaken and the; particular specialist mix of skills and experience within the Committee membership.

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<sup>6</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.  
Corporate Support / Financial Services / MB

# Section Three: Independence and Accountability

CIPFA guidance sets out a position statement that covers the key features that should be evidenced within all Audit Committees.

Outside of this statement arrangements should reflect local circumstances and focus on factors promoting effectiveness. The Committee is fully compliant with the requirements within the CIPFA guidance to ensure independence and accountability. Specifically:

- The Committee acts as the principal non-executive advisory function supporting those charged with governance<sup>7</sup> and is independent of executive and operational responsibilities. The Committee has access to and is accountable to the Commissioner, the Chief Constable and the respective Chief Officers of both entities, meets at least 5 times a year and operates with a set of Committee standing orders to regulate business including matters received in public and those to be considered in private.
- The Committee meets privately and independently with both the external auditors and the internal auditors (separately) as part of its annual agenda.
- The Chief Officers<sup>8</sup> or appropriate senior substitutes of the Commissioner and Chief Constable attend all meetings of the Committee. Internal audit and external audit are in attendance in addition to other officers as appropriate to the agenda. The Committee is able to call on other officers as required. The Committee is well attended, attendance for 2016/17 is set out at Appendix C.
- This report constitutes the Annual Report on the assessment of the Committee's performance and is reported to the Executive Board and the Police and Crime Panel.
- The arrangements for the Committee comply with the guidance set out within the Home Office Financial Management Code of Practice. The Code states that the Commissioner and Chief Constable should establish an independent Audit Committee. It is recommended that this is a joint committee and that the Commissioner and Chief Constable should have regard to the CIPFA Guidance on Audit Committees.
- The Committee maintains its independence by ensuring a focus through the work programme on oversight of governance, risk, control and the audit process. It has no delegated decision making or approval powers from the Commissioner or Chief Constable.

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<sup>7</sup> The Commissioner and the Chief Constable

<sup>8</sup> Chief Finance Officers, Chief Executive, Deputy Chief Constable  
Corporate Support / Financial Services / MB

- Agenda items are planned up to 12 months in advance through the development of an annual work programme agreed by the Committee in March and developed from the assurances needed to fulfil the Committee's terms of reference.
- The relationship between the Committee and Commissioner and Chief Constable's respective Chief Finance Officers is one of reciprocal support and constructive challenge.
- The Committee receives full audit reports at the point in which they are agreed, determining those that will be considered as part of the formal Committee agenda on the grounds of the materiality and significance of audit findings.
- All meetings of the Committee are held in public and members have actively challenged the reasons for any issues being discussed in private. Agendas and papers are published on the Commissioner's website supporting accountability and transparency.
- The work program of the Committee ensures it can be effective in holding to account those officers who are responsible for implementing recommendations and actions arising from review. This is achieved through monitoring reports presented at each Committee meeting.
- The assurance format of the Committee's work programme and this Annual Report ensure that the Committee itself is effectively held to account for its own performance.

### Conclusion<sup>9</sup> : Assessment Grade 5

The Committee is fully compliant with the CIPFA guidance in respect of independence and accountability. This is based on the arrangements for the Committee that ensures independence, compliance with regulatory requirements and public accountability.

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<sup>9</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the

effectiveness checklist but has been graded on a similar basis.



# Section Four: Membership and Effectiveness

CIPFA guidance recognises that the membership, composition and operation of the audit committee is a key factor in achieving the characteristics of a good audit committee.

*Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable*

These are defined as:

- Membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role.
- Membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives
- A strong, independently minded chair, displaying a depth of knowledge, skills and interest
- Unbiased attitudes – treating auditors, the executive and management fairly
- The ability to challenge the executive and senior managers when required.

Police audit committees should comprise between three and five members who are independent of the Commissioner and Chief Constable. Recruitment should be publically advertised with a job description that sets out requirements for knowledge and expertise. Candidates should be able to demonstrate their political independence. Appointments should be for a fixed term and formally approved by the Commissioner and Chief Constable and members should follow a Code of Conduct. The guidance acknowledges that the role of Chair may be advertised specifically and will need to take into account the characteristics required by an effective Chair. Induction training and other briefing and training updates should form part of a programme informed by a review of knowledge and skills.

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

Membership, composition and operation of the Joint Audit and Standards Committee comply with the CIPFA guidance. The Committee comprises four independent members, appointed through public advert for a tenure of 4 years, with a potential to extend to a maximum of 8 years in compliance with the practices recommended by Standards for England. Independence and objectivity, including political independence is secured through restrictions on membership. Specifically membership excludes:

- Serving elected members/officers of a Council/Local Authority represented on the Cumbria Police and Crime Panel and/or similar Cumbria public sector bodies
- Former elected members/officers of the above Council/bodies (time restricted to 3 years)
- Serving Police Officers and Police staff and former Police Officers/staff (time restricted to 3 years)

- Individuals active in local or national politics
- Individuals who have significant business or personal dealings with the Constabulary/OPCC
- Individuals who have close relationships with any of the above including immediate family members

In addition, standard disqualifications apply to ensure the avoidance of any reputational embarrassment, for example individuals who have been removed from a trusteeship of a charity, anyone under a disqualification order under the Company Directors Disqualification Act. Appointed committee Members are required to abide by a Code of Conduct and Member/Officer Protocol.

The requisite skills and experience of members are secured through the recruitment process based on a role profile. The profiles distinguish between the experience and skills expected of the Committee Chair and those expected of Committee members. The role profile is supported by a person specification that sets out essential and desirable skills, experience and ability across a range of governance, risk, finance and audit requirements. The person specification requirements are set out below. The role profiles for committee members are set out at appendix E.

Essential experience and knowledge	Special aptitudes, intelligence and skills	Desirable experience and knowledge
<ul style="list-style-type: none"> <li>• <i>Experience in Chairing at Committee/Board level.</i></li> <li>• Sound experience of strategic planning, risk management and performance management.</li> <li>• Ability to assure financial and statistical information</li> <li>• Experience of leading or conducting or reviewing audit activity.</li> <li>• Experience of scrutinising financial information and processes.</li> <li>• Knowledge of best practices in governance and internal control</li> <li>• Good understanding of the roles of Internal and External Audit.</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Be able to demonstrate leadership skills to fulfil the responsibilities of the Audit Committee Chair.</i></li> <li>• Ability and confidence to challenge and hold to account.</li> <li>• Treat auditors, executives and management equally and with respect.</li> <li>• To maintain an up to date knowledge and awareness of national and local policing and crime issues.</li> <li>• To have high ethical standards</li> <li>• Good communication skills, both written and oral, with the ability to actively contribute to discussion and debate</li> </ul>	<ul style="list-style-type: none"> <li>• Practical experience in the financial and/or general management of businesses or public sector organisations.</li> <li>• Experience of a Local Government Environment.</li> <li>• Audit Committee/Standards Committee (or equivalent) experience.</li> <li>• Professional Financial Qualification (CCAB or Audit based)</li> </ul>

*Note – text in italic relates to skill relevant only to the committee chair.*

Members are recruited independently of the Commissioner and Chief Constable but are subject to their approval. During 2016/17 recruitment was undertaken for a new Committee Member due to the tenure of an existing committee member coming to the end of his term. The recruitment process resulted in the appointment a new member to the Committee. The tenure of the new member formally commenced on 1 September 2016 with that member attending the Committee's September 2016 meeting as his first meeting. The appointment of a new member has further strengthened the Committee, the new member is a former Director of Finance within Local Government and the NHS and has prior experience of both internal and external audit.

The work programme for members has again for 2016/17 included formalised development seminars prior to Committee meetings, these sessions support members with a more in-depth understanding of areas within the remit of the Committee's terms of reference. During 2016/17 the development sessions have included treasury management (with the Commissioner's external advisors), the revised Police and Crime Plan, the budget and the medium term financial forecast. Throughout 2016/17, the meeting agenda has included a corporate update, this update is usually provided by the Deputy Chief Constable or Chief Finance Officer's and provides a flavour of the key issues facing the OPCC/Constabulary at the time. During 2016/17 a number of specific additional development activities have been undertaken. In July 2016, the chair joined constabulary officers on a two day "essentials of enterprise risk management" course. In September 2016, the chair attended a CIPFA workshop "Development Day for Police Audit Committee Members" in London. In October 2016, all members attended an introduction to policing day organised by the Constabulary. The day included insights into the implications of the forthcoming changes to the bail act, child sexual exploitation, cyber crime, custody, the control room and an overview of the crime hub pilot.

#### **Conclusion<sup>10</sup> : Assessment Grade 5**

The Committee is compliant with the CIPFA guidance in respect of effective membership. This is based on the arrangements for the composition, recruitment and operation of the Committee that ensures independence and a specialist mix of skills and experience that make the Committee members effective in their roles. Effectiveness of members scrutiny function has been enhanced during 2016/17 through the continuation of a more structured approach to member development and the regular inclusion of a corporate update on the agenda for all meetings. In addition, copies of all HMIC inspection reports are now routinely provided to members and the opportunity to discuss these reports and receive an update regarding report recommendations is included on the agenda for meetings.

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<sup>10</sup> This assessment of effectiveness is undertaken against the core functions of the committee with the CIPFA guidance; it is not included in the effectiveness checklist but has been graded on a similar basis.

## Joint Audit &amp; Standards Committee 2016/17 Activities

Tuesday 03 May 16	Thursday 28 July 16	Wednesday 07 September 16	Thursday 24 November 16	Wednesday 15 March 17
<b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the Internal Auditors. (IA)	<b>PRIVATE MEETINGS:</b> Confidential meeting of Committee members only and the newly elected Police and Crime Commissioner. Confidential meeting of Committee members only and the external auditors.	<b>PRIVATE DEVELOPMENT SESSION: Police and Crime Plan, members</b> to be provided with an update on the Police and Crime Plan (Vivian Stafford)	<b>PRIVATE DEVELOPMENT SESSION;</b> Arlingclose LTD, to provide an update on Treasury Management developments (DCFO)	<b>PRIVATE DEVELOPMENT SESSION:</b> Medium Term Financial Forecast, change programme & value for money (CCCCFO)
<b>Regular Reports</b>				
<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC)	<b>CORPORATE UPDATE:</b> To receive a briefing on matters relevant to the remit of the Committee (DCC)
<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 4/Annual Report (DCFO)	N/A	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 1 (DCFO)	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 2 (DCFO)	<b>TREASURY MANAGEMENT ACTIVITIES:</b> To receive for information reports on Treasury Management Activity - Quarter 3 (DCFO)
N/A	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan. (IA)
<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)		<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)	<b>INTERNAL AUDIT REPORT(S):</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee. (IA)
N/A	<b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC)	<b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC)	<b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE or GM & DCC)	<b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy. (CE/GM & DCC)
N/A	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CCCCFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CCCCFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CCCCFO)	<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations. (CCCCFO)
<b>Cyclical/Annual Reports</b>				
<b>EXTERNAL AUDIT FEES:</b> To receive from the external auditors the proposal in respect of audit fees. (GT)	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion. (GT)	<b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports (GT).	<b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years. (Relevant Chief Officers)	<b>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices. (DCFO)

## Joint Audit &amp; Standards Committee 2016/17 Activities

Tuesday 03 May 16	Thursday 28 July 16	Wednesday 07 September 16	Thursday 24 November 16	Wednesday 15 March 17
<b>Cyclical/Annual Reports (continued)</b>				
<b>RISK MANAGEMENT MONITORING:</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management. (CE/GM)	<b>ASSURANCE FRAMEWORK STATEMENT OF ACCOUNTS:</b> To receive a report from the PCCCFO/Deputy Chief Executive in respect of the PCC's framework of assurance; To receive a report from the CCCFO in respect of the CC's framework of assurance. (PCCCFO/CCCFO)		<b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE:</b> To receive an update on progress against the development and improvement plan within the annual governance statement (PCC CFO and CC FFO)	<b>RISK MANAGEMENT STRATEGY:</b> To provide the annual review of the COPCC (CE/GM) and Constabulary (DCC) Risk Management Strategies.
<b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption. (CE/GM)	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts (DCFO)		<b>VALUE FOR MONEY:</b> To receive an annual report on Value for Money within the Office of the Police and Crime Commissioner. (DCFO) To receive an annual report on Value for Money within the Constabulary. (DCI) <b>Note, due to a delay in information being provided by the Home Office, this item was deferred to March 2017.</b>	<b>VALUE FOR MONEY:</b> To receive an annual report on Value for Money within the Office of the Police and Crime Commissioner. (DCFO) To receive an annual report on Value for Money within the Constabulary. (DCI) <b>Note, due to a delay in information being provided by the Home Office, this item was deferred from November 2016.</b>
<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.(IA)				
<b>ETHICS AND INTEGRITY GOVERNANCE:</b> To receive an annual report from the chair of the Ethics and Integrity Panel.				<b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT:</b> To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference. (DCFO)
<b>EXTERNAL AUDIT PLAN UPDATE:</b> To receive from the external auditors and update on the Joint Annual External Audit Plan. (GT)				<b>EXTERNAL AUDIT PLAN AND UPDATE REPORT:</b> To receive from the external auditors the joint annual external audit plan and an update report in respect of progress on the external audit plan. (GT)
<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit. (DCFO)				<b>PROPOSED INTERNAL AUDIT PLAN/ INTERNAL AUDIT CHARTER:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions. To receive a copy of the internal audit charter from the Internal Auditors.(IA)

## Joint Audit &amp; Standards Committee 2016/17 Activities

Tuesday 03 May 16	Thursday 28 July 16	Wednesday 07 September 16	Thursday 24 November 16	Wednesday 15 March 17
<b>Cyclical/Annual Reports (continued)</b>				
<b>JOINT AUDIT AND STANDARDS COMMITTEE - REVIEW OF EFFECTIVENESS:</b> To receive a report reviewing the effectiveness of the Committee as a contribution to the overall effectiveness of arrangements for governance. (DCFO)				<b>QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME:</b> To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement. (IA)
<b>ANNUAL GOVERNANCE STATEMENT</b> <b>▪ Report of the Internal Auditor: Annual Governance Statement:</b> To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting. (PCCCFO & CCCFO)  <b>▪ Effectiveness of Governance Arrangements:</b> To receive a report from the PCCCFO/PCC Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance  <b>▪ Code of Corporate Governance:</b> To consider the PCC/CC Code of Corporate Governance  <b>▪ Annual Governance Statement:</b> To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting				
<b>Ad Hoc Reports</b>				
<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference

## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control</b>		
Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.  Note - Underlined governance documents are scheduled for review in 2017.	May 2016 (Ethics and Integrity Annual Report)	<b>ETHICS AND INTEGRITY GOVERNANCE:</b> To receive an annual report from the Chair of the Ethics and Integrity Panel, advising the Committee of the work of the Panel over the previous year and matters pertaining to governance in respect of the arrangements for ethics and integrity.
	November 2016: (All governance reviews excluding ethics and integrity)	<b>ANNUAL REVIEW OF GOVERNANCE:</b> To review the COPCC and Constabulary arrangements for governance; cyclical review over a three years covering: <ul style="list-style-type: none"> <li>▪ <u>Role of the Chief Finance Officer: annual review (2016)</u></li> <li>▪ <u>Financial Regulations: bi-ennial review (2016)</u></li> <li>▪ <u>Grant Regulations: tri-annual review (2016)</u></li> <li>▪ <u>Scheme of Delegation/Consent: annual review (2016)</u></li> <li>▪ Procurement Regulations: bi-ennial review (2017)</li> <li>▪ Arrangements for Anti-Fraud and Corruption /whistleblowing: bi-ennial review (2017)</li> </ul>
Review the Annual Governance Statements prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement	May 2016 & July 2016 (updated governance statement prior to approval and publication)	<b>ANNUAL GOVERNANCE STATEMENT</b> <ul style="list-style-type: none"> <li>▪ <b>Report of the Internal Auditor: Annual Governance Statement:</b> To consider a report from the Internal Auditor reviewing the Annual Governance Statement for the financial year and to the date of this meeting</li> <li>▪ <b>Effectiveness of Governance Arrangements:</b> To receive a report from the PCCCFO/PCC Deputy Chief Executive on the effectiveness of the PCC's arrangements for Governance/ To receive a report from the CCCFO on the effectiveness of the CC's arrangements for governance</li> <li>▪ <b>Code of Corporate Governance:</b> To consider the PCC/CC Code of Corporate Governance</li> <li>▪ <b>Annual Governance Statement:</b> To consider the PCC/CC Annual Governance Statement for the financial year and to the date of this meeting</li> </ul>
	November 2016	<b>ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE:</b> To receive an update on progress against the development and improvement plan within the annual governance statement.

## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control</b>		
Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements	Every meeting excluding May	<b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee ( <i>NB audit work in compliance with PSIAS will cover a specific control objective on 'value: the effectiveness and efficiency of operations and programmes'. Specific audit recommendations will be categorised within audit reports under this heading.</i> )
	March 2017 (delayed from Nov'16)	To receive an annual report on Value for Money within the Office of the Police and Crime Commissioner. To receive an annual report on Value for Money within the Constabulary.
	July 2016 and September 2016 (final report)	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Annual Audit Findings Report incorporating the External Auditor's Value for Money Conclusion.
Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and Constabulary	March 2017	<b>ANNUAL WORK PROGRAMME: ASSURANCE FORMAT:</b> To review and approve an annual work programme covering the framework of assurance against the Committee's terms of reference.
	July 2016	<b>FRAMEWORK OF ASSURANCE: STATEMENT OF ACCOUNTS:</b> To receive a report from the PCCFO/Deputy Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the Police and Crime Commissioner and the Chief Constable in addressing risk-related issues reported to them	March 2017	<b>RISK MANAGEMENT STRATEGY:</b> To provide the annual review of the COPCC and Constabulary Risk Management Strategies.
	May 2016	<b>RISK MANAGEMENT MONITORING:</b> To receive an annual report from the Chief Executive on Risk Management Activity including the Commissioner's arrangements for holding the CC to account for Constabulary Risk Management.
	Every meeting excluding May	<b>STRATEGIC RISK REGISTER:</b> To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.
Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions	Every meeting excluding May	<b>INTERNAL AUDIT REPORT:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
		<b>MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS:</b> To receive an updated summary of actions implemented in response to audit and inspection recommendations.



## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Governance, Risk and Control (Continued)</b>		
Review arrangements for the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy, actions and resources	November – cyclically when updated	<b>ARRANGEMENTS FOR ANTI-FRAUD AND CORRUPTION:</b> To receive the COPCC and Constabulary strategy, policy and fraud response plan.
	May 2016	<b>ANTI-FRAUD AND CORRUPTION ACTIVITIES:</b> To receive an annual report from the Chief Executive on activity in line with the arrangements for anti-fraud and corruption.
<b>Terms of Reference: Internal Audit</b>		
Annually review the internal audit charter and resources	March 2017	<b>INTERNAL AUDIT CHARTER:</b> To receive a copy of the internal audit charter from the Internal Auditors.
Review the internal audit plan and any proposed revisions to the internal audit plan	March 2017/Ad-hoc	<b>PROPOSED INTERNAL AUDIT PLAN:</b> To receive a report from the Internal Auditors on the proposed Internal Audit Annual Plan and any proposed revisions.
Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence	March 2017	<b>QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME:</b> To receive from the Internal Auditors a report setting out the arrangements for quality assurance and improvement.
	May 2016	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To receive a report from the PCC Chief Finance Officer in respect of the effectiveness of internal audit.
	Quarterly	<b>INTERNAL AUDIT PERFORMANCE:</b> To receive from the Internal Auditors quarterly reports on the performance of the service against a framework of performance indicators <i>(provided within the internal audit progress reports and annual report.)</i>
	May 2016	<b>PRIVATE INTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the Internal Auditors
Consider the Head of Internal audit's annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements	May 2016	<b>INTERNAL AUDIT –ANNUAL REPORT:</b> To receive the Head of Internal Audit's Annual Report including the Annual Audit Opinion.
	Every meeting excluding May	<b>INTERNAL AUDIT – PROGRESS REPORT:</b> To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.

## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Internal Audit (Continued)</b>		
Consider internal audit reports and such detailed reports as the Committee may request from the Police and Crime Commissioner and the Chief Constable, including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions	Every meeting excluding May	<b>INTERNAL AUDIT REPORTS:</b> To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.
Consider a report on the effectiveness of internal audit to support the Annual Governance Statement	May 2016	<b>EFFECTIVENESS OF INTERNAL AUDIT:</b> To consider a report of the Commissioner's Chief Finance Officer reviewing the effectiveness of Internal Audit.
<b>Terms of Reference: External Audit/External Inspection</b>		
Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money	March 2017	<b>EXTERNAL AUDIT PLAN:</b> To receive from the external auditors the Annual External Audit Plan
	May 2016	<b>EXTERNAL AUDIT FEES:</b> To receive from the external auditors the proposal in respect of audit fees.
Consider the external auditor's annual management letter, relevant reports and the report to those charged with governance	November 2016/Ad-hoc	<b>ANNUAL AUDIT LETTER:</b> To receive from the External Auditors the Annual Audit Letter and reports
	March 2017	<b>EXTERNAL AUDIT PLAN UPDATE:</b> To receive from the external auditors an update report in respect of progress on the external audit plan
Consider specific reports as agreed with the external auditors/specific inspection reports e.g. HMIC, relevant to the Committee's terms of reference	Every meeting excluding May	<b>ADHOC REPORTS AS THEY ARISE: E.G. NATIONAL FRAUD INITIATIVE, STANDARDS, HMIC/INSPECTION:</b> To consider any other reports falling within the remit of the Committee's terms of reference
Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies and relevant bodies	July 2016	<b>PRIVATE EXTERNAL AUDIT MEETING:</b> Confidential meeting of Committee members only and the external auditors

## Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Financial Reporting</b>		
Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable	July 2016	<b>ASSURANCE FRAMWORK: STATEMENT OF ACCOUNTS:</b> To receive a report from the PCCCFO/Chief Executive in respect of the PCC's framework of assurance; To receive a report from the Deputy Chief Constable/CC in respect of the CC's framework of assurance.
	July 2016	<b>ANNUAL STATEMENT OF ACCOUNTS:</b> To receive the audited Statement of Accounts for the Commissioner and Chief Constable and Group Accounts and consider a copy of a summarised non-statutory version of the accounts
Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements	July 2016 and September 2016 (final report)	<b>AUDIT FINDINGS REPORT:</b> To receive from the external auditors the Audit Findings Report in respect of the annual audit of the financial statements and incorporating the External Auditor's Value for Money Conclusion.
<b>Terms of Reference: Accountability Arrangements</b>		
On a timely basis report to the Commissioner and the Chief Constable with its advice and recommendations in relation to any matters that it considers relevant to governance, risk management and financial management	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Report to the Commissioner and the Chief Constable on its findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements and internal and external audit functions	Every meeting (where appropriate)	To be discussed in Committee meetings and noted as feedback in the minutes.
Review its performance against its terms of reference and objectives on an annual basis and report the results of this review to the Commissioner and the Chief Constable	May 2016	<b>JASC Review of Effectiveness:</b> To receive a report reviewing the effectiveness of the committee against the CIPFA framework as a contribution to the overall effectiveness of arrangements for governance
	May 2016	<b>JASC Annual Report:</b> To receive the annual report of the committee (following the review of effectiveness undertaken in May). Following approval, the Annual Report will be presented to the Police and Crime Panel meeting in October by the chair of JASC.

Joint Audit and Standards Committee: Annual Work Programme Assurance Format

Terms of Reference	Meeting	Work Programme Assurance Activity
<b>Terms of Reference: Treasury Management</b>		
Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory	March 2017	<b>TREASURY MANAGEMENT STRATEGY AND TREASURY MANAGEMENT PRACTICES:</b> To review the annual Treasury Management Strategy incorporating the policy on investment and borrowing activity and treasury management practices.
Review the Treasury risk profile and adequacy of treasury risk management processes		
Receive regular reports on activities, issues and trends to support the Committee’s understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity	Every meeting excluding July	<b>TREASURY MANAGEMENT ANNUAL REPORT/ACTIVITIES:</b> To receive for information the treasury management annual report and an update on Treasury Management Activity.
	November 2016	<b>TREASURY MANAGEMENT ADVISORS:</b> To receive briefings/training from the Commissioner’s Treasury Management advisors.
Review assurances on Treasury Management	Every meeting excluding May (where applicable)	<b>INTERNAL AUDIT REPORTS:</b> To receive reports from Internal Audit Unit in respect of specific audits conducted since the last meeting of the Committee
<b>Terms of Reference: Standards Activity</b>		
To hear and determine appeals in relation to the OPCC’s personnel policies and decisions of the Chief Executive where appropriate	n/a	As and when required, to act as an “Appeal Board”
To hear and determine appeals by Independent Custody Visitors and Independent Members of Police Misconduct Panels from decisions of the Chief Executive	n/a	As and when required, to act as an “Appeal Board”

## Governance Documents Review Schedule

Documents	Review Cycle	Lead Officer	December 2014	December 2015	November 2016	November 2017	November 2018	November 2019	November 2020
Role of the PCC's Chief Finance Officer	annual	Deputy CFO Michelle Bellis	✓	✓	✓	✓	✓	✓	✓
Role of the CC's Chief Finance Officer	annual	Deputy CFO Michelle Bellis	✓	✓	✓	✓	✓	✓	✓
Procurement Regulations	bi-ennial	Head of Procurement Les Hopcroft	x	✓	x	✓	x	✓	x
Scheme of Delegation/Consent	annual	Chief Executive Stuart Edwards and/or Governance Manager Joanne Head	✓	✓	✓	✓	✓	✓	✓
Arrangements for Anti-fraud & Corruption/Whistleblowing	bi-ennial	Chief Executive Stuart Edwards and/or Governance Manager Joanne Head	x	✓	x	✓	x	✓	x
Financial Regulations	bi-ennial	Deputy CFO Michelle Bellis	✓	x	✓	x	✓	x	✓
Grant Regulations	tri-ennial	Head of Partnerships and Commissioning Vivian Stafford	x	x	✓	x	x	✓	x

## Attendance Listing for Joint Audit &amp; Standards Committee Meetings 2016/17

	3 May 2016	28 July 2016	7 Sept 2016	24 Nov 2016	15 Mar 2017
<b>Independent Members</b>					
Mrs Fiona Daley (Chair)	✓	✓	✓	✓	✓
Mr Andy Hampshire (retired 30/09/2016)	✓	✓	-	-	-
Mr Jack Jones	✓	✓	✓	✓	x
Mrs Fiona Moore	✓	✓	✓	✓	✓
Mr Malcolm Iredale (joined 01/09/2016)			✓	✓	✓
<b>Commissioner's Officers</b>					
Police & Crime Commissioner for Cumbria (Richard Rhodes/Peter McCall)	✓	✓			
Chief Executive (Stuart Edwards)		✓			
Chief Finance Officer / Deputy Chief Executive (Ruth Hunter)	✓	✓	✓		✓
Head of Partnerships & Commissioning (Vivian Stafford)				✓	
Governance and Business Services Manager (Joanne Head)	✓		✓	✓	✓
<b>Constabulary Officers</b>					
Chief Constable (Jeremy Graham)	✓				
Deputy Chief Constable (Michelle Skeer)	✓	✓	✓	✓	✓
Constabulary Chief Finance Officer (Roger Marshall)	✓	✓	✓	✓	✓
Constabulary Director of Corporate Improvement (Jane Sauntson)			✓		
Deputy Chief Finance Officer (Michelle Bellis)	✓		✓	✓	✓
Principal Financial Services Officer (Lorraine Holme)					
Financial Services Assistant (Dawn Cowperthwaite/Dawn Masters/Shelagh Miller)	✓	✓	✓	✓	✓
<b>Internal Audit</b>					
Chief Internal Auditor, Management Audit Unit, Cumbria County Council (Niki Riley)	✓				
Audit Manager, Management Audit Unit, Cumbria County Council (Emma Toyne)	✓	✓	✓	✓	✓
Lead Auditor, Management Audit Unit, Cumbria County Council (Sarah Wardle)	✓				
<b>External Audit</b>					
Appointed Auditor, Grant Thornton (Fiona Blatcher/Robin Baker)	✓	✓	✓		✓
Senior Auditor, Grant Thornton (Richard McGahon)		✓	✓	✓	✓
In-Charge Auditor, Grant Thornton (Laurelin Griffiths)				✓	

## Joint Audit & Standards Committee - Role Profile

Job Title: Committee Chair

### JOB PURPOSE / KEY RESPONSIBILITIES

#### 1 Chair

The Chair of the Committee is responsible for providing leadership to the Committee in effectively discharging its duties and responsibilities as set out in the Committee terms of reference.

Ensuring that the Committee achieves its purpose of providing an independent assurance function for the governance, internal control, risk and financial and non-financial performance of the Constabulary and OPCC. Ensuring the Committee fulfils its responsibilities as a Standards Committee.

The Chair must create and manage effective working relationships among the Committee, Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

Meet separately with the Section 151 officers and District Auditor to discuss risk compliance and governance issues arising as a result of external or internal audit activity.

Act as the committee's spokesman, using his or her best efforts to see that the committee receives all material to be discussed at the meeting at least one week before the meeting to ensure sufficient time to review information.

#### 2 Conduct of Committee Meetings

Act as the chairman of each Committee meeting ensuring the appropriate conduct of business in accordance with the committee terms of reference.

Conduct the business of each Committee meeting in a manner which will result in all matters on the agenda being dealt with effectively and appropriately.

Propose the termination of discussion on any matter when he or she is of the opinion that the matter has been thoroughly canvassed and discussed and that no new points of view or information are being presented.

Attempt to achieve resolution of all issues discussed at the meeting in respect of which a decision is required and members express conflicting positions, views, or advice, but such attempt should in no way inhibit a member from maintaining a different position, view, or advice.

Ensure that all members who wish to address a matter at a meeting are afforded a reasonable opportunity to do so.

In any case where a member of the Committee has an interest or potential conflict in respect of a matter to be discussed at a meeting, arrange for that member to excuse himself/herself from all or a portion of the Committee discussion.

### 3 Committee Culture

Provide leadership in promoting and supporting a Committee culture characterised by:

- i) The willingness of each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The Committee's insistence on the highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;
- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices and standards practices.

### 4 Miscellaneous Matters

Assist the Committee and management to understand and respect the responsibilities of each.

Whenever necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees including those to facilitate governance of the internal audit shared service.



## Joint Audit & Standards Committee - Role Profile

Job Title: Committee Members

### 1. Job purpose / key responsibilities

To contribute to the effective discharge of the duties and responsibilities of the Committee as set out in the Committee terms of reference.

To maintain effective working relationships with committee members, the Police and Crime Commissioner, the Chief Constable, Section 151 officers and both internal and external auditors.

To be diligent in preparing for committee meetings and making an effective contribution to those meetings to provide independent assurance of the governance, internal control and finance, risk and performance management arrangements of the OPCC and Constabulary

### 2 Conduct of Committee Meetings

Contribute to the business of each Committee meeting in a manner which supports all matters on the agenda being dealt with effectively and appropriately.

Address the Committee on all matters where an opinion or decision is required and in such a manner that does not inhibit other members of the committee wishing to express a different opinion.

Advise the Committee Chair where an interest or potential conflict of interest may exist in respect of a matter to be discussed at a meeting and act on the advice of the Chair.

### 3 Committee Culture

As a member of the committee, contribute to a culture that supports.

- i) Each member to use his or her best efforts in carrying out his or her duties as a member of the Committee;
- ii) The highest level of integrity accountability and honesty in the actions of the Committee and of the PCC, Chief Constable and the other officers of the OPCC/Constabulary;

- iii) Respect and dignity among the members, officers and the external and internal auditor;
- iv) The candid and timely sharing of information among the members of the Committee, management and the external auditor;
- v) Acceptance by all members of the Committee of the right of every member to hold and express a dissenting opinion; and
- vi) A commitment to best governance practices.

#### 4 Miscellaneous Matters

When necessary or desirable, to facilitate the effective performance of the Committee's duties, attend other meetings and committees.

## CIPFA Self-assessment of Good Practice

Good Practice Questions	Yes	Partly	No
<b>Audit committee purpose and governance</b>			
Does the Commissioner/Chief Constable have a dedicated audit committee?	✓		
Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?	✓		
Is the role and purpose of the audit committee understood and accepted within the OPCC & Constabulary?	✓		
Does the audit committee provide support to the OPCC & Constabulary in meeting the requirements of good governance?	✓		
Are the arrangements to hold the committee to account for its performance operating satisfactorily?	✓		
<b>Functions of the committee</b>			
Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?	✓		
good governance	✓		
assurance framework	✓		
internal audit	✓		
external audit	✓		
financial reporting	✓		
risk management	✓		
value for money or best value	✓		

counter-fraud and corruption	✓		
Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?	✓		
Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	✓		
Where coverage of core areas has been found to be limited, are plans in place to address this?	✓		
Has the committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose?	✓		
<b>Membership and support</b>			
Has an effective audit committee structure and composition of the committee been selected? This should include:	✓		
separation from the executive	✓		
an appropriate mix of knowledge and skills among the membership	✓		
a size of committee this is not unwieldy	✓		
where independent members are used, that they have been appointed using an appropriate process	✓		
Does the chair of the committee have appropriate knowledge and skills?	✓		
Are arrangements in place to support the committee with briefings and training?	✓		
Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?	✓		
Does the committee have good working relations with key people and organisations, including external audit, internal audit and the chief finance officer?	✓		

Is adequate secretariat and administrative support to the committee provided?	✓		
Effectiveness of the committee			
Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?	✓		
Has the committee evaluated whether and how it is adding value to the organisation?	✓		
Does the committee have an action plan to improve any areas of weakness?	✓		



Joint Audit & Standards Committee  
Wednesday 24th May 2017  
Agenda Item No 17 a (i)

## The Chief Constable for Cumbria Constabulary Effectiveness of Governance Arrangements 2016/17

### 1. Introduction and background

1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Chief Constable is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Constabulary's website) the Statements alongside the Statement of Accounts. The AGS is prepared in accordance with the CIPFA/SOLACE good governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an annual governance statement that makes those practices open and explicit.

1.2 Following the introduction of the Police and Crime Commissioner the Chief Constable initially operated under the principles set out in the Commissioner's Local Code of Governance. Subsequently, the Chief Constable developed his own Code of Governance, reflecting arrangements within the Constabulary. The Chief Constable's Code for 2016-17 has been subject to further review and update as part of the review of the effectiveness of the governance arrangements. It was presented to the Joint Audit and Standards Committee for independent review prior to final approval by the Chief Constable. It is compliance with the 2016-17 version of the Code by the Chief Constable, together with an assessment of its effectiveness which is reflected in the 2016-17 Annual Governance Statement.

### 2. Governance Framework & Effectiveness

2.1 The annual review of the arrangements for governance and their effectiveness support the production of the annual governance statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives. The statement is prepared by the Chief Constable's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application of the CIPFA/SOLACE

framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. These have been used as a review checklist. The first stage of the process has been to ensure that the Chief Constable's Code of Corporate Governance adequately reflects all the requirements of the framework. The second stage of the process has been to ensure that the Governance Statement has evidence of the arrangements and practices in place to comply with the framework. Where the review has identified areas where developments are planned or it is identified that improvements can be made, the intended actions are outlined in the 'Areas for Further Development and Improvement' for each core principle. The statement also highlights areas where further assurance is gained, such as the work of internal audit, the reports of the external auditors and the results of inspections carried out by Her Majesty's Inspector of Constabularies. The Chief Constable's Governance Statement setting out the review of governance arrangements for 2016-17 and to the date of this meeting is presented to the Joint Audit and Standards Committee for review, prior to being received by the Chief Officer Group and Commissioner's Public Accountability Conference for endorsement and publication alongside the Statement of Accounts.

2.3 During the process for the development and publication of the 2014-15 AGS Joint Audit and Standards Committee members made a recommendation that consideration was given the length and structure of the AGS to improve its accessibility. The external auditors commented that in their view the current structure was helpful in documenting activity and setting out the wider approach to continuous improvement through the action plan. This matter has been further considered by the Chief Constable's Chief Finance Officer and it was decided that work would be undertaken to simplify the structure. This means that the structure may be less closely aligned to the CIPFA framework but would avoid some of the repetition within the framework. The Chief Finance Officer has also committed to producing a summary AGS, which will be made available to the Committee at its July meeting when the final version of the statement is considered.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2016-17 this has included a review and update of joint financial regulations and rules. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Chief Finance Office and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal

control and risk. These requirements, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

### 3. The Effectiveness of Internal Audit

3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda. It is supported by the Annual Report of the Joint Audit & Standards Committee of the Commissioner and Chief Constable, and includes an assessment of the effectiveness of the internal audit function. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

### 4. The Code of Corporate Governance 2017-18

4.1 On an annual basis a Code of Corporate Governance is reviewed and updated, setting out the framework for governance within the Constabulary. The 2017-18 Code of Corporate Governance applies the standards set out in the Delivering Good Governance in Local Government Framework published by CIPFA in 2016, with particular reference to the guidance notes for policing bodies, which recognise the governance implications of the structural differences between policing and other areas of local government. The CIPFA good governance framework is the best practice standard for Public Sector governance. The 2016 governance framework is based on seven principles and has a much broader focus on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this in comparison with the previous code.

### 5. Recommendations

5.1 Members of the Joint Audit and Standards Committee are asked to:

1. Review the Code of Corporate Governance 2017-18.
2. Review the Annual Governance Statement 2016-17.
3. Make any recommendations with regard to the Code, Statement or arrangements for Governance, for consideration by the Chief Constable prior to publication of the documents alongside the Statement of Accounts.

**Roger Marshall**

**Chief Finance Officer**



**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified

**Financial Implications:** None Identified

**Risk Management Implications:** The Annual Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Chief Constable discharges his respective responsibilities.

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Cumbria Office of the  
Police and Crime  
Commissioner

**Peter McCall**

Joint Audit and Standards Committee 24 May 2017 item 17 a (ii)  
Executive Decision Meeting 10 May 2017 item 7(a)

## Effectiveness of Governance Arrangements 2016/17

Report of the Chief Executive and Chief Finance Officer

### 1. Introduction and background

1.1 Each local government body operates through a governance framework which brings together an underlying set of legislative requirements, governance principles and management processes. The 2015 Accounts and Audit Regulations place a requirement on those bodies to conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS). The Commissioner is required to consider the findings of that review, approve the AGS and publish (which must include publication on the Commissioner's website) the Statements alongside the Statement of Accounts. The AGS is prepared in accordance with The CIPFA/SOLACE Good Governance framework that defines 'proper practices' for discharging accountability for the proper conduct of public business through the publication of an Annual Governance Statement that makes those practices open and explicit.

1.2 The Police and Crime Commissioner approves a Code of Corporate Governance, 'The Code', setting out his corporate governance framework. The Code is subject to review and updated annually alongside the process to review the arrangements for governance and prepare an Annual Governance Statement. The 2016/17 Code was subject to review by the Joint Audit and Standards Committee prior to approval by the Commissioner. It is the compliance with this Code by the Commissioner, together with an assessment of its effectiveness, which is reflected in the 2016/17 Annual Governance Statement.

## 2. Governance Framework & Effectiveness

2.1 The Annual Governance Statement for the Police and Crime Commissioner has been prepared by the Commissioner's statutory and senior officers and in accordance with the CIPFA delivering good governance in local government guidance note for Police 2016. The guidance supports the application of the CIPFA/SOLACE Good Governance Framework to Policing, recognising the specific structure and governance responsibilities arising from the 2011 Police Reform and Social Responsibility Act. The review of the arrangements for governance and their effectiveness support the production of the Statement. The review provides assurance on governance arrangements and the controls in place to achieve the organisation's strategic objectives.

2.2 The approach to the production of the statement has been to use the CIPFA guidance, and particularly the guidance section on core governance principles. Those core principles and the arrangements that support them are set out in the 2016/17 Code of Corporate Governance approved by the Commissioner following review by the Joint Audit and Standards Committee in May 2016. The development of the Annual Government Statement is an integral part of the review, setting out how the Code has been complied with over the course of the year. Where the review has identified areas where developments are planned or improvements can be made, the AGS sets out an action plan to deliver those changes. The statement also highlights areas where further assurance is gained, such as the work of internal audit and the reports of the external auditors. The Commissioner's Annual Governance Statement setting out the review of governance arrangements for 2016/17 and to the date of this meeting, is presented to the Joint Audit and Standards Committee for review and will be subject to review by internal audit, prior to being received by the Commissioner for endorsement and publication alongside the Statement of Accounts.

2.3 During the process for the development and publication of the 2014/15 AGS Joint Audit and Standards Committee members made a recommendation that consideration was given the length and structure of the AGS to improve its accessibility. The external auditors commented that in their view the current structure was helpful in documenting activity and setting out the wider approach to continuous improvement through the action plan. This matter has been further considered by the Commissioner's Chief Finance Officer and it was decided that work would be undertaken to simplify the structure. This means that the structure would be less closely aligned to the CIPFA framework and this has been agreed as acceptable by the external auditors. Further to this, officers contributing to the statement would be asked to consider the volume of their narrative and the Chief Finance Officer has committed to producing a summary AGS. Due to time pressures it has not been possible to prepare the summary AGS in advance of the meeting but it is intended that this will be made available to the Joint Audit and Standards Committee prior to approval of the statement of accounts in July.

2.4 Whilst the above review of arrangements has been specific to the production of the Annual Governance Statement, this is supported by wider reviews of the arrangements for governance that take place during the financial year. This includes cyclical review and updates to core elements of the governance framework. During 2016/17 this has included a review and update of the financial regulations and financial rules and a minor amendments to the

procurement regulations in respect of the treatment of late tenders. In addition, the Public Sector Internal Audit Standards and guidance from CIPFA in respect of Audit Committees forms the basis of further reviews of the overall arrangements for audit, with action plans being put in place where potential for improvement and development have been identified. This is supplemented by specific assessments on compliance by the Chief Finance Office and Head of Internal Audit with the requirements of the CIPFA statement for these roles. The governance review is also supported by an annually developed comprehensive audit plan from internal and external audit and an opinion from the Head of Internal Audit on the arrangements for internal control and risk. These requirements, whilst challenging, has enabled an approach that has sought to ensure all arrangements take account of best practice, codes and guidance.

### 3. The Effectiveness of Internal Audit

3.1 A separate report reviewing the effectiveness of the arrangements for Audit is set out elsewhere on the agenda and includes a review of the effectiveness of the internal audit function and the effectiveness of the Joint Audit and Standards Committee. The report demonstrates the effectiveness of the arrangements for Audit against independent and objective criteria as a contribution to good governance. In doing so it concludes the process of providing the necessary assurances that the governance arrangements set out in the Code of Corporate Governance are working as intended and are effective.

### 4. The Code of Corporate Governance 2017/18

4.1 On an annual basis a Code of Corporate Governance is reviewed and updated, setting out the framework for governance within the OPCC. For 2017-18 the Code of Corporate Governance conforms to the updated Framework for Good Governance published by CIPFA which is applicable from April 2016. The CIPFA good governance framework is the best practice standard for Public Sector governance. The updated governance framework is based on seven principles, as set out in the proposed Code and has a much broader focus than previous iterations on delivering value for money, including outcomes and demonstrating effective performance, often working in partnership to achieve this.

### 5. Recommendations

5.1 Members of the Joint Audit and Standards Committee are asked to:

- (i) Review the Code of Corporate Governance 2017/18
- (ii) Review the Annual Governance Statement 2016/17
- (iii) Make any recommendations with regard to the Code, Statement and arrangements for governance for consideration by the Commissioner prior to publication alongside the financial statements

5.2 The Commissioner is asked to:

- (i) Where applicable, consider the recommendations of the Joint Audit and Standards Committee, determining any actions and/or amendments to the Code of Corporate Governance 2017/18 and Annual Governance Statement 2016/17
- (ii) Approve for signature, where applicable with amendments, the Annual Governance Statement for 2016/17 and to the date of this meeting, which will then accompany the Statement of Accounts for 2016/17

**Stuart Edwards**

**Ruth Hunter**

**Chief Executive**

**Chief Finance Officer/Deputy Chief Executive**

**Human Rights Implications:** None Identified

**Race Equality / Diversity Implications:** None Identified

**Personnel Implications:** None Identified

**Financial Implications:** None Identified

**Risk Management Implications:** The Governance Statement and the underpinning reviews, including the Effectiveness of Internal Audit are designed and intended to provide assurance on and compliance with high standards of corporate governance, including effective control and mitigation of the risk environment in which the Commissioner discharges his respective responsibilities.

Contact points for additional information

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# The Chief Constable for Cumbria Constabulary

Code of Corporate Governance 2017/2018

## Introduction

The statutory responsibilities of the Chief Constable 'to maintain the Queen's Peace' are outlined in various Police Acts. The Police and Social Responsibility Act 2011 (PR&SRA), which introduced Police and Crime Commissioners, re-enforced the operational independence of the Chief Constable and clarified his role in supporting the delivery of the Commissioner's Police and Crime Plan.

The PR&SRA also established the Chief Constable for Cumbria Constabulary (the Constabulary) as a separate corporate sole. Accordingly, the Chief Constable is responsible for ensuring that business of the Constabulary is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Chief Constable approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements for Cumbria Constabulary. The Code is based on the core principles of governance set out within the CIPFA/SOLACE good governance standard for public services which has 'proper practices' status.

On an annual basis the Chief Constable will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

## The Code of Corporate Governance

This code of corporate governance sets out how the Chief Constable will govern. It is based on the seven good governance principles highlighted by the good governance standard for the public service. This code uses those principles as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

Those principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable, economic, social and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting and audit to deliver effective accountability.



## Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Chief Constables are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

### Ethics and Integrity

The Chief Constable and Chief Officer Group recognise that to operate legitimately it is essential that the Constabulary is able to demonstrate the highest standards of integrity in all its activities.

Officers and staff employed by the Constabulary are expected to adhere to the highest standards of conduct and personal behaviour. The requirements of officers are set out in Schedule 2 of the Police (Conduct) Regulations 2012. The requirements of Police staff are set out in the Police Staff Council Standards of Professional Behaviour document.

The Constabulary has adopted and provided training on the Code of Ethics produced by the College of Policing and all officers and staff are expected to abide by its provisions.

The Constabulary has an Anti-fraud and Corruption Policy and Procedures, which set out clear definitions of fraud and corruption. The policy embodies the values of the Code of Ethics based on the 7 Nolan Principles for Public Life and makes clear the duty of everyone with regard to their own actions and conduct and those of others to protect the organisation against fraudulent and corrupt acts. The procedure includes guidance for integrity

in respect of gifts and hospitality, completion of a register of interests and declarations of related party transactions. These ensure that staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships.

Ethics and integrity issues are specifically covered in the Constabulary's fifteen week and performance development review processes, in which all officers and staff are required to participate.

The Home Office Financial Management Code of Practice requires the Chief Constable to ensure that governance principles are embedded within the way the organisation operates. This is achieved through the Chief Constable's arrangements for corporate governance, which embody the principles of openness, accountability and integrity in the conduct of the Constabulary's business

The Joint Financial Regulations set out the internal framework and procedures for financial regulation and administration. They set out the arrangements for the proper administration of financial affairs ensuring these are conducted properly and in compliance with all necessary requirements. They

also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity. The Financial Regulations also re-enforce the anti-fraud and corruption policy, covering the culture expected within the organisation, responsibilities and measures in place to prevent fraud and corruption and how it will be detected and investigated.

The Joint Procurement Regulations, re-enforce the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity and interactions with commercial suppliers. They provide a guide to staff and suppliers in respect of the principles that will be followed in the conduct of business and the processes we expect staff to comply with when buying goods and services. Provisions within the tendering process re-enforce the requirement for suppliers to act in an ethical manner.

The Constabulary maintains arrangements for confidential reporting (whistleblowing) and guidance for managers with regard to how any reporting will be responded to. These are contained in the Anti- Fraud and Corruption Policy and Procedures and the Professional Standards Confidential Reporting Policy and Procedure. The confidential reporting policies and procedures are supported by a regularly publicised confidential phone line and e-mail reporting system on which individuals can leave anonymous information. The Constabulary also subscribes to and publicises 'Public Concern at Work' (PCaW), an independent authority on public interest whistleblowing to allow employees the facility to report externally to the Constabulary if required.

The Police and Crime Commissioner and Chief Constable have established an Ethics and Integrity Panel to ensure that arrangements for integrity, standards, conduct and behaviour are subject to independent external scrutiny. As part of its role the Panel reviews performance across agreed indicators of integrity, including public complaints. The Panel report to the Commissioner's Public Accountability Conference to ensure good practice is recognised and encouraged while any potential areas requiring improvement can be identified and dealt with accordingly to enhance performance.

The Joint Audit and Standards Committee operates within Standing Orders for the regulation of its business. The orders include expectations in respect of the conduct of members and how any conflicts of interest should be managed. Members of the Committee are independent and will scrutinise and monitor the operation and effectiveness the arrangements for governance including arrangements for anti-fraud and corruption.

### Respecting the Rule of Law

The Chief Constable recognises that in fulfilling his duty to 'Maintain the Queen's Peace' it is essential that the Constabulary as an organisation is able to demonstrate respect for the law.

The Chief Constable is committed to operating an environment where open debate and transparent governance is the norm, allowing senior officers to carry out their responsibilities in delivering the Constabulary's objectives.

The Director of Legal Services, who is a qualified solicitor, provides advice to the Constabulary on all

legal matters and is consulted on all strategic decisions to ensure that laws are not contravened.

As part of their training police officers receive specific training on the law and its applicability to policing services.

The Constabulary has a People Department, which includes a Professional Standards function, whose role is to promote proper standards of conduct and monitor compliance with codes. The function actively liaises with management teams and other groups with the aim of maintaining high standards of conduct and produces regular reports which set out details of non-compliance with standards and codes. The function has its own intranet site to facilitate demonstration of best practice and produces a newsletter highlighting areas of concern, guidance, learning and signposts officers and staff to those that can provide welfare / support. The Professional Standards function has an anti-corruption unit whose role is to investigate information and intelligence received concerning the conduct of officers and members of police staff.

The Professional Standards function also oversees all complaints, local resolutions and non IPCC appeals from the public, ensuring compliance with Police Reform Act 2002 and the Police (Complaints and Misconduct) Regulations 2012. These complaints are reported to and audited periodically by the Office of the Police and Crime Commissioner. The Chief Constable also has a procedure in place to receive and investigate complaints made to it about the conduct of Association of Chief Police Officers (with the exception of the Chief Constable who is accountable to the Commissioner) under the relevant conduct regulations.

## B. Ensuring openness and comprehensive stakeholder engagement.

Constabularies are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

### Openness

All decision making operates within the specific legislative and regulatory frameworks that confer on the Chief Constable duties, powers and responsibility. The significant elements of the statutory framework for decision making comprise:

- Various Police Acts, which outline the responsibilities of the Chief Constable and provide clarity on his operational independence.
- The Police Reform and Social Responsibility Act 2011 (PR&SRA) providing the legal framework for decision-making.
- The Policing Protocol Order 2011 setting out the framework within which the PCC & CC should work and requiring all parties to abide by the Nolan Principles.
- The Home Office Financial Management Code of Practice for the Police Service embedding the principles of good governance into the way the Chief Constable operates.

Challenge and scrutiny contribute to good governance by being part of accountable decision making, policy making and review. The implementation of a robust decision making process ensures that the right decisions are taken for the right reason at the right time. The Chief Constable adopts rigorous standards of probity, regularity and transparency in decision making and all decisions are

taken solely in the public interest and to maintain the Queen's peace.

The Constabulary has a Chief Officer Group, which has responsibility for strategic decision making and is supported by an established structure of subsidiary boards with defined terms of reference. Formal Chief Officer Group meetings are minuted. Decisions of the Chief Officer Group are recorded and published in an open forum, which can be accessed by all officers and staff with the aim of providing clarity and transparency. All significant strategic decisions are referred to the Chief Officer Group. A forward plan and standing items ensure that all significant areas of Constabulary business are considered on a regular and planned basis. Reports for decisions are prepared on a standard template, which ensures that the implications of all decisions are clearly understood. This includes a requirement to acquire relevant financial, legal, human resources, equality, procurement, ICT and risk management advice. The Director of Legal Services, in conjunction with the Chief Finance Officer has responsibility for the lawfulness of Chief Officer Group decisions.

Items of Constabulary business falling under the remit of the Police and Crime Commissioner or of a strategic nature are referred to the Commissioner from the Chief Officer Group. Decisions for financial investment are subject to a fully developed business case that provides a clear justification for the

expenditure. The Commissioner's decision making policy sets out the decision making process and how decisions will be recorded and published to ensure transparency of all decisions taken. A Code of Conduct provides advice with regard to potential conflict and declarations of interest.

The Constabulary's wider governance framework details specific responsibilities of key officers in relation to areas of governance. The scheme includes financial regulations, procurement regulations, anti-fraud and corruption policies, a scheme of delegation and codes of conduct. These documents ensure all officers and staff have a shared understanding of their roles, responsibilities and decision making authority within the organisation.

The Constabulary has also agreed a media protocol with the Commissioner, setting out who is responsible for communicating information and clearly identifying whether there is a single lead organisation, a joint responsibility or a supporting responsibility.

The Chief Constable complies with guidance provided by the Information Commissioner in respect of an information publication scheme. This ensures key information to ensure public accountability is available through the Constabulary's website.

### Engaging Effectively with Institutional Stakeholders

The Police and Crime Plan sets out a Pan-Cumbrian vision. The vision recognises that, in preventing crime, commitment is needed from a range of organisations involved in policing, community safety

and criminal justice. The Constabulary works in partnership with a number of public, private and third sector partners to do this. The Chief Constable reports details of actual and planned collaborative ventures to the Commissioner on a regular basis.

The financial and procurement regulations, together with the Constabulary's financial rules provide for the regulation of partnership arrangements and to ensure that the purpose of such partnerships is evaluated and risks assessed, before the Constabulary agrees to participate. The Constabulary also undertakes a Value for Money assessment on its major strategic partnerships.

Significant partnership working arrangements are supported by memorandums of understanding, strategic plans and operating protocols which clearly state the respective responsibilities expectations of each partner.

### Engaging stakeholders effectively, including citizens and service users

The Constabulary has a Community Engagement and Involvement Strategy, which is reported through its Operations Board. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is reviewed and refreshed on an annual basis to continually improve consultation arrangements.

The Constabulary engages with local communities through the work of its Neighbourhood Policing Teams, operating Engagement Plans, which use a range of methods that are specific to urban and rural community needs. The plans ensure that community priorities, concerns and areas for improvement are identified and dealt with. This includes:

- Community Meetings.
- Development of Key Individual Networks.
- Street safe Campaigns
- Residents' forums.
- Neighbourhood and Farm Watch.
- Multicultural centre visits.
- Meet and greet at public places, for example 'Cop in a Shop.'
- Newsletters for each geographical area, providing information on priorities, what has happened and publicising the next community engagement meeting or event. This is also available on the Constabulary website.
- On line discussion forums with expert practitioners available for the public to question
- Police Desks
- Community Messaging

The Constabulary has a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community. This includes alternatives to traditional communication methods including the force website to warn and inform and undertake surveys. Social media and pro-active media coverage of events are used to provide accurate messages and re-assurance.

The Strategic Independent Advisory Group (IAG) meets regularly to discuss emerging issues of strategy and policy both nationally and locally.

The Constabulary meets its requirements under the Equality Act 2010 by setting equality objectives every four years and publishing equality information via its website every three months.

The Constabulary surveys victims of crime and anti-social behaviour to ensure that the Victims' Code of Practice is complied with and to use the feedback to improve the experience of victims and the services provided. Service recovery is part of this process.

Local crime data is published at community level via the Constabulary's website and nationally via police.uk to increase the transparency of crime and performance data.

## Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

The long-term nature and impact of many of Chief Constables' responsibilities mean that they should define and plan outcomes and that these should be sustainable. Decisions should further the purpose of Police and Crime Commissioners, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

### Defining Outcomes

The Chief Constable determines the strategic direction and objectives for the Constabulary. This supports the Police and Crime Commissioner in developing his Police and Crime Plan. The Commissioner approves policing objectives, which are incorporated into the plan, which is available on the Commissioners website at [www.cumbria.pcc.gov.uk](http://www.cumbria.pcc.gov.uk)

In developing the Constabulary's vision and strategic priorities the Chief Constable take into consideration his statutory responsibilities for maintaining the Queen's Peace, the Home Secretary's Strategic Policing Requirement, the Constabulary's Strategic Assessment, based on operational intelligence, and the views of a range of stakeholders including the community, staff and partners. Performance outcomes, operational intelligence, strategic risks and the results of audits and inspections are also taken into consideration when setting strategic priorities.

The Constabulary has developed a Plan on a Page, which highlights its 'Big 6' operational priorities for the forthcoming year in delivering the over-arching objective of 'Keeping Cumbria Safe'. The plan also outlines key support activities, its policing style and

leadership standards. The presentation of the 'Big 6' provides a concise and easily understood overview designed to focus officers and staff on the Chief Constable's mission.

The Constabulary is developing a longer term Cumbria 2025 plan, which is aligned to the national policing vision 2025. Cumbria 2025 aims to bring together the Constabulary's operational, business, change and financial planning in a single co-ordinated plan which outlines how it will deliver an effective policing and respond to changing service demands over the longer term within available resources.

The Constabulary's medium term financial forecasts supports both the Commissioner's medium term financial strategy and the Chief Constable's policing vision by aligning resources with policing priorities over a four year time period, which ensures that a sustainable approach to service delivery is adopted.

### Sustainable economic, social and environmental benefits

A wide range of information and stakeholder opinions taken into consideration in developing the Chief Constable's policing vision. This ensures that

balanced and comprehensive consideration is given to all aspects of the potential impact of policing policy decisions on the local community.

All decisions by the Chief Constable are taken in the public interest. To manage risk and ensure transparency employees are required to make declarations where there may be or may be perceived to be a conflict of interest

The Constabulary adopts a medium term outlook aligned to the medium term financial planning period when developing business plans, ensuring that the sustainability of service provision is considered as a key element of the business planning process.

It is recognised that the Constabulary's officers and staff are its greatest asset and that effective Human resource planning is the most significant factor influencing the delivery of sustainable economic, social and environmental benefits. The Constabulary's People Strategy, encompasses a range of strategic themes to ensure that the Constabulary nurtures, cares for and gets the best from its workforce. In addition the People Strategy supports the effective planning, deployment and training of staffing resources. Themes include :-

- Well-being
- Workforce Planning
- Learning & Development
- Resourcing, succession and talent management
- Reward & recognition
- Performance management

- Supporting change & engagement
- Equality & diversity
- Health & Safety.

The Constabulary complies with the Equalities Act 2010. In doing so all policies, strategic decisions, functions and practices are assessed against the general and specific duties of the Act with the aim of ensuring that we evaluate, document and foster good relations and advance equality of opportunity.



## Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Chief Constables achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of interventions is a critically important strategic choice and Chief Constables have to make to ensure they achieve their intended outcomes. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

### Planning Interventions

The Constabulary develops a work programme to deliver its priorities. The work programme is based on

- The Strategic Assessment (a document which sets out the Chief Constable's operational priorities based upon performance and intelligence)
- The regional strategic threat risk assessment
- The results of PEEL & Thematic Inspections by Her Majesty's Inspectorate of Constabularies.
- The Change Strategy, which sets out how the Constabulary will improve and deliver savings to balance its budget.
- Business Strategies , which describe what and how the Constabulary will deliver essential support functions including ICT, HR, training, fleet, estates and procurement.
- The Workforce Plan, which describes how the Constabulary will provide the officers and staff required to deliver operational and other policing services.

- An extensive analysis of operational demand, which is refreshed annually and includes identification of future demand trends.
- The views of the public and other stakeholders.

The work programme supports and informs the Police and Crime Plan and is underpinned by a Medium Term Financial Forecast, which ensures that funding is aligned to the resources required to deliver policing priorities over a sustainable period.

The Constabulary reviews its vision and strategic activities annually to ensure that they continue to support the Police and Crime Plan and the Constabulary's priorities. To support this process strategic and financial planning within the Constabulary are co-ordinated to ensure that the Commissioner's reporting requirements and decision making processes form part of the overall planning cycle of the Constabulary and support the development of the Commissioner's wider Medium Term Financial Strategy.

The Constabulary's monitoring processes enable emerging issues and threats to the achievement of objectives to be quickly identified and appropriate remedial action taken.

Key performance measures are set to support the objectives within the Police and Crime Plan and the Constabulary's own priorities. This is supported by a comprehensive performance management framework, which is developed jointly with the Commissioner. The performance framework supports the Commissioner in holding the Chief Constable to account for the performance of the Constabulary and is also used to direct and manage activity within the Constabulary through the work programme.

The principles of risk management are fully embedded within the strategy development planning and performance monitoring processes linked to the achievement of organisational objectives. Where specific risks are identified they are integrated with the Constabulary's overall risk management processes.

The Constabulary reviews its governance arrangements on a regular basis to reflect development in the Police and Crime Plan and to support delivery of its own vision and priorities, making adjustments as necessary.

### Determining Interventions

The funding agreement between the Commissioner and Constabulary sets out the consents and arrangements for governance between the Commissioner and the Chief Constable, including

specific consents in respect of financial management of the Constabulary budget.

The Constabulary has a Chief Officer Group, which is its strategic decision making body and this is supported by a clearly defined board structure. There are established terms of reference and clear reporting lines to the Chief Officer Group. Reports are presented to Boards on a standard template, which includes details of options evaluation and consultation with all affected business areas to ensure that decisions are robust and the implications fully understood.

Task and Finish Groups and Steering Groups are set up to ensure that specific priorities are delivered. Members of these groups include police staff and officers from all ranks and level, representing decision makers and practitioners. The groups report into the permanent governance framework to ensure effective and co-ordinated decision making.

The decision making authority and duties to be carried out by individual officers on behalf of the Chief Constable are set out in the Chief Constable's Scheme of Delegation, budget management responsibilities and budget protocols.

In the operational environment the Constabulary utilises the National Decision Model (developed by the NPCC Ethics Portfolio and National Risk Co-ordination Group) supported by the THRIVE (threat, harm, risk, investigative opportunity, vulnerability and engagement) principles when determining actions. This is a risk assessment framework and decision making process which is used by all police forces across the country. It provides a logical,

evidence based approach to making policing decisions and is used by all police officers in their daily work. Further guidance and support to operational decision making is provided through operational policies and standard operating procedures.

The National Intelligence Model (NIM) is a business model for law enforcement and it takes an intelligence-led approach to policing. The tasking and co-ordination process within NIM provides police managers with a decision making mechanism to manage their business both strategically (national, regional and constabulary level) and tactically (territorial policing area level). Pro-active leadership is an essential requirement of the tasking and co-ordinating process. Management decisions are based on a full understanding of the problems faced and enable managers to prioritise the deployment of resources at their disposal.

The day to day allocation of resources across operational policing is directed by a daily force-wide operational review meeting linked to daily management meetings. These forums operate under the 'THRIVE' principles and soft boundaries to ensure flexibility to respond to priorities across the whole force area.

Performance, outcomes and costs are monitored and benchmarked through a framework which includes external comparators based on HMIC Value for Money Profiles, Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an Annual Value for Money Conclusion from the External Auditors. The results of these inspections are used to inform and plan both medium and longer term resource allocation

processes principally through the Change Programme and more immediate interventions in response to inspection findings.

### Optimising achievement of intended outcomes

The Constabulary's Medium Term Financial Planning process is fully integrated with the Commissioner's Medium Term Financial Strategy and wider business planning within the Constabulary. Consistent planning assumptions particularly in relation to the estimation of overall funding are utilised to ensure that the development of business strategies takes place in the context of the resources available and support the development of the Commissioner's wider Medium Term Financial Strategy.

The Constabulary prepares a detailed budget proposal for the Commissioner. The proposal is based upon a zero based budget approach, working closely with the business and functional managers to forecast operational requirements over 4 years for revenue budgets and 10 years for capital expenditure. This includes a series of 'star chambers' providing Chief Officers with the forum through which budget-holders can be challenged on their requirements.

In the current financial climate the Constabulary's Change Programme, which sits across all workstreams within the Cumbria 2025 plan, is critical to the delivery of a balanced and sustainable budget and is subject to detailed financial scrutiny as part of the budget planning process.

The final budget proposal is developed through an iterative process of on-going dialogue between the Commissioner and Chief Constable in producing the Medium Term Financial Strategy, which takes into consideration

- Estimates of funding both through government grant settlements and council tax.
- Service priorities and delivery plans.
- Financial and business risks.
- Change Programme savings.
- The impact on numbers of Officers, PCSOs and staff.

Ultimately, the Medium Term Financial Planning process seeks to align resources to strategic priorities, ensure that decisions on resources, services, performance and expected outcomes are based on a robust understanding of risks to and affordability of future plans.

## Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it.

Constabularies need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Chief Constables must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Because both individuals and the environment in which Chief Constables operate will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities

### Developing the Entity's capacity

The Constabulary has developed and agreed a Continuous Improvement, Efficiency and Value for Money Strategy, which sets out the principles the Constabulary will follow and specific reviews, which aim to secure maximum value from the resources available to it. The strategy utilises HMIC Value for Money profiles and Police Objective Analysis data, to benchmark resources allocations across all functions in relation to other forces. The conclusions of this work are reported to the Chief Officer Group and the Joint Audit and Standards Committee and are used as a basis for identifying areas with the potential to deliver savings through the Change Programme.

The Constabulary's services are subject to independent review by Her Majesty's Inspectorate of Constabulary (HMIC) and by internal audit, which is provided by the Cumbria shared audit service. A Business Improvement Unit has been established re-enforces the work of external inspectorates through a programme of self assessments and internal inspections, which ensure that both internally identified service improvements and

recommendations from external reviews are acted upon.

The Constabulary is open to the idea of collaboration with other forces and organisations as a means of delivering more efficient services. Collaborative opportunities which deliver benefits to Cumbria are actively pursued.

The Chief Constable's Chief Finance Officer (CFO) is a member of the Chartered Institute of Public Finance and Accountancy (CIPFA). The CFO operates within the guidance set out in the CIPFA Statement on the Role of the Chief Finance Officer of the Constabulary.

Procurement regulations are developed jointly with the Commissioner and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to ensure best value in the use of public money. The regulations also promote an open and transparent approach to procurement and the highest standards of integrity and ethical behaviour for all those involved.

## Developing the Entity's Leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The PRSA and the PPO also set out the function and roles of statutory officers.

The Constabulary's uniformed Statutory Officers are required to complete the Association of Chief Police Officers Strategic Command Course before they are permitted to undertake Chief Officer roles on a permanent basis. This course is designed to ensure that senior officers are equipped with the requisite leadership skills and competencies to undertake senior officer roles.

Other senior officers and staff posts have clear and accurate job descriptions and are recruited to on the basis of relevant knowledge, experience and qualifications.

The Constabulary fully utilises the College of Policing leadership programmes to develop its senior officers and staff. The Constabulary ensures that senior uniformed officers maintain their national accreditation to provide operational command for major and critical incidents.

The Chief Constable is statutorily required to appoint a Chief Finance Officer (CFO). The CFO's responsibilities and job profile are based on the Home Office Financial Management Code of Practice and the CIPFA 2014 Statement on the Role of the CFO. The CFO is the financial advisor to the Chief Constable and has statutory responsibility to

ensure that the financial affairs of the Chief Constable are properly administered, having regard to their probity, legality and appropriate standards. The CFO provides all financial advice and ensures systems of internal financial control are effective. The CFO is shared with the Commissioner.

The Chief Constable is supported by the Director of Legal Services, who is a qualified solicitor, member of the Law Society and member of the Solicitor's Regulatory Authority. The Director of Legal Services is a member of the Chief Officer Group and has responsibility for advising the Chief Constable on legal matters. As a member of the Chief Officer Group, the Director of Legal Services is able to scrutinise the legal implications of all strategic decisions.

Members of the Joint Audit & Standards Committee and Ethics and Integrity Panel are recruited for the specific skills and experience requirements to fulfil their respective roles. These bodies have clear terms of reference and membership which are consistent with best practice. Members are supported in their professional development through provision of seminars prior to meetings, access to relevant publications and external training.

The Constabulary has a leadership development programme which aims to ensure that managers at all levels within the organisation equipped with the knowledge and skills required to lead the organisation. In addition, the leadership & skills programme aims to provide officers and staff with both the operational skills and knowledge that they require in order to undertake their role and provide supervisors and managers with the necessary

leadership & managerial skills to engage, support and manage their staff.

In the longer term it will put in place a long term, sustainable Leadership and Skills Programme for all staff, which supports the national leadership review of policing.

### Developing the Capability of Individuals within the entity.

The Constabulary has a range of human resources policies which provide a framework to ensure that officers and staff are treated in a fair and transparent way in accordance with employment legislation. A Force Resourcing Panel meets on a weekly basis to consider staffing changes. Part of the terms of reference of this group is to ensure that promotions and appointments processes are equitable.

All personnel policies are reviewed on a periodic basis to ensure that they remain fit for purpose and support officers and staff in working effectively.

The Constabulary has a well-defined organisational structure with clear reporting lines. All officers and staff within the Constabulary have job profiles, which define their roles and include the policing professional framework.

There are national pay scales for police officers and police staff. Terms and conditions of employment are approved nationally for Police Officers, via Police Regulations and locally for police staff, in conjunction with employee representatives. The

Constabulary operates an approved job evaluation scheme.

All Constabulary posts are recruited to on the basis of accurate role profiles. The profiles specify appropriate essential and desirable skills, experience and qualifications to ensure that employees are able to deliver their responsibilities effectively. Membership of relevant professional bodies ensure access to up to date Codes of Practice, guidance and professional standards in all areas of business.

The Constabulary is committed to the principles of 'equal opportunities' in relation to the recruitment of officers and staff, accordingly promotion and appointments are undertaken in an open and transparent way in accordance with HR policies.

Staff Associations are represented at the Constabulary's Chief Officer Group meetings, which ensures that they are consulted on all strategic decisions. The Constabulary and Commissioner have adopted joint personnel policies to provide a framework for all issues related to employee management and terms and conditions. This includes policies on how staff and staff associations will be engaged in any change process. Trade unions and staff associations are consulted during any reviews of personnel policies. There is a general principle of on-going consultation and engagement during any business change, which encourages employees to contribute ideas and suggestions to improve performance.

The Constabulary is committed to ensuring that the capacity and capability of its officers and staff are developed to enable them to operate effectively.

Police Officer and Police Community Support Officer recruits are provided with rigorous initial training on operational policing and the values and standards of conduct expected of them.

The Constabulary's processes for officer and staff needs analysis enable training and development requirements to be identified and managed, which are aligned to the role or agreed objectives and actions.

The Constabulary has an approved training plan, which is updated on a regular basis and aims to address the development needs of officers and staff. The training programme also seeks to provide refresher courses, which ensure that specialist skills are maintained in accordance with relevant best practice.

Areas of corporate training and development need are addressed by a range of training solutions including e-learning, classroom and assessed qualifications, which can be accessed by all officers and staff.

A Performance Development & Review (PDR) process has been introduced for all staff within Cumbria Constabulary. The PDR is based around a national competency and values framework linking the current 15 week review process already in place with national PDR requirements.

The Constabulary recognises the importance of supporting the health and well-being of employees in contributing to an effective workforce. All HR policies take account of employee welfare for example provision, where possible, for flexible working for staff and officers. The Health and Safety department provide on-going monitoring and advice in relation to safety within the workplace. The Constabulary maintains an occupational health function, which provides advice and support to managers and staff in relation to specific psychological and physiotherapy issues.



## Principle F: Managing risks and performance through robust internal control and strong public financial management.

Chief Constables need to ensure that the entities and governance structures that they oversee have implemented—and can sustain—an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

### Managing risk

The Constabulary's risk management policy sets out the overall arrangements for managing risk within the Constabulary and is based on good practice identified by the Institute of Risk Management. The policy incorporates a clear framework of objectives, designated roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks to support decision making in respect of mitigating action. Identified risks are logged on a risk register with clear ownership and reviewed regularly as a standing item at strategic and management meetings. Individual project boards, departments and commands each maintain risk registers, which are updated on a quarterly basis and integrated with the corporate risk management process. Specific risks can be escalated to a strategic risk register for consideration by the Chief Officer Group.

Arrangements for risk management are subject to review by the Joint Audit and Standards Committee. The Constabulary's Strategic Risk

Register is presented to the Committee at each quarterly meeting.

The Constabulary maintains comprehensive business continuity plans for all service areas, which aim to ensure that critical activities are maintained in a range of adverse scenarios.

### Managing performance

Clear lines of accountability and processes are in place within the Constabulary to monitor and manage delivery of operational and business objectives including :-

- An established board structure with clear terms of reference / areas of responsibility.
- Chief Officer's holding managers to account for delivery of the work programme in Performance Development Conferences.
- Performance management figures which are published on a dashboard available to all Constabulary officers and staff and the Commissioner, which are updated daily. These

figures are subject to statistical analysis to identify areas where significant change is occurring.

- Monthly meetings between chief officers and their senior management to discuss progress on the work programme.
- A Daily Operational Review Meeting which ensures that a tactical level operational resources are continuously prioritised and directed towards meeting force objectives.
- Bi-monthly performance reports which are presented to the Chief Officer Group and the Commissioner's Public Accountability Conference.
- Thematic performance reports which are presented to the Chief Officer Group and the Commissioner's Public Accountability Conference and published on the Commissioner's website.
- An individual Officer Performance Dashboard has been developed and implemented. This enables sergeants to quickly view their officers' workload and form the basis of regular one to one performance meetings, improving supervision and productivity.
- Her Majesty's Inspectorate of Constabulary (HMIC) also continuously monitors Constabulary performance against other forces and carries out an annual overarching Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection of the Constabulary together with thematic inspections agreed with the Home Secretary. Action plans are developed in response to inspections and are subject to regular review.
- User Satisfaction Performance measures are included in the Performance Management

Framework. The Constabulary also pursues strategies to engage effectively with service users including crime surveys and community meetings, with the aim of better meeting the needs of users. A procedure for complaints enables the public to raise concerns about services.

- The Constabulary has developed a Quality of Service Action Plan with the aim of improving service delivery and user satisfaction.
- The Constabulary has developed a Business Improvement Unit and Strategy with the aim of providing assurance that operational systems and processes are operating effectively to deliver a high quality policing service.
- A funding arrangement is in place between the Police and Crime Commissioner and the Constabulary, which clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on activities that support the priorities and outcomes within the Police and Crime Plan.

Reports are produced on a standard template with the aim of providing appropriate information to decision makers including evaluation of options, consideration of risks and consultation from specialist support functions to ensure that the full implications of decisions are understood.

The Police and Crime Plan recognises the importance of partnership working between the Chief Constable and the Commissioner to develop the future direction of policing policy and strategy that takes account of public priorities. An Executive Board structure comprising the Commissioner,

Chief Constable, Chief Executive and the Commissioner's Chief Finance Officer supports joint working and facilitates the arrangements for accountability and performance monitoring. The board provides a mechanism through which the Chief Constable provides briefings on matters or investigations over which the PCC may need to provide public assurance.

The Constabulary's Change Programme is critical to the delivery of an effective policing service at a time of scarce resource. All changes proposals are developed in accordance with principles set out in the Constabulary Change Management policy, which includes comprehensive consultation with all stakeholders and scrutiny through the Force Strategic Delivery Board. All changes are subject to post implementation review.

### Robust internal control

The Chief Constable is responsible for reviewing his governance framework and including the system of internal control. This work is informed by the work of Chief Officers and senior managers who undertake an over-arching review of key controls and governance arrangements in support of the key principles in this code.

The Constabulary's arrangements for risk management, internal control and anti-fraud and corruption are reviewed on a cyclical basis through the wider arrangements for assurance of the governance framework.

Senior managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of

this process. An annual fraud risk assessment is undertaken as part of the accounts closure process by the Chief Finance Officer and reviewed by external auditors.

A joint internal audit service is commissioned in conjunction with the Commissioner, which is provided by the Cumbria Shared Internal Audit Service. This provides assurance in relation to the Constabulary's internal control environment, arrangements for risk management and governance. The internal audit plan is developed on a risk basis following consultation with stakeholders and covers all areas of operation. The Head of Internal Audit provides an annual overall opinion of the adequacy and effectiveness robustness of the internal control framework.

A Joint Audit and Standards Committee operates in line with Chartered Institute of Public Finance and Accountancy Code of Practice and the Home Office Financial Management Code of Practice. In line with the Home Office Code, the Committee fulfils the functions of an Audit Committee for both the Commissioner and the Chief Constable. As part its terms of reference the committee reviews

- The Constabulary's key governance documents on a cyclical basis.
- the Constabulary's risk management arrangements.
- Annual reviews of the effectiveness of arrangements for risk, governance and internal control.
- internal and external audit reports and updates on progress in implementing audit recommendations.

The committee undertakes an annual self-assessment to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

## Managing Data

The Constabulary has adopted an Information Management Strategy which has the principal objectives of ensuring that information is managed

- within a framework for identifying, considering and owning information and information risk.
- consistently across the organisation.
- to support policing objectives by providing reliable information at the point of need.
- in compliance with relevant legislation concerning the handling and use of data. In particular data will only be collected or held for either 'lawful policing purposes' as defined by the Management of Police Information (MOPI) Code of Practice (2005) or to support administrative functions.
- Providing guidance to personnel on the correct use of data, sharing it lawfully and protecting it from compromise.

The Constabulary maintains appropriate physical and digital safeguards to protect data from unauthorised access and misuse. An Information Security Board meets regularly to respond to emerging issues and threats in relation to the management and sharing of data.

The accuracy of police data is critical to the achievement of policing objectives and maintaining

public confidence. To ensure that data is managed in an accurate and timely manner, the Constabulary maintains a number of specialist units including :-

- a Crime and Incident Registrar supported by a team whose role is to ensure that crimes are recorded in compliance with National Crime Reporting Standards.
- officers and a criminal justice unit whose role is to support the criminal justice process and to ensure the timely and effective progression of criminal cases through the criminal justice system meeting the evidential requirements of both magistrates and crown courts.
- an Information Management Services team who ensure that performance data is collated and reported on a consistent basis.
- a Central Services Department which manages transactional data on behalf of a number of support functions.

## Strong public financial management

Arrangements for financial management support the Chief Constable in achieving objectives and delivering strong operational and financial performance. The arrangements for financial management are codified within a suite of financial governance documents, which comply with CIPFA Codes of Practice and ensure that all officers and staff are aware of their responsibilities in this regard.

The governance documents include a funding arrangement between the Commissioner and Constabulary, which sets out the financial consents and responsibilities for financial management between

the Commissioner and Chief Constable. This ensures that funding provided to the Chief Constable is directed towards the policing strategy and priorities set out in the Police and Crime Plan.

The Constabulary's budget and medium term financial position provide a framework for all Constabulary decisions. The Constabulary's Chief Finance Officer is a member of the Chief Officer Group ensuring that the financial position and risks are clearly understood and support the operational decision making process.

The Constabulary and Commissioner have a shared finance team which provides a full spectrum of financial management services to both organisations including budget planning, budget monitoring, preparation of the statutory financial statements and treasury management. There is financial representation at all decision making and project boards and report templates incorporate the financial implications of proposals.

The management of all Constabulary budgets (including capital projects) are assigned to named budget-holders, who are required to formally accept their responsibilities including any arrangements for sub-delegation. These responsibilities require regular monitoring and reporting of financial information, enabling early identification of variances. Each budget-holder receives support from a designated member of the financial services team.

The financial services team works closely with both operational and support functions to ensure that business planning and financial planning processes, such as workforce planning and the preparation of strategies are fully integrated.

All financial systems and process are subject to risk based cyclical review by internal audit to provide assurance that financial controls are operating effectively, which also forms part of the arrangements reviewed by external audit in forming their conclusions on the financial statements and value for money.

## Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### Implementing good practice in transparency

In all communications to the public the Constabulary seeks to ensure that the content and reporting style are as clear and easily understandable as possible. A number of different forms of media are often utilised to maximise public engagement.

The Constabulary's website, facebook and twitter account aim to provide key information to the public in a readily accessible format.

The Constabulary is committed to open and transparent governance and complies with the Freedom of Information Act 2000. A dedicated function within the Constabulary's Professional Standards Department aims to ensure that requests for information under the Act are responded to promptly, proportionately and accurately.

The Constabulary complies with the Government's transparency agenda in respect of publishing details of all expenditure over £500.

### Implementing good practices in reporting

The principal means by which the Chief Constable formally reports to the public is through the Commissioner's Annual Report, which incorporates activities, performance and achievements of the Constabulary. The annual report presents outcomes achieved against an agreed framework of targets and measures.

The Constabulary publishes an Annual Governance Statement (AGS) alongside its Statement of Accounts. This document outlines the measures in place to ensure compliance with its Code of Corporate Governance. The AGS also incorporates an action plan of work which will be undertaken in the following financial year to enhance its governance arrangements. The AGS is subject to internal audit review and scrutiny by the Joint Audit and Standards Committee prior to publication.

The Constabulary is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of single entity accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and are subject to external audit.

The Constabulary's financial statements include a narrative statement, which provides an overview of financial and organizational performance in a concise and easily understandable format.

### Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary to report key matters arising from the audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Chief Officer Group, Commissioner's Public Accountability Conference and Joint Audit and Standards Committee for review. The Joint Audit and Standards Committee monitors the implementation of recommendations arising from the audit.

The Constabulary has joint arrangements for internal audit in place in conjunction with the Commissioner. This service is provided by the Cumbria Shared Internal Audit Service. Central to this function is an annual risk based audit plan, which complies with the Public Sector Internal Audit Standard. The Chief Internal Auditor reports to the Joint Audit and Standards Committee on its findings, including recommendations for improvements. The Committee monitors the implementation of audit recommendations. Internal Audit makes an annual assessment and

reports on the overall internal control environment and arrangements for risk management.

The Constabulary is subject to review by Her Majesty's Inspectorate of Constabularies (HMIC), who produced themed reviews and an annual overall assessment of Police Efficiency, Effectiveness and Legitimacy (PEEL). HMIC reports are reviewed by the Joint Audit and Standards Committee. Action plans are developed to respond to HMIC recommendations. Where appropriate the Constabulary engages peer reviews of specific activities or functions to provide additional assurance. The Constabulary's Business Improvement Unit monitors the implementation of recommendations, which are also reported to the Commissioner's Public Accountability Conference and the Joint Audit and Standards Committee.

The Ethics and Integrity Panel also monitors and reports on specific areas of activity, such as complaints handling and ethical issues.





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## Foreword

Welcome and thank you for taking the time to read the Police and Crime Commissioner for Cumbria's Code of Corporate Governance. I am pleased to introduce this Code, which sets out the Commissioner's commitment to continue to uphold the highest possible standards of good governance. This document clearly demonstrates his drive to ensure that this is in place. Good governance is about how the Commissioner will ensure that he is doing the right things, in the right way, for the communities he serves, in a timely, inclusive, open, honest and accountable way.

The Code provides clarity about how the Commissioner and Chief Constable will govern their organisations both jointly and separately, in accordance with their statutory responsibilities. It will do this by highlighting the key enablers for ensuring good governance. The Code sets out how the organisations will govern, using the seven good governance principles as the structure for setting out the statutory framework and local arrangements.

Robust governance enables the Commissioner to pursue his vision effectively as well as underpinning that vision with mechanisms for control and management of risk.



A handwritten signature in black ink that reads "Stuart Edwards".

**Stuart Edwards**

**Chief Executive and Monitoring Officer**

**Office of the Police and Crime Commissioner**

## Introduction

The Police Reform and Social Responsibility Act 2011 (PR&SRA) established Police and Crime Commissioners as elected officials with statutory functions and responsibilities for Policing and Crime within their area. Those responsibilities include: setting the strategic direction and objectives for policing and crime and disorder reduction in their area; maintaining the police force; and holding the Chief Constable to account. Police and Crime Commissioners also have wider responsibility for community safety, enhancing criminal justice and supporting victims.

The statutory and regulatory framework setting out the responsibilities, powers and duties of Police and Crime Commissioners is continually developing. The PR&SRA is supported by the Policing Protocol Order 2011, the Home Office Strategic Policing Requirement 2015 and the Home Office Financial Management Code of Practice 2013. The Anti-Social Behaviour, Crime and Policing Act 2014 has developed and conferred further powers in respect of the wider responsibilities of Police and Crime Commissioners. These powers have been extended through the Policing and Crime Act 2017.

The Police and Crime Commissioner for Cumbria (the Commissioner) is responsible for ensuring that business is conducted in accordance with this statutory and regulatory framework and in accordance with proper standards. This includes ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. In fulfilling this overall responsibility, the Commissioner is responsible for putting in place proper arrangements for governance, including risk management and the arrangements for ensuring the delivery of the functions and duties of his office.

In doing this, the Commissioner approves and adopts annually this Code of Corporate Governance, 'The Code'. The Code gives clarity to the way the Commissioner governs and sets out the frameworks that are in place to support the overall arrangements for the Cumbria Office of the Police and Crime Commissioner (COPCC). The Code is based on the core principles of governance set out within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. The Code is appended with a schematic that sets out diagrammatically all the key elements of the governance framework.

On an annual basis the Commissioner will produce an Annual Governance Statement (AGS). The AGS reviews the effectiveness of the arrangements for governance and sets out how this Code of Corporate Governance has been complied with.

## The Code of Corporate Governance

This code of corporate governance sets out how the Police and Crime Commissioner will govern. It is based on the seven good governance core principles highlighted by the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016, and supported by the Nolan Principles of Public Life. This Code uses those principles of governance as the structure for setting out the statutory framework and local arrangements that are in place to achieve them.

The seven good governance principles are:

- Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Principle B: Ensuring openness and comprehensive stakeholder engagement
- Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes
- Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Principle F: Managing risks and performance through robust internal control and strong public financial management
- Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### NOLAN PRINCIPLES OF PUBLIC LIFE

*SELFLESSNESS: Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.*

*INTEGRITY: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.*

*OBJECTIVITY: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.*

*ACCOUNTABILITY: Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.*

*OPENNESS: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands it.*

*HONESTY: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.*

*LEADERSHIP: Holders of public office should promote and support these principles by leadership and example.*

## Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Police and Crime Commissioners are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

### **Business Code of Conduct:** Staff shall:

*Maintain the highest possible standards of probity in all commercial relationships;*

*Reject business practice which might reasonably be deemed improper and never use authority for personal gain;*

*Enhance the proficiency and stature of the organisation by acquiring and maintaining technical knowledge and the highest standards of behaviour;*

*Ensure the highest possible standards of professional competence, including technical and commercial knowledge;*

*Optimise the use of resources to provide the maximum benefit to the organisation.*

**INTEGRITY:** *Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.*

## Ethics and Integrity

The arrangements for governance within the Office of the Police and Crime Commissioner are based on a culture of ethics, integrity and acting in the public interest. This is demonstrated and communicated through a number of policies and codes that set out the standards of conduct and personal behaviour expected in the Commissioner's office. Specifically:

- A Code of Conduct commits to the Nolan Principles of Public Life. The Code sets out commitments with regard to how people will be treated, the use of resources, disclosure and conflicts of interest, disclosure of information and transparency.
- A Code of Ethics developed by the Association of Police and Crime Commissioners (APCC) has also been adopted by the Commissioner. It sets out how

the Commissioner has agreed to abide by the seven standards of conduct recognised as the Nolan Principles. This Ethical Framework allows transparency in all areas of work of the Police and Crime Commissioner. These principles encompass the Commissioner's work locally and whilst representing Cumbria in national forums. The principles are listed in the Code of Ethics with examples of how these are achieved.

- The Commissioner's arrangements for anti-fraud and corruption make clear the duty everyone has with regard to their own conduct and those of others. The arrangements incorporate an anti-fraud and corruption policy and plan covering the culture expected within the organisation and provide contact information for confidential reporting (whistleblowing).

- Anti-fraud and corruption procedures cover arrangements for integrity in respect of gifts and hospitality, completion of a register of interests, supplier contact and declarations of related party transactions. These ensure staff avoid being engaged in any activity where an actual or perceived conflict may exist and that there is transparency in respect of any personal or business relationships. Staff are reminded on a monthly basis of the need to make declarations.

- The Office of Cumbria Police & Crime Commissioner is responsible for investigating complaints about the Chief Constable, any appointed Deputy Commissioner, the Office of Cumbria Police & Crime Commissioner's own staff and Independent Custody Visitors. A formal process exists for dealing with complaints. The arrangements are clearly set out, including the role of the Police and Crime Panel, on the 'contact us' section within the Commissioner's website. The

protocol for managing complaints is set out in the Commissioner's complaints Policy and reinforces the commitment to upholding the highest ethical standards.

- Complaints against the Police & Crime Commissioner are referred by the Commissioner's Monitoring Officer to Cumbria County Council's Monitoring Officer who investigates the complaints and then seeks to either resolve them locally with the complainant, refers them to the Police and Crime Panel or the Independent Police Complaints Commission.

- The Commissioner's Procurement Regulations incorporate a Business Code of Conduct, reinforcing the integrity requirements within the anti-fraud and corruption policy in the context of procurement activity.

- Financial Regulations make arrangements for the proper administration of financial affairs. They also seek to reinforce the standards of conduct in public life, particularly the need for openness, accountability and integrity.

- Grant regulations are based on a framework that provides minimum standards and terms and conditions for the grant award process that seek to ensure grants are awarded within the public interest.

- The Commissioner and all staff are required to sign up to an anti-discrimination Code that sets out values and standards with regard to the prevention of any kind of discrimination.

All policies and codes are reviewed on a cyclical basis to ensure they are operating effectively. Independent external assurance is provided through the work of an Ethics and Integrity Panel

and Joint Audit and Standards Committee. The purpose of the Panel is to promote and influence professional ethics in all aspects of policing and within both organisations. It provides scrutiny and review in respect of the arrangements for codes of conduct, integrity and complaints. It also provides assurance to the public that any issues or concerns are highlighted and monitored. The Joint Audit and Standards Committee has responsibility for standards matters covering hearings and determining appeals in relation to the Commissioner's personnel policies and decisions of the Chief Executive. The Committee also provides scrutiny and review in respect of the Commissioner's arrangements for anti-fraud and corruption and financial, procurement and grant regulations. Agendas and papers are available to the public on the Commissioner's website to aid transparency.

The leadership values for the organisation have been developed by our staff to support good governance and advocate high standards of integrity and ethical behaviour. They are set out in our Corporate Plan. All staff within the OPCC have been appointed following open and transparent appointment processes. Following appointment staff commit to the various codes of conduct and ethical standards that are in place for the OPCC. All staff also undertake a structured induction process arranged by the Governance Manager.

## Respecting the Rule of Law

The Chief Executive is the Commissioner's Monitoring Officer with responsibility for ensuring that the Commissioner and staff of the Office of the Police and Crime Commissioner do not contravene any rule of law or engage in any activity that

### *Our Values*

*We are a single team with a culture of trust and confidence*

*We develop the capacity and capability of our office to be effective and recognise high performance*

*We have empowered staff who are high performing, professional and have high levels of satisfaction in their roles*

*We embrace and deliver change, achieve national recognition for what we do and are exemplars of best practice*

*We hold ourselves to account for what we deliver, measuring our outcomes, customer satisfaction and value for money, striving for continuous improvement*

*We promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour*

constitutes maladministration or injustice. The responsibilities of the Chief Executive are codified within legislation, within the Commissioner's scheme of delegation and within the documents comprising the Commissioner's wider governance framework. The Chief Executive is responsible to the Commissioner for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Chief Executive is supported by an internal legal team and will instruct external legal advisers where there are significant legal complexities or legal risk. The office structure provides for a post of a deputy Monitoring Officer to ensure continuity in the delivery of this role in the absence of the Chief Executive.



## Principle B: Ensuring openness and comprehensive stakeholder engagement

Police and Crime Commissioners and their Offices are run for the public good, they therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

### Openness

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders 2011, 2012 & 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public and wider stakeholders. This includes information in respect of the Commissioner, his staff, income and expenditure, property, decisions, policies and the independent custody visiting scheme. The Commissioner's Monitoring Officer has overall responsibility for ensuring compliance with the Orders and Scheme.

To ensure transparency of decision making, all decisions are recorded and published on the Commissioner's website for public scrutiny. The Police and Crime Panel may call in any decisions for further public scrutiny.

The Commissioner adopts rigorous standards in his decision-making and all decisions are taken solely in the public interest. This is achieved by adherence to a decision making policy that sets out the parameters and the application of a set of principles that guide decision making. The approach within the policy adheres to the Good Governance Standard for

Public Services and the Good Administrative Practice  
2.

#### ***Decision Making Policy: Principles of Decision Making***

*Decision-making will be well informed*

*The decision-making process will be open and transparent*

*To have 'due regard' within the decision making process*

*Be rigorous and transparent about how the decisions are taken*

*All decisions of significant public interest will be recorded and published.*

*The PCC will uphold the highest standards of integrity and honesty when taking decisions, as set out in the Nolan Principles.*

Reports for decision are based on a template that ensures the consequences of any recommendations are clearly explained and that there is clear reasoning and evidence for decisions. This includes relevant financial, legal, human resources, equality, procurement, IT and risk management advice.

## Engaging Comprehensively with Institutional Stakeholders

The Police and Crime Plan recognises the importance of stakeholder engagement and collaborative working in developing and delivering priorities for the future direction of policing, crime reduction, and supporting victims. The process for development of the Plan includes consultation with the Police and Crime Panel, wider partners and the Constabulary. Consultation processes support the development of objectives and outcomes prior to the formal approval and publication of the Plan on the Commissioner's website.

The Plan recognises that in preventing crime and supporting victims a commitment to collaborative working is needed from a range of organisations involved in policing, community safety and criminal justice. The Plan commits to utilising the existing partnership structures across the County to do this wherever possible. This enables the Commissioner and partners to build commitment to shared priorities and to exercise oversight of the delivery of shared outcomes.

As part of these arrangements the Commissioner has signed up to the Cumbria Compact, an agreement and set of principles that govern effective relationships between public and third sector organisations.

The purpose, objectives and intended outcomes from partnership and collaborative working will be set out in a Partnership Strategy. Grant agreements govern the funding arrangements with partners and the third sector and set out the purpose, objectives and shared outcomes which that funding is planned to deliver.

Joint boards, collaborative procurement and third sector partnerships are central to the Commissioning Strategy that seeks to efficiently and effectively deliver the Police and Crime Plan. The underlying Commissioning Plan uses commissioning approaches and a grant framework that enable partners to determine interventions that will be appropriate and effective in delivering outcomes.

## Engaging Stakeholders Effectively including Citizens and Service Users

A Public Engagement Strategy sets out how the Commissioner will make arrangements for obtaining the views of the community on policing and for obtaining the views of victims of crime. The strategy aims to ensure clear channels of communication are in place with all sections of the community and other stakeholders. As part of the Public Engagement Strategy the Commissioner undertakes formal consultation with the public, partners and other stakeholders in respect of the Police and Crime Plan and the budget.

The OPCC is instrumental in giving the people of Cumbria the ability to communicate with the Commissioner and plays a key role in ensuring public opinion can influence the Commissioner's decision making. The Office ensures a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria. The office plays a critical role in ensuring that two-way communication with communities take place and that the Commissioner is publically available to speak to communities and individuals.



The OPCC has responsibility for keeping people informed, ensuring that activities and decisions are transparent and that effective, transparent and accessible arrangements are in place for providing feedback. A wide range of communication tools are used to achieve open and transparent communication with communities. This includes the statutory requirement of producing and publishing an Annual Report setting out what has been achieved in a 12 month period.

The OPCC also supports the Commissioner around public affairs, if necessary highlighting the impacts on policing and people in Cumbria.

A complaints process and quality of service procedure provides clarity over the arrangements to respond to the breadth of concerns raised by local people. If trends are identified these are used to improve customer service from the Constabulary and influence the decisions of the Police and Crime Commissioner.



## Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

The long-term nature and impact of many of the Police and Crime Commissioners' responsibilities mean that they should define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available

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

### Defining Outcomes

The Police Reform and Social Responsibility Act (PRSR) 2011 and the Policing Protocol Order set out the purpose of the Police and Crime Commissioner, conferring statutory duties and responsibilities. These include the requirement to issue a Police and Crime Plan. The Plan sets out the vision and strategic direction for policing and reducing crime for the local area. It outlines police and crime objectives, priorities and outcomes for policing and victims that the Commissioner will focus on in carrying out his purpose. The Police and Crime Plan sets out a Pan-Cumbrian vision.

Key performance indicators are set to support the objectives within the Police and Crime Plan. This is supported by a comprehensive performance management framework. The performance framework and HMIC inspection and value for money reports support the Commissioner in holding the Chief Constable to account for the performance of the force and its efficiency and effectiveness. User Satisfaction Performance

measures are included in the Performance Management Framework.

The Police and Crime Plan is developed alongside a Medium Term Financial Strategy that ensures funding is aligned to the resources needed to deliver priorities and outcomes. The forecast supports the Commissioner in setting a robust budget and in his purpose of maintaining the force for the Cumbria police area.

A Commissioning Strategy and framework supports the delivery of the Commissioner's wider duties and responsibilities and the objectives and outcomes within the Police and Crime Plan. The strategy sets out how the Commissioner will work with partners, including community and voluntary sector groups, to deliver activity and interventions that will support victims, improve community safety, reduce crime and enhance criminal justice. The strategy is underpinned by a commissioned services budget and programme. The budget funds the Office of Victims Services, supported by a Victims Advocate, to commission and promote

effective support services that will help victims to cope and recover.

## Sustainable economic, social and environmental benefits

A process is in place to support policy and strategy development. Oversight of the central policy record, including compliance with procedure and equality impact assessments, is managed by the Executive Team. This ensures that the sustainability of policies and strategies and the wider benefits and interrelationships across the business are fully understood.

When developing strategies, policies or business plans the Office of the Police and Crime Commissioner will seek to impact assess such documents prior to their development. The outcomes of these assessments will inform development work and be taken into consideration when policies and strategies are approved. In this way, our policies and strategies provide a framework to support decision making.

The process for making decisions, particularly those that involve expenditure, includes an assessment of the longer term impact of proposals to ensure sustainability. Decisions on human resource planning, the most significant factor influencing the delivery of sustainable economic, social and environmental benefits, take account of the longer term financial outlook alongside projections of future turnover. This enables workforce planning and recruitment in a way that supports the economic management of training and supervision requirements and maximizes the benefits to the business.

All decision reports include a section which allows the author to identify any equality issues. These will be taken into account by the Commissioner when considering the decision.

To manage risk and ensure transparency of interests in decision making, the Commissioner and officers are required to make declarations where there are or may be perceived to be conflicts of interest. The role of the Monitoring Officer and the Commissioner's Oath of Office further supports decisions being made in the wider interest of the people of Cumbria, rather than representing any particular political interests.

The Police and Crime Plan and the policy and strategy documents that support it are developed to cover a four year rolling timeframe and take into account feedback from public consultation and engagement.

All of these documents and the outcomes from consultation are published and are publicly available on the Commissioner's website. Information is published in a variety of mediums. The OPCC website has the functionality to assist in the access to information held. The COPCC would look to assist with translation of information or send information to a third party who can assist them. The COPCC website has the ability to translate into the main languages.



## Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

Police and Crime Commissioners achieve their intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice and Commissioners have to make sure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

### Determining Interventions

The Commissioner sets the strategic direction for Policing and wider interventions within the Police and Crime Plan. The Plan is reviewed annually to ensure decision making on activity and outcomes remains robust. The Commissioner's decision making policy adopts a set of principles to ensure all decision making is well informed, that options are rigorously considered and information is provided on potential risks.

The Constabulary is the primary provider of policing services and the recipient of the substantial proportion of funding from the Commissioner to deliver the Police and Crime Plan. Achieving best value through the delivery of an effective policing strategy is a condition of the arrangements for funding between the Commissioner and the Constabulary. Decisions are made annually on the level of resources and how they should be directed as part of the Commissioner's budget setting process.

The performance, outcomes and costs of the Constabulary are monitored through a framework that includes external comparators (HMIC Value for Money Profiles), Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection reports and an annual Value for Money Conclusion from the External Auditors. Recommendations from PEEL inspections are used to review decisions in year on resources and determine whether intervention are needed to respond to inspection findings.

Grant and Procurement Regulations set out a framework for commissioning and procurement activity that supports the achievement of best value and practical interventions to support Police and Crime Plan outcomes within wider commissioned services. An annual report to the Joint Audit & Standards Committee reviews value for money in respect of the costs of the Commissioner's Office, providing external oversight of staffing and wider financial resources committed to fulfilling the legal and regulatory requirements of the Office.



### **Medium Term Financial Strategy Objectives**

*To deliver a robust and balanced medium term financial plan and annual budget supported by an in-year reporting framework that monitors its delivery.*

*To ensure arrangements for funding between the Commissioner and Constabulary deliver value for money and support the priorities of the Police and Crime Plan*

*To ensure capital expenditure plans are robustly scrutinised, fully funded for a minimum of four years and are supported by capital strategies that meet the needs of the business*

*To maintain a risk assessed level of reserves to meet unplanned expenditure and to provide revenue budget smoothing for intermittent costs.*

*To ensure treasury management activities provide for the security of the Commissioner's funds whilst*

## **Planning Interventions**

A Commissioning Strategy and joint Procurement Regulations set out how services will be planned, procured and delivered. The Safer Cumbria Partnership provides a flexible and supportive mechanism through which services can be developed and delivered with shared risk. Grant and contract management arrangements are in place to monitor and review service quality.

The Medium Term Financial Strategy sets out the financial plans for revenue and capital expenditure. An annual funding arrangement for the Chief Constable codifies the amounts and conditions of funding based on a financial proposal from the Constabulary. It sets out how the budget will be

monitored including financial information and reporting requirements. Financial reporting provides a control to assess the extent to which planning assumptions for the budget have been matched by actual activity and expenditure in year. Further controls over the management of income and expenditure are detailed in the Commissioner's financial regulations. Key Performance Indicators for finance are agreed as part of the arrangements for the funding agreement and incorporated within the Finance Services Business Plan. Wider financial targets, for example prudential indicators, are set as part of the budget process, and monitored on a quarterly basis to ensure they are being met.

The Medium Term Financial Strategy sets out revenue forecasts of income and expenditure and the key financial assumptions and policies on which the forecasts are based. This supports a strategic approach to operational planning, savings requirements and decision making in support of the objectives within the Police and Crime Plan. It also ensures that the financial liabilities, risks and the level of provision and reserves within the budget are fully understood. The budget includes a 10 year capital programme aligned to plans for ICT, the estate and fleet, ensuring resources are balanced in the medium and longer term to meet the requirements of the business.

Financial, operational and commissioning plans are developed taking into account the feedback from the public and wider stakeholders. The Engagement Strategy sets out how the Commissioner will engage with a wide range of people and partners encompassing and including diversity within the County. The Commissioner in his role of consulting with the public uses the guiding principles of we

asked, you said, we did as many engagement activities personally involve the Commissioner. To formally support the role of two-way engagement a six monthly paper is presented to the Commissioner outlining trends from the various forms of engagement and this information is used as an integral part in the process of any key decisions. Further communication tools are used to ensure target audiences are kept up to date of developments and key decisions for the Commissioner.

## Optimising Achievement of Intended Outcomes

The Medium Term Financial Forecast integrates the budget and funding arrangements for the Constabulary with the Commissioner's directly managed budgets. The totality of estimated funding forms the basis for considerations regarding the trade-off between resources for commissioning and resources for policing to optimise outcomes within the Police and Crime Plan. Strategic priorities within Plan support decision making on the respective policing and commissioning strategies. This determines for example, the number of police officers, the balance between people resources verses equipment and the balance between supporting victim's verses crime prevention activity.

The budget process is based on a proposal from the Constabulary. It takes a zero based approach, working closely with the business to forecast operational requirements over 4 years for revenue expenditure and 10 years for capital expenditure. This includes a series of 'star chambers' providing Chief Officers with the forum through which budget

holders can be challenged. Through the budget process targets and plans are developed for savings and consideration is given to growth bids to resource new and changing requirements.

The Medium Term Financial Strategy includes information on national financial settlements for policing and what is known about settlements in future years. It also sets out the key financial risks that could impact on funding and expenditure nationally and locally. Sensitivity analysis provides information on the potential impact of changes to assumptions. Collectively this supports decisions on resources, services, performance and outcomes and ensures the business has a robust understanding of risks to the affordability of future plans. The Strategy incorporates information on plans for savings and the impact of funding changes for the number of police officers, PCSO's and police staff. This supports an on-going dialogue and monitoring between the Commissioner and Constabulary in respect of the necessary business change and its impact on outcomes and performance.

Through our Commissioning Strategy we engage and consult with the wider community on support and service provision gaps, this ensures that commissioning objectives and outcomes align with the needs of the local community as well as creating an opportunity for providers to innovate. Commissioning to local based providers ensures the economic, social and environmental well-being of the wider Community. Awarding of Contracts or Grant Agreements are based on the social outcomes and measures which meet local priorities and needs as opposed to financial gains and benefits.



## Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

Police and Crime Commissioners need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. Commissioners must ensure that they have both the capacity to fulfil their mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the entity as a whole. Both the individuals involved and the environment in which Commissioners operate will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of their communities

### Developing the entity's capacity

Legislation provides that the Commissioner must appoint a Chief Executive and a Chief Finance Officer (statutory officers). The Chief Executive is the Commissioner's Head of Staff with responsibility for overall management of the Commissioner's office. The Chief Finance Officer (CFO) operates on a shared basis acting as CFO for both the Commissioner and the Chief Constable. Both the Chief Executive and Chief Finance Officer have statutory responsibilities with regards to determining the requirements in respect of staffing resources.

The Chief Executive is a member of the Association of Police and Crime Chief Executives (APACCE) and operates within the APACCE statement on the role of the Chief Executive and Monitoring Officers for Police and Crime Commissioners. The Chief Executive's job profile is based on the APACCE

model to ensure the right skills, experience and qualifications for the role.

The role and functions of the Chief Finance Officer to support the Commissioner's mandate is set out within the Home Office Financial Management Code of Practice and by the Chartered Institute of Public Finance and Accountancy (CIPFA), the CIPFA statement. The job profile for this role is based on the CIPFA Statement. Compliance with the statement is self-assessed on an annual basis and reviewed by the Joint Audit and Standards Committee. Professional body subscriptions ensure the Chief Finance Officer has access to up to date Codes of Practice, guidance and professional standards

The structure and arrangements for staffing ensures the Chief Executive has management of overall staffing as Head of Paid Service with responsibility for effective succession planning and

resilience on matters of business within a small team.

A framework for the development and review of the corporate plan and underlying business plans ensures action plans and performance targets are delivered to support continuous improvement. The Commissioner's Office is reviewed annually with a report on Value for Money presented to the Joint Audit and Standards Committee. The report benchmarks staffing resources, capacity and costs within the HMIC most similar group of policing areas.

The costs of the Commissioner's Office and the Constabulary are benchmarked annually through HMIC value for money profiles with reports presented for scrutiny to the Joint Audit and Standards Committee. Comparisons to most similar group policing areas are used to inform the budget savings programme and reduce costs.

Procurement regulations are developed jointly with the Constabulary and supported by a procurement strategy. The regulations incorporate procurement policy and procedures that aim to support the understanding and skills of all staff engaged in the procurement process. The procurement strategy sets out how the function will develop to deliver best value from procurement activity. The procurement regulations are supported by a set of grant regulations governing commissioning activity through a grant based process.

## Developing the entity's leadership

The key functions and roles of the Commissioner, the Chief Executive/Monitoring Office and Chief Finance Officer are set out in the Police Reform and

### **Key functions and role of the Commissioner**

*Sets strategic direction & objectives of the force, issues the Police and Crime Plan (the Plan) & an annual report*

*Holds the Chief Constable to account for the exercise of his/her functions and force performance; Monitors complaints.*

*Receives all funding, decides the budget & precept; allocates funding to maintain an efficient and effective police force*

*Provides the link between the police and communities; publishes information on Commissioner and force performance*

*Responsible for the delivery of community safety, crime reduction, the enhancement of criminal justice and victim support*

Social Responsibility Act 2011 (PRSRA) and the Policing Protocol Order 2011 (PPO). These functions and roles define the responsibilities for leadership and are codified in the Commissioner's Scheme of Delegation and wider documents within the Corporate Governance Framework.

The Chief Executive is the Commissioner's lead advisor. Key responsibilities include working with the Commissioner to enable delivery against his vision, strategy and identified priorities and facilitating the accurate and appropriate scrutiny of the Constabulary's activities. The Chief Executive is also the Commissioner's statutory Monitoring Officer, providing support to ensure the Commissioner's functions are carried out and has specific legal, financial and governance duties in addition to those which derive from statutory responsibilities. The Chief Executive operates in accordance with professional standards and the legislative and fiduciary responsibilities of the statutory office.

The Chief Finance Officer is the lead financial advisor to the Commissioner and has statutory

responsibility to ensure that the financial affairs of the Commissioner are properly administered. The CFO provides all financial advice, provides a statutory report on the robustness of the budget and ensures systems of internal financial control are effective.

The Commissioner's Scheme of Delegation is part of a wider governance framework that further details specific decision making and wider responsibilities of key officers in relation to areas of governance and ensure all staff have a shared understanding of the roles, responsibilities and decision making authority within the Commissioner's Office. All governance documents are regularly reviewed and updated as roles develop to respond to changing legislation, regulations and other new requirements.

A member/officer protocol further sets out the roles of political office holders (the Commissioner/Deputy Commissioner) and non-political office holders (staff employees) to provide clarification on respective responsibilities and expectations around how relationships are anticipated to work. This is supported by arrangements for the declaration of interests to ensure the Commissioner, members and staff are free from relationships that would materially interfere with decisions making and their roles.

Members of the Joint Audit and Standards Committee are recruited for their specific skills and experience to fulfil the role of the Committee. Role profiles include a person specification that requires applicants to demonstrate a sound understanding and relevant professional experience. The Committee has clear terms of reference and membership that is consistent with the

requirements of the Home Office Financial Management Code of Practice, and CIPFA guidance. Development sessions, access to relevant publications and CIPFA/Grant Thornton external workshops support members continued development.

The Cumbria ICV Scheme comprises of four panels of volunteer Custody Visitors. Every new volunteer is required to undertake a half-day basic induction course, followed by an accompanied night observation visit; thereafter, new visitors are trained "on the job" by attending visits in the company of a more experienced colleague for the first six months. On-going ICV training is provided at the regular panel meetings and annual local and regional conferences.

In 2016 the OPCC became a member of the Independent Custody Visitors Association (ICVA). ICVA is a Home Office funded organisation set up to promote and support the effective provision of custody visiting nationally. ICVA works closely with government and criminal justice organisations providing advice on best practice for independent custody visiting schemes nationally; training; and publicity to Police and Crime Commissioner and custody visitors.

The Police and Crime Commissioner subscribes as a member of the Association of Police and Crime Commissioners (APCC). The APCC delivers daily written briefings received by the Commissioner and office staff, covering press and parliamentary reporting on those areas within the Commissioner's responsibilities to ensure the Office is kept updated on current developments.

The APCC and APACCE deliver national events to ensure Commissioners and their Chief Executives remain informed and have the opportunity to discuss significant issues and develop collective approaches. There are also bi-monthly regional meetings of Chief Executives and quarterly regional meetings of Commissioners and Chief Executives. The Chief Executive/Monitoring Officer leads for the Commissioner on ensuring that appropriate policies and procedures are adopted and followed to ensure the COPCC complies with relevant statutes and regulations and has the capacity to deliver across these requirements.

The CFO subscribes to the Police and Crime Commissioners' Treasurers' Society (PaCCTS), supporting continuous development and ensuring the CFO maintains a breadth of understanding on policing finance. Further capacity and expertise is commissioned to support specialist services for treasury management, taxation and insurance brokerage.

Arrangements for staff appraisal provide the opportunity to discuss and review individual performance and training and development needs.

## Developing the capability of individuals within the entity

The Commissioner has adopted a number of joint personnel policies with the Constabulary in addition to operating within a suite of COPCC specific policies that provide a framework for all issues related to employee management, terms and conditions. This includes policies on how staff and staff associations will be engaged in any change processes. There is a general principle for on-going

consultation and engagement during any areas of business change, creating an environment where staff can perform well and where ideas and suggestions are welcomed.

Personnel policies aim to promote a motivated and competent workforce whilst supporting the health and well-being of staff. They include arrangements for work-life balance through a scheme of flexible working and facilitate access to wider benefits e.g. special leave at times of specific personal need.

Business is carried out supported by policies and procedures that support the full range of human resource management responsibilities and all policies are subject to cyclical review in accordance with the Commissioner's policy framework. This supports continuous improvement, ensuring updated guidance is available for staff on how to carry out their roles and the wider responsibilities they should take into account.

All officers have clearly defined role descriptions and reporting lines based on the roles and the functions for which they are accountable, to ensure service delivery responsibilities are clear and can be monitored. Individual capabilities, performance and development requirements are assessed annually through a review process to agree the support, training and development staff need to carry out their duties and responsibilities.

Professional staff undertake continued professional development in line with the requirements of their professional bodies. The budget setting process provides for training and development budgets to support mandatory and discretionary training and development requirements.

## Principle F: Managing risks and performance through robust internal control and strong public financial management

Police and Crime Commissioners need to ensure that the entities and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

### Managing risk

The Commissioner's Risk Management Strategy sets out the overall arrangements for managing risk including the arrangements for holding to account the Chief Constable in respect of those risks that fall within his functions. The Strategy establishes how risk is embedded throughout the various elements of corporate governance of the COPCC, whether operating solely or jointly with the Constabulary. The Strategy incorporates a clear framework of objectives, designates roles and responsibilities for risk management and provides a mechanism for evaluating and scoring risks, and supporting decision making in respect of mitigating action.

The strategy and risk registers are regularly reviewed to ensure a clear alignment between risk management activity and the organisation's objectives. Reporting formats ensure arrangements are dynamic and support the early identification of strategic and operational risks. Identified risks are logged on a risk register with

clear ownership and are reviewed cyclically based on a score that denotes the severity and impact of the risk should it occur. Every project run by the COPCC has a separate risk register. All decision and report forms include a section for the author to complete in which to identify any risks or potential risks. To ensure effective ownership and monitoring of risks, the Office of the Police and Crime Commissioner provides risk management training to all staff.

The arrangements for risk management are subject to on-going monitoring and review to ensure their continued effectiveness. This comprises review by internal audit and review by the Joint Audit and Standards Committee. The strategic risk register is presented to the Committee at each quarterly meeting. The Committee also receives the Risk Management Strategy and a report from the Chief Executive annually reporting on the effectiveness of arrangements for managing risk.

## Managing performance

A Public Accountability Conference facilitates the arrangements for monitoring service delivery and holding the Chief Constable to account. This is supported by regular one to one briefings between the Commissioner and Chief Constable and an office level Collaborative Board. Senior Officers within the OPCC attend strategic Constabulary meetings to provide challenge and oversight of the arrangements that support decision making, delivery of key areas of business and the allocation of resources.

The Police and Crime Panel is the statutory body that provides the public accountability checks and balances in relation to the performance of the Commissioner and scrutiny of any decision made. The Panel receives cyclical information and reports on service delivery plans and progress towards outcomes. The Panel is consulted on the development of the Police and Crime Plan and budget, with a power of veto over the Commissioner's precept. The panel receives an Annual Report setting out what has been achieved in respect of delivery of the Police and Crime Plan objectives, and a financial outturn report comparing actual expenditure against the budget and including summary financial statements.

## Robust internal control

The Commissioner is responsible for reviewing the effectiveness of his governance framework including the system of internal control. This work is informed by the work of Chief Officers and Senior Managers who undertake an overarching review of key controls and governance arrangements in support of the key principles in this Code.

### *Police and Crime Panel Functions*

*The functions of the Police and Crime Panel include reviewing the draft police and crime plan, public scrutiny of the annual report and the power of veto over the level of the Commissioner's proposed precept*

Senior Managers with responsibility for financial systems provide annual management assurances using a CIPFA internal control framework as part of this process. This is further supported by an annual fraud risk assessment completed by the Chief Finance Officer and reviewed by the external auditors. Arrangements for anti-fraud and corruption are subject to cyclical internal audit review. The auditor's conclusion is that these internal controls provide Substantial assurance.

An independent internal audit service is commissioned through shared service arrangements with the county and district councils. Internal audit develops and delivers a risk based annual audit plan of work that reviews internal controls. This supports an annual opinion from the Chief Internal Auditor on the overall adequacy and effectiveness of the framework of governance, risk management and control.

An independent Joint Audit and Standards Committee assures cyclical internal reviews of key governance documents (e.g. financial regulations, arrangements for anti-fraud and corruption and the risk management strategy) at its November meeting and receives annual reports reviewing the effectiveness of arrangements for risk, governance and internal control in May and July. The Joint Audit and Standards Committee receive a copy of all internal and external audit reports, can table reports for discussion and monitor the implementation of audit recommendations. The

Committee undertakes an annual self-assessment to ensure on-going compliance with the CIPFA framework for Police Audit Committees.

## Managing Data

The Office of the Police and Crime Commissioner operates within the parameters of legislation, such as the Data Protection Act. It ensures that all data, including personal data, is appropriately stored and shared where necessary. Data is held in accordance with the COPCC Retention Schedule, removed or destroyed appropriately and access to information is restricted where appropriate to relevant members of staff. Data will not be held for longer than is necessary. Appropriate security measures are taken for both electronic and physical data. All staff are aware of their responsibilities when handling and storing both electronic and physical data.

## Strong public financial management

Arrangements for financial management support for the Commissioner in achieving outcomes and delivering strong operational and financial performance by ensuring that resources are used in accordance with approved plans for service delivery and investment. The arrangements for financial management are codified within a suite of financial governance documents and comply with the relevant CIPFA Codes of Practice and guidance. Financial management controls ensure expenditure is only committed in accordance with the approved budget and the purpose for which approvals have

been given. Financial monitoring supports the early identification of variances between actual expenditure and income, supporting timely decision making on remedial action.

A funding arrangement between the Commissioner and Constabulary sets out the consents and arrangements for financial management between the Commissioner and Chief Constable. This ensures funding within the Constabulary is directed toward the achievement of the Policing Strategy and priority outcomes within the Police and Crime Plan.

Financial regulations set out the role and responsibilities of Chief Officers and senior staff for financial management and governance. They include financial management standards to be adhered to by all staff across the organisation and the wider framework of controls including the arrangements for the statement of accounts.

Financial risks and mitigations are set out within the Medium Term Financial Strategy and are managed within the Commissioner's overall framework for managing risk. The Commissioner's Chief Finance Officer takes ownership of all financial risks and reports to the Joint Audit and Standards Committee on the management of strategic financial risks. Arrangements for financial management are cyclically reviewed by the internal auditors for assurance and form part of the arrangements reviewed by the external auditors in forming their conclusions on the financial statements and value for money.

## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### Implementing good practice in transparency

The Commissioner's annual report is the primary communication through which the public can access and understand the performance and activities of the Commissioner and his Office. Design work for the report is commissioned from external media and communication professionals which alongside the written style aims to support transparency and public accessibility of the report.

All public documents are published on the COPCC website and are available in accessible formats. Further options can be offered on request. The intention is to ensure that all documents are written in such a way as to make them accessible to readers that may not have a detailed knowledge of the subject matter, though with some complex issues this is not always possible. The publication of key documents, such as the Police and Crime Plan, is supported by a media release to raise awareness of the document and its purpose.

Arrangements for financial reporting aim to ensure the accessibility of financial information for readers and users of financial reports. On complex matters of communication, for example consultation on budget, precept and services, professional support

has been procured to ensure a robust public understanding of complex issues.

### Implementing good practices in reporting

The Office publishes an annual report, scrutinised by the Police and Crime Panel, to communicate the Commissioner's activities, achievements and performance and that of the Chief Constable and the force. The annual report presents the performance outcomes achieved against an agreed framework of targets and measures.

The Commissioner is subject to the Accounts and Audit (England) Regulations 2015 and prepares a set of accounts in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting. Compliance with the Code of Practice ensures the comparability of financial information within the statements with other similar entities and their publication in accordance with statutory timeframes. The financial statements include a comprehensive income and expenditure statement, which is aligned to in year financial reporting and monitoring. A narrative statement by the Chief Finance Officer sets out the overall financial and business performance for the year within an accessible summary statement. The



financial statements include the external auditors report setting out the overall opinion and conclusions on value for money.

The Commissioner's overall arrangements for governance are reviewed annually against this Code of Corporate Governance with a report made on how it has been complied with. This 'Annual Governance Statement (AGS)' is subject to internal audit and review by the Joint Audit and Standards Committee. The AGS includes an action plan setting out the work that will be undertaken over the following year to support continuous improvement in line with the principles of this Code and the CIPFA good governance framework.

The Commissioner and the Joint Audit and Standards Committee receive annually a report reviewing the governance arrangements for internal audit against the requirements of the Public Sector Internal Audit Standard (PSIAS).

## Assurance and effective accountability

Grant Thornton UK LLP are the external auditors appointed to both the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary, to report key matters arising from audits of the Commissioner and Chief Constable's financial statements. The external auditors also reach a formal conclusion on whether the Commissioner and Chief and Constable have put in place proper arrangements to secure economy, efficiency and effectiveness in the use of resources. The audit findings report is published in the financial statements and presented to the Commissioner and Joint Audit and Standards Committee for review. The Joint Audit and Standards Committee monitors the

implementation of recommendations arising from the audit and have the expertise to challenge the external audit approach, supporting assurance of its effectiveness.

Further accountability is provided through the arrangements for internal audit. Internal audit is delivered through a shared service and in accordance with an Internal Audit Charter that ensures compliance with the PSIAS. An annual review of the effectiveness of the internal audit service, including the arrangements for the Joint Audit and Standards Committee, is undertaken annually by the Commissioner's Chief Finance Officer against CIPFA best practice standards. The report is presented to the Executive Board and published on the Commissioner's website to support assurances on internal control.

The arrangements for accountability further incorporate challenge, reviews and inspections from HMIC. Whilst these are primarily aimed at Constabulary performance, elements of specific reviews include jointly delivered activities and specifically commissioned reports that cover governance across both organisations. Recommendations are reported to and monitored by the Commissioner and Joint Audit and Standards Committee.

The Ethics and Integrity Panel also monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. These being the Performance Discretion Framework, the use of Stop and Search Powers and the Kendal Calling Festival. The Panel were able to look objectively at these areas and provide valuable independent

scrutiny and feedback to the Constabulary on their findings.

The arrangements in this document set out our framework for governance in accordance with CIPFA's Good Governance Principles and guidance. Annex A to this Code sets out our governance schematic, summarising the



arrangements we have in place internally and sources of external guidance and support. Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Code of Corporate Governance. You can do this by using the contact information below:

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Agenda item - 17 c (i)

## The Chief Constable for Cumbria Constabulary Annual Governance Statement 2016-17

## INTRODUCTION AND SCOPE OF RESPONSIBILITIES

The Chief Constable for Cumbria Constabulary (the Chief Constable) is responsible for ensuring business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Chief Constable is responsible for putting in place proper arrangements for the governance of affairs and facilitating the exercise of functions, which includes arrangements for the management of risk.

The Chief Constable has approved and adopted a Code of Corporate Governance 'The Code'. The Code gives clarity to the way the Chief Constable governs and sets out the frameworks that are in place to support the overall arrangements that are in place for fulfilling the Chief Constable's functions. This statement explains how the Chief Constable has complied with The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit (England) Regulations 2015 in relation to the publication of an annual governance statement, which must accompany the Chief Constable's statement of accounts.

## PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values by which the Constabulary is directed and controlled and the activities through which the organisation accounts to and engages with the community. The framework enables the Chief Constable to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate efficient and effective policing services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Chief Constable's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

## THE REVIEW OF EFFECTIVENESS

The key elements of the system and processes that comprise the Chief Constable's governance arrangements are detailed in this section. The elements are based on the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework, the standard against which all local government bodies, including police, should assess themselves.

The Chief Constable has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior managers within the organisation who have responsibility for the development and maintenance of the governance environment. The review comprises

- A cyclical detailed review of the key documents within the Chief Constable's governance framework eg Financial Regulations. The review includes consideration of the documents by the Joint Audit and Standards Committee prior to their presentation to the Chief Constable for approval.
- An overarching review of the governance arrangements in place to support each core principle within the CIPFA Solace guidance. As part of the review the Chief Constable's Code of Corporate Governance is updated to reflect changes to the governance framework and the implementation of the prior year's AGS development plan.

### **Six Core Principles of Governance**

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.*
- Ensuring openness and comprehensive stakeholder engagement.*
- Defining outcomes in terms of sustainable economic, social and environmental benefits.*
- Determining the interventions necessary to optimise the achievement of intended outcomes.*
- Developing entity's capacity including the capability of its leadership and the individuals within it.*
- Managing risks and performance through robust internal controls and strong public sector management.*
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.*

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

- A review of the effectiveness of the arrangements for internal audit undertaken by the Commissioner's Chief Finance Officer against the Public Sector Internal Audit Standards and the Internal Audit Charter. It supports a judgement on the effectiveness of the overall arrangements for audit in contributing to internal control. The review is supported by consideration of the opinion of the Chief Internal Auditor on the Chief Constable's control environment as set out in her annual report.
- A review of the effectiveness of the Joint Audit and Standards Committee is considered against CIPFA guidance on Audit Committees for Police. This is a self-assessment by the Committee and supported by the Commissioner's Chief Finance Officer. As part of the review consideration is given to assurance that can be provided by the Committee's annual work programme in evidencing the effectiveness of internal controls and as a contribution to the effectiveness of overall governance arrangements.

As part of the review process, the annual governance statement is prepared and presented in draft to the Chief Constable's Internal Auditors and the Joint Audit and Standards Committee, alongside a report detailing the findings of the review. In preparing the Governance Statement the narrative provided aims not only to describe the governance arrangements which are in place, but, to also outline the resulting outcomes in relation to the performance and development of the organisation. The resulting narrative is a lengthy

document, but which provides the reader with a more comprehensive analysis of the Constabulary's governance activities and their effectiveness. The Governance Statement incorporates an action plan which identifies areas for development and improvement that have been highlighted during the review process. The Statement is approved by the Chief Officer Group prior to being issued alongside the draft unaudited statement of accounts.

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

The following paragraphs detail how the Chief Constable's has complied with the governance framework, set out within the Code to meet each of the seven governance principles. Whilst the review did not highlight any serious deficiencies in relation to compliance with the Code, the Constabulary is making on-going efforts to improve the effectiveness of governance. Accordingly each section of the statement includes a commentary on areas for development and improvement, which were identified as part of the review process. These are collated into an action plan at the end of the statement. This AGS includes an update on the implementation of planned actions from the 2015-16 statement and how they were addressed in 2016-17.

**Jeremy Graham**

Chief Constable

Signatures have been removed for the purposes of publication on the website.

**Roger Marshall**

Chief Finance Officer



## Core principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Ethics and Integrity & Respecting the Rule of Law

During 2016-17 the Constabulary took a pro-active approach to communicating and promoting the highest standards of integrity in all elements of its business. Work has continued to embed and develop ethical behaviour based on :-

- The Constabulary's Corporate Values
- The College of Policing Code of Ethics.
- Preventing the abuse of authority for sexual gain.
- The Constabulary's Anti-Fraud and Corruption Policy and Procedures.
- Responding to Her Majesty's Inspectorate of Constabulary (HMIC) recommendations from its 2016 legitimacy inspection.

Ethical issues are monitored through the Professional Standards Department Control Strategy, which is reviewed bi-annually and reported to the Deputy Chief Constable.

During 2016-17 HMIC conducted a Legitimacy inspection of the Constabulary as part of the force's PEEL Inspection, this covered the conduct and behaviour of the force. The report graded Cumbria as good and did not identify areas of concern and made no specific recommendations. Notwithstanding the positive review a delivery plan has been developed which will focus on identifying and dealing with abuse of power for sexual gain including :-

- Developing systems to pro-actively monitor computer systems to identify threats to its integrity
- Developing arrangements to protect vulnerable people by working with other agencies to identify any officer who is abusing their authority for sexual gain.
- Providing capacity to undertake vetting of staff who have worked for the Constabulary for some time, in compliance with new national guidelines.

The role of the Constabulary's Professional Standards Department is central to the maintenance of high standards of conduct and behaviour within the organisation. The priorities of the Constabulary's Professional Standards Department are shaped by a Strategic Assessment, which seeks to predict future risks as a basis developing a control strategy. The Strategic Assessment was refreshed in 2016 and has highlighted a number of priorities including anti-corruption, information security and vulnerable association.

During 2016-17 the Professional Standards Department Anti-Corruption Unit have reported regularly to the Commissioner in relation to its work.

The Professional Standards Department have continued to issue PASS newsletters and corporate messages during the 2016-17 year to officers and staff in relation to issues of conduct and integrity. The newsletters have provided guidance on generic responsibilities such as:-

- Operational advice across a range of issues including property handling, missing persons and response protocols
- Safe handling of detainees in custody
- Procedures for issuing harassment notices.
- Compliance with National Crime Reporting Standards.
- Dealing with vulnerable people.
- Standards of driving and use of mobile devices.

Newsletters have also highlighted specific examples of misconduct, which have led to disciplinary action. In addition the Professional Standards Department circulate Independent Police Complaints Commission learning bulletins to officers and staff, providing guidance on topical issues for example armed policing, call handling, custody and information management.

During 2016-17 refresher training on the Code of Ethics has been provided to managers and cascaded to all officers and staff.

Collectively this is a preventative approach designed to ensure all officers and staff are aware of their responsibilities and potential consequences if their conduct falls below required professional standards.

There has been an increase in the number of intelligence reports received into the anti-corruption unit, however, most of these relate to

self-referrals, indicating that officers and staff are responding to prevention guidance from PSD.

The Professional Standards Department also oversees all complaints against the Constabulary. Complaints and the results of subsequent investigations are reported periodically to the Police and Crime Commissioner. In 2016-17 the number of complaint allegations reduced by 11% and the number which required investigation also fell by 10%. When compared to most similar forces, both the level of complaints, expressed per officer and the percentage of those complaints upheld, remain below the national average.

Where trends in relation to complaints or examples of best practice are identified these are circulated force wide via Online News or the PASS newsletters (which are issued by Professional Standards) so that officers can learn from the experience of others in order to improve the service that they provide to members of the public.

In the interests of openness and transparency, police misconduct hearings are now held in public. Two public misconduct hearings took place in 2016-17 and both officers were dismissed from the force. All such hearings will continue to be presided over by a legally qualified chair. The outcomes of misconduct hearings are now publicised on the Constabulary website.

The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity

During 2016-17 the Ethics and Integrity Panel have carried out dip sample processes and thematic

inspections for a number of different areas of business. For the OPCC these included the reviewing of complaints received and their handling in line with statutory legislation and guidance. In addition 'Quality of Service and Policing Issues' which were raised by members of the public were also reviewed. The Panel subsequently confirmed their assurance that they were dealt with appropriately. On a six monthly basis the OPCC analyse information relating to the QSPI's to identify any trends or patterns, how the OPCC has facilitated an outcome and any organisation learning for itself or the Constabulary. This is subsequently discussed with the Constabulary and reported to the Commissioner and the Ethics and Integrity Panel. These include public complaints, police misconduct and staff misconduct cases all of which were found to support high standards of ethics and integrity. Following each session any actions identified were scheduled and monitored to ensure their completion. The Panel gained assurance that improvements previously proposed adopted by the Constabulary and OPCC were continuing to be used and developed further where necessary. These sessions also enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

Three thematic inspections were carried out during the year. These being in relation to the Constabulary's Performance Discretion Framework, the use of Stop and Stop/Search and the policing of the 2016 Kendal Calling Festival. These inspections enabled the Panel to take an independent review of the identified areas of work and gain assurance of the ethical standards used. The achieved this by carrying out dip sample sessions on all three areas

of work and speaking with Constabulary lead officers and Chief Officers.

The findings of the Panel's work, including recommendations, have been reported on a quarterly basis to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny. The Joint Audit and Standards Committee received the 2015-16 annual report of the Ethics & Integrity Panel in May 2017 to support assurances in respect of arrangements for standards and ethical governance.

During 2016-17 the Ethics and Integrity Panel has continued to develop and enhanced its role. This has included undertaking "thematic inspections" of specific areas of activity such as Stop and Search and contributing to reviews of ways of working within the Constabulary, such as the changes introduced within the Constabulary's Communication Centre. This work has led to recommendations being made to the Constabulary with a view to the enhancement and/or improvement of the service. Stop and Search was reviewed again in August 2016 to assess the progress and development of the Constabulary. They found that over 96% of forms were correctly completed compared with previous findings. The Panel also reviewed the Constabulary's ethical decision making regarding the Kendal Calling Festival and the organisers wish to have a procedure whereby those attending the event could have drugs tested. Having considered all information they felt that the Constabulary had made a reasoned decision and the benefits being borne out with no drugs related deaths occurring at the 2016 event.

In undertaking these new activities the focus of the Panel has been on the ethical implications of the proposals or the way in which the activity is undertaken.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Embed the delivery plans for vetting enhancement, abuse of authority for sexual gain and Code of Ethics.

## Core Principle B: Ensuring openness and comprehensive stakeholder engagement.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Openness

To support transparency and ensure that the Chief Constable's vision is clearly communicated, the Chief Officer Group have held strategy days for senior management and road shows across county, which were open to all officers and staff. These events enabled the Chief Constable to plan, discuss and communicate his vision and strategic objectives, the challenges facing the Constabulary and the rationale for planned changes to address these issues. The impact for officers on the frontline was also explained and opportunities for questions and answers provided and taken up. The approach was supported by a range of communications across the force.

#### Engaging Effectively with Institutional Stakeholders

The Constabulary has worked closely with the OPCC through formal mechanisms (such as Public Accountability Conferences and Collaborative Board meetings) and informally through one to one meetings with senior staff from both organisations. For example, the Constabulary and OPCC media staff meet every week to review each other's forward plan for communications, engagement and marketing to maximise opportunities, reduce duplication and provide clarity for the media and the public based on our agreed protocol.

The Constabulary recognises that working with partners can deliver a more effective policing service to the public and meet the aims of the Commissioner's Police and Crime Plan. Accordingly, the Constabulary actively participates in a range of partnership activities and functions in collaboration with other agencies, both at a strategic and tactical level. Examples of multi-agency partnership working include

- Acting as operational chair for the Local Resilience Forum (a multiagency group which plans for and manages major incidents in the county that require a coordinated response to keep people safe) and leads on its media and communications.
- Chairing the county's CRASH partnership, which has been established to improve road safety across the county.
- Chairing the Safer Cumbria Action Board
- Active participation in the Local Safeguarding Board and the Safeguarding Improvement Board, which deal with child protection issues.
- Working in Community Safety Partnerships
- Countering alcohol harm through the Constabulary's own strategy and as part of the Cumbria Alcohol Steering Group.
- Combating anti-social behaviour in partnership with various local authorities and housing associations.
- Providing communications and marketing support and expertise to all these groups.
- A particular priority in 2016-17 has been developing links with criminal justice and

mental health agencies, in particular the Crisis Care Concordat.

- Developing tactical initiatives in conjunction with other blue-light partners.

The Chief Constable is actively engaging with the Cumbria Chief Executives Group to promote a better understanding of demand for public services and to reduce waste by promoting a co-ordinated approach to delivery of public services in Cumbria.

#### [Engaging stakeholders effectively, including citizens and service users](#)

The Constabulary has a Community Engagement and Consultation Strategy, which is reported via the Operations Board. This includes a consultation action plan, which co-ordinates all on-going consultation activities and is regularly reviewed and refreshed on an annual basis to continually improve consultation arrangements.

During the year, the Constabulary consulted with the public to find out their priorities how confident they felt, how they would like to be engaged and their areas of concern. These informed the development of the Constabulary's and Commissioner's plans.

The Constabulary commissions an external company to survey victims of crime and antisocial behaviour by telephone and has used the feedback to improve the services it provides. Where issues are raised a fast track service recovery process has been developed to ensure that they are responded to quickly. . In addition, over the past year the

following activity has been undertaken to support improvements in services to victims:

- customer journey mapping exercise on their experiences of being a victim of crime / ASB
- analysis into reasons for a decline in satisfaction levels for victims of ASB.
- working with partners to ensure compliance with the victims code by introducing a robust self-assessment (The Constabulary is at the forefront of the service nationally on this approach)
- Produced the Engaging with Communities dashboard which looks at public consultation feedback, and ONS confidence information.

The Constabulary has developed a marketing and communications strategy aimed at establishing clear channels of communication with all sections of the community, providing crime prevention and safety advice as well as information about services. Access to information has been developed to include community messaging and all social media. The Constabulary's e-community has grown and is now at more than 115,000 followers.

The Strategic Independent Advisory Group has met regularly to discuss emerging issues of strategy and policy both nationally and locally. An annual report on Diversity and Equality setting out how objectives had been achieved was provide to the Commissioner and published on the website. Equality information is published every quarter on the Constabulary's website.

A Hate Incident Reporting Volunteer maintains contact with the Hate Incident Reporting Centres and identifies gaps/training needs for the centres. All reports either on-line or through the centres are reviewed by the Hate Crime Incident Managers and also quality assured by the Chief Inspector and the Diverse Communities Engagement Officer.

Student Officers complete their community engagement weeks by being on placement with local voluntary organisations who support diverse communities. This fosters good relations and has been held up as good practice by HMIC.

Throughout the year, Neighbourhood Policing Teams (NPTs) have engaged with the public through a variety of means, which helps to reduce crime by encouraging respect for the law and fostering social responsibility and to determine local priorities.

The Constabulary has Community Engagement Plans. The plans detail how officers within the NPTs will engage with their community, and is specifically grouped around; local residents, businesses, schools and young people; and members of the community with Protected Characteristics (Age, Disability, Gender Reassignment, Marriage and Civil Partnership, Pregnancy and Maternity, Race, Religion and Belief and Sexual orientation).

The strategy includes, amongst other initiatives:

- A *Minimum Standard of Engagement* for each area comprising:
  - Engagement and clear communications with schools
  - Attendance at Town Council meetings
  - Having community/partnership meetings

- Police Desks
- Use of web and social media
- Support to the *Minimum Standard of Engagement* through a toolkit of options that is used on a needs basis. These are additional types of engagement that NPTs can use to support the prevention and detection of crime and antisocial behaviour, or the individual needs of a community.
- Specific engagement plans for the 15 geographical areas identified across the county, which are available on the intranet for officers and on the website for the public. The plan provides :
  - a benchmark to understand the areas of risk, community tension, vulnerable individuals and groups
  - a reference to the terms of engagement with its communities, based on the Minimum Standard of Engagement and any others from the toolkits
  - include key community contacts
- Each of the 15 areas to have their own Twitter account to maximise operational effectiveness and public safety

The Constabulary carried out a staff engagement exercise, working with academia to assess the wellbeing and culture of the force. The results have been presented very recently and a plan of action has been developed, informing and linking in with the Well-Being Strategy.

Every month, local crime data has been published at community level on the Constabulary's website and via police.co.uk to increase the transparency of performance and crime data.

The Constabulary uses Community Impact Assessments to identify issues that may affect a community's confidence in the ability of the police to respond effectively to their needs, thereby enhancing the police response. They are used after or during a critical incident to:

- record the effect the incident had on a community
- identify vulnerable individuals and groups
- provide enhanced investigative assessments and thorough understanding of the incident
- develop community intelligence.

The Constabulary has carried out a detailed analysis of its user satisfaction surveys for both crime and antisocial behaviour, which involved identifying the key actions required to improve people's experience of using police services. Recommendations were approved by senior operational staff and have led to the further development of the Improvement Action Plans for 2016–17, to improve services for all users, including diverse groups.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Develop an external communications strategy for 2017-18 to support delivery of operational policing and its outcomes, including effective demand reduction activity.

Deliver the internal programme of communications to support performance, standards, integrity and operational effectiveness.

The Constabulary's internal website will continue to be developed in particular to improve the access

and search capability, which will make it easier for officers and staff to access the information they need.

A review of the policy management arrangements will be undertaken with a view to streamlining the process, the products and their accessibility.

As part of openness and transparency about decision making within the Constabulary, a Chief Officer Group decision log will be placed on the intranet and made available to all officers and staff. In particular, decisions about people and finance will be made available to relevant practitioners to speed up the processes required to deliver agreed actions.

The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.

On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities for the PCC's 2017-18 Police and Crime Plan and the Constabulary's Strategic Assessment.

The Constabulary will review the Independent Advisory Group arrangements at strategic and local level with a view to strengthening their impact.

The Constabulary will improve the Citizens Panel to expand the number of people on and the representation of all types of communities. (The Citizens Panel is a large group of people who have volunteered to be consulted on a range of police issues.)



## Core Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Defining Outcomes

The Chief Constable determined the strategic direction for the Constabulary, which is 'Keeping Cumbria Safe'. Following consultation, the annual review of the Constabulary's Strategic Assessment (based on operational intelligence), performance results, recommendations from independent inspections and audits, public consultation results and a review of the organisations' strategic risks, the Chief Constable developed the Plan on a Page. This plan outlined the Constabulary's BIG 6 priorities:-

- Engaging with communities and working with partners
- Preventing crime, road casualties and antisocial behaviour
- Managing offenders
- Managing calls for service
- Protecting vulnerable people and communities
- Investigating crime, caring for victims and bringing offenders to justice

The Commissioner approved these key objectives and incorporated them into his Police & Crime Plan to complement his aims.

In addition, the Plan on a Page identifies what will be done to support officers and staff to deliver the best, explains our policing style and the Chief Constable's Leadership Standards.

The Plan on a Page shows how everyone in the organisation contributes to the overall aim of *Keeping Cumbria Safe* and sets out our ambition to provide an outstanding service to achieve this.



Under each of the BIG 6 priorities, there is an improvement plan, with each key function or specialism within those priorities led by a Professional Lead. The actions in the improvement plans are owned by senior managers from across the organisation, who are held accountable for delivery. This cross cutting approach supports the Constabulary to collectively deliver better services for the public and links the business and operational aspects of the organisation.

The Plan on A Page ensures that all officers and staff within the Constabulary:

- know and understand our priorities for the year

- is aware of the part they play in those priorities and what is expected of them over the coming year
- can demonstrate their knowledge and understanding to supervisors and senior management internally
- can demonstrate their knowledge and understanding to the public, external partners and HMIC

The Plan on A Page helps us to:

- link strategic objectives to operational and business daily activity on the ground to achieve what we need to, by informing individuals' 15 week appraisals
- maintain our good performance and use the plan as a route to be more efficient and effective in providing the best policing service possible for our communities.

The Constabulary developed and implemented a comprehensive internal and external communications strategy to support delivery of operational policing and its outcomes, including effective demand reduction activity through its new website. The external marketing strategy is based on evidence of what works and is aligned with the operational tasking processes and national police communications' initiatives to maximise value for money. The internal communications strategy is based on what works identified through a consultative engagement process with officers and staff across the organisation.

#### [Sustainable economic, social and environmental benefits](#)

During 2016/17 the Constabulary submitted a formal budget proposal for 2017-18 to the Commissioner together with a medium term financial forecast (MTFF) covering the four year period to 2020-21. The MTFF was based on planning assumptions consistent with those used by the Commissioner's Chief Financial Officer and incorporated latest information on government funding levels for 2017-18. All non-staff budgets were subject to detailed scrutiny through a series of 'Star Chambers' involving Chief Officers and senior finance staff. The budget included investment in a number of priority themed areas where budgetary or workload pressure emerged in 2016-17 including training, ICT, criminal justice and historic investigations.

The Constabulary's proposals were incorporated into the Commissioner's budget for 2017-18, which was agreed on the 22<sup>nd</sup> February 2017.

The potential implications of the Home Office review of the police funding formula continue to pose a significant threat to government funding levels beyond 2017-18. The proposed implementation of the new formula has been postponed until 2018-19, to enable work and consultation on developing an equitable distribution of resources to take place. However, this has introduced an unusually high level of uncertainty in future financial forecasts and as a consequence a range of budget scenarios are being considered which generate a savings requirement of between £2m and £12m by over the life of the MTFF.

Work is on-going, in consultation with the Office of the Police and Crime Commissioner, to develop

options to address the savings requirement. Accordingly, a number of strategic themes have been identified which help maintain performance whilst delivering a sustainable future including :-

- Further development and delivery of the Demand Reduction Plan
- Understanding Demand programme of work during 2016 – 17 to inform resource allocation
- Development of a demand assessment plan for 2017 - 18
- Development of future demand analysis through statistical modelling and PESTELO strategic analysis
- Delivery of the Productivity Strategy
- Developing Leadership and Skills
- Maximising benefits from technology
- Identifying and maximising benefits from collaborative arrangements with other forces, Blue Light Collaboration and partners

The themes form the basis for a number of more detailed work-streams, which will be progressed in 2017-18. These work-streams will be managed through the Constabulary's Corporate Plan and Force Strategic Delivery Board overseen by the Deputy Chief Constable.

Since 2011-12 the Constabulary's Change Programme has played a critical role in delivering savings required to balance the Constabulary's budget in the context of reductions in Government funding. During 2016 -17 the Change Programme:-

- Delivered a saving of £2.5 million from the revenue budget that was planned for 2016 - 17
- Delivered extensive demand analysis as part of the evaluation of the previous year's changes to neighbourhood policing, response,

community safety and criminal justice arrangements. This included activity and data analysis to provide evidence of what worked and what needed to be changed. This shaped the proposals for the next programme of work.

- Undertook a comprehensive process review of administrative and transactional processes across the back office functions, identified improvements and developed the implementation plan that is being delivered during 2017/18 by the business.
- Undertook a detailed demand review of crime investigations for volume crime and public protection, resulting in proposals to change the structure and a significant number of process improvements to support improved productivity.
- Supported the business in development of an action plan for the Command and Control Room. Developed its plans for the next four year period to 2021 to achieve the government savings required.

The uncertainty regarding the scale of the future savings requirements and the results of the demand analysis has impacted significantly on change planning. The demand work showed that, since 2014, demand has altered significantly for the police service, with both crimes and incidents developing in complexity and, therefore, using more resources and taking longer to resolve. The scope of the existing Change Programme deliverables has had to reduce in response to these findings.

The development of a corporate plan, which now embraces all aspects of change delivery, (operational, financial, ICT, estates and facilities,

fleet ) is underway and the plan will finalised in April 2017. The plan will provide scalable options for savings from £2 - 6 million and is also underpinned by our values, policing and leadership styles with a robust communication strategy.

During 2016-17 the Constabulary has engaged with the National College of Policing Demand Reduction initiative, with the aim of developing local plans to reduce demand. During the year, evaluation of the two Vulnerable Locations Indexing (working with partners to develop multi agency strategies to address problems and reduce demand) has been undertaken and is due to report at beginning of April 2017. The VLI working is being expanded into Carlisle and the evaluation will propose plans for roll out across the county.

During 2016-17 the Constabulary has continued to develop its business planning aligned to the MTF. Refreshed strategies in relation to ICT, fleet, estates and procurement have been produced and agreed by the Commissioner. In addition, a People Strategy has been developed and agreed.

Investments in mobile and digital technology and replacement of core ICT systems to increase the productivity of officers continue to be delivered , and regular progress reports produced for the Commissioner. Mobile devices with police specific applications are now used by all officers, with the aim of increasing visibility and productivity.

A People Strategy has been developed and agreed to support the Constabulary in “Keeping Cumbria Safe”.

The key themes of the People Strategy are:  
Health Safety and Wellbeing

- Developing a culture, which optimises and health safety and wellbeing.

Workforce Planning, Recruitment and Talent Management.

- Effective workforce planning taking account of costs.
- Timely recruitment in all areas of business.
- Developing and retaining staff.

Employee Relations

- Effective conflict management
- Collective negotiation and consultation
- Performance culture

Reward and Recognition

- Non - financial reward practice
- Diversity and compliance

Managing Change

- Workforce modernisation
- Collaboration
- Supporting change activity

Learning and Development

- Costed training plan
- CPD
- PDR
- Leadership

A comprehensive Review of the Human Resources function was carried out in 2016/17 to ensure that the structure underpins and supports the delivery of the Strategy to 2020. This established a Superintendent Head of People, realigned senior professional management team bringing together HR and Professional Standards, Wellbeing Occupational Health Safety and Workforce Planning, including a Chief Inspector appointment, to enhance operational links and relationships and Employee Relations.

Previous work to develop workforce planning processes, involving close collaboration between the HR, finance has continued and has provided benefits in relation to greater alignment with both the planned establishment and budget during 2016-17. Further work on resourcing has been progressed during 2016-17 to develop links between the workforce plan and deployable resources, through regular strategic and tactical level groups within the Constabulary.

There has been extensive work to develop the well-being agenda through:

- High profile multi-functional working group chaired by the DCC
- Commitment to undertake Wellbeing at Work Charter standard, via “Oscar Kilo”

(OK) programme in collaboration with Lancashire Police.

- Initiatives include: mental health first aid, stress awareness, well-being ambassadors, health and safety,

The Constabulary has continued to improve attendance levels culminating in very low levels of short-term absence and the early return of most long-term sick personnel.

The HR Department has continued to maintain up to date policies and procedures reflecting changing employment legislation and regulation and good employment practice and to support the change programme.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Develop a forward looking corporate plan to 2025 that encompasses all change activities across the Constabulary. This includes changes to operational working, workforce and people, collaborations, ICT, fleet and estate as well as change to deliver savings and continuous improvement activities. The plan will underpin our recruitment, succession, training and development plans and will be supported by a comprehensive communications programme.

Review the governance arrangements to ensure effective delivery of the 2025 plan, making recommendations for improvement where appropriate.

Continue to develop the Demand Reduction Strategy including:-

- Continue to develop the annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.
- Extend the use of Vulnerable Locations Indexing approach to multi agency working across the county.
- Develop the Blue Light collaboration by working with fire and ambulances services to trail the five tactical operational strands of work .
- Continue to deliver the MACAC pilot programme to deliver improved outcomes for people with mental health problems who come into contact with the police

The revised People Strategy (2017-20) and associated delivery plan will be implemented to ensure a workforce for the future is developed.

## Core Principle D: Determining the interventions necessary to optimise the achievement of intended outcomes.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Planning Interventions

Chief Officer Group have made a significant number of strategic decisions over the past 12 months across operational and business functions in support of the Chief Constable's vision. These have included approving significant demand and resource reviews to deliver savings, consideration of the Constabulary budget proposal, development of key governance documents and approving the business strategies that support delivery of police services for the public. In addition, the Chief Officer Group receives regular financial updates which provide a context to resource allocation decisions. All of these decisions have been informed by business cases or reports, which clearly specify the impacts on service delivery, finance, HR, risk, diversity, legal, procurement and ICT and which also clearly justify any expenditure committed. All decisions have been minuted.

The Commissioner has a statutory duty and electoral mandate to hold the police to account and to maintain an efficient and effective police force. In this role, he has scrutinised decisions made by the Constabulary throughout the year.

Members of the Chief Officer Group have also attended meetings of the Police and Crime Panel to provide context to members of the panel in considering the Commissioner's precept proposal for 2017-18. This included presentations outlining

the Constabulary's medium term financial position, information about changing demand and its impact on resources and options available and value for money comparison with other forces.

#### Determining Interventions & Optimising Outcomes

The Constabulary worked with the Office of the Police and Crime Commissioner (OPCC) to develop the performance framework. This set of measures and targets supports delivery of the Police and Crime Plan and is the mechanism used by the Commissioner to hold the Chief Constable to account. Progress against these measures has been reported to the Commissioner every quarter at the Public Accountability Conference, with more detail discussed at the Collaborative Board. The performance framework includes a programme of thematic reports on key policing themes to support the Commissioner's Police and Crime Plan.

During 2016-17 the Constabulary reviewed performance for all crime types, antisocial behaviour, road collisions, user satisfaction and productivity every month throughout the year to identify exceptions to expected performance and took corrective action to address the root causes where this was indicated. The statistical analysis and evaluation of performance is carried out according to Home Office standards.

As part of the monthly performance management activity, an increase of 388 violence against the person crimes was identified when comparing the

12 months to September 2016. An investigative analysis was undertaken to establish the reason for this increase and to determine whether or not the level of violence in Cumbria was increasing and presenting issues that required police intervention. The analysis determined two main reasons for the increase:

- the increased recording of historic offences, accounting for 39.9% of the overall increase and,
- the introduction of new offence codes in 2015, accounting for 41.2% of the overall increase.

This meant that no specific additional proactive or preventative action was required.

Thematic reports for specific areas have also been published and discussed at the Commissioner's Public Accountability Conference, which is held every 2 months. Examples include: domestic abuse, rural crime, use of stop search, equality, vulnerability, roads policing and countering anti-social behaviour. The Constabulary agrees a schedule of themed reports as part of its performance management arrangements with the Commissioner.

The main external public facing report has been redesigned and is more visual for simpler and easier access to information for the public. This supports transparency and helps understanding of policing issues.

The Constabulary performs well and has achieved a significant reduction in anti-social behaviour since 2009/2010 (falling by 14% in the last 12 months (December 2016) and user satisfaction levels are consistently high.

Latest perceptions data released by the Office of National Statistics for the 12 months to September 2016 shows that, out of all the 43 police forces in England and Wales, Cumbria has the second lowest % of survey respondents who said they had either experienced or witnessed any sort of anti-social behaviour incident in their local area.

During 2016 - 17 the Constabulary's strategic governance framework and board structure were subject to further refinement, with the aim of ensuring

- Working together to manage the major strands of work effectively, with interdependencies and conflicts being identified and resolved, risks managed and ensuring that benefits are delivered
- Providing clarity about what decisions are made by each governance board, and what needs to be escalated or devolved
- Providing clarity about what decisions are made by each level of senior management
- That the schedule of meetings supports the governance framework and are compatible with OPCC and PCP meeting schedules.

In the context of the scale of change currently being undertaken within the Constabulary to deliver savings and improve productivity, the Force Strategic Delivery Board, which was established at the start of 2014-15, remains a key forum in which change proposals are developed and finalised prior to submission to the Chief Officer Group for agreement. This board also ensures that there is a holistic approach to change, which takes full account of interdependencies between all change work-streams. Task and Finish Groups support the



main board to ensure that the Constabulary has the capacity to deliver specific major pieces of work.

The Constabulary continuously evaluates the effectiveness of its governance arrangements including the board structure, making recommendations to improve. In order to manage the significant amount and complexity of change undertaken and delivered by the Constabulary and the Commissioner, and to improve information and decision making across both organisations, the Collaborative Board membership was extended to include the directors of Corporate Support and Corporate Improvement, the ACC to represent operational matters and the Head of Partnerships and commissioning from the OPCC. In addition, a Force Resourcing Panel was introduced to provide scrutiny of all proposed staffing changes with the aim of ensuring equity and transparency.

In the operational environment, on a monthly basis, senior police officers carry out a full and robust assessment of operational risk, harm and threat to communities and an assessment of performance changes and their root causes. These are discussed at monthly Tasking & Performance meetings. This process systematically reviews vulnerable people, repeat offenders, vulnerable missing from home, significant domestic abuse, prison issues, organised crime groups, threats to life crime and anti social behaviour trends. Action has been taken and resources tasked to deal with the operational issues raised.

Every day, officers in each Territorial Policing Area have held a Daily Management Meeting which identifies the crimes, incidents that have occurred over the previous 24 hours and any vulnerable or

high profile incident (such as a vulnerable missing child or known domestic abuser). Senior officers have allocated their resources based on this evidence and effective management of threat harm and risk. In addition there is a force-wide Daily Operational Review Meeting, which ensures that resources are directed to meet strategic priorities across the county.

As part of the Constabulary's work on managing demand and subsequent review of Command and Control the principles of THRIVE (threat, harm, risk, investigative opportunity, vulnerability and engagement) have been introduced within the communications room when grading calls for service and, as part of the National Decision Making Model, deciding whether to deploy officers to incidents.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Review performance management arrangements, making recommendations for improvement where appropriate.

Work with the new Police and Crime Commissioner to develop performance management arrangements to hold the Chief Constable to account effectively.

Develop the delivery plan for the tactical operations for Blue Light Collaboration. This includes:

- Emergency Medical Response pilot in Walney and Wigton
- Forced Entry/Concern for safety memorandum of Understanding between fire, ambulance and police

- JESIP Joint Emergency Services Interoperability Programme Incident Command Vehicle – joint branding and management of vehicles that will have the capability to be forward command points in an incident.
- Urgent Care desk – NWAS support to Police Officers at the scene to triage any medical aspects of an incident
- Tri-Service Officer pilot

## Core Principle E: Developing entity's capacity including the capability of its leadership and the individuals within it.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Developing the Entity's capacity & leadership

The key functions and roles of the Chief Constable and the Police and Crime Commissioner are set out in the Police Reform and Social Responsibility Act 2011 (PRSA) and the Policing Protocol Order 2011 (PPO). The Chief Constable's statutory responsibilities for maintaining the Queen's Peace are set out in various Police Acts. The PRSA and the PPO also set out the function and roles of statutory officers, namely the Chief Constable's Chief Financial Officer.

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRSA). The PRSA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer

(CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

Following a structure review and from April 2017, the Commissioner and Chief Constable have determined to put in place an arrangement for a shared Chief Finance Officer. This recognises the level of duplication within these roles and will reduce costs in the context of increasing budget pressures. To ensure the effectiveness of that role in supporting both entities a number of governance arrangements have been put in place. These aim to ensure independent support to both entities where

needed and cover arrangements to manage conflicts of interest should they arise:

- The structure includes a Joint CFO and a Joint Deputy CFO, both required to be a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Reasonable reliance is placed on the post holders' compliance with the CIPFA Standard of Professional Practice on Ethics
- Job Roles for the Joint CFO are based on 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.
- The role of the Joint CFO is reviewed annually against the CIPFA statement with an opinion on compliance. The review and opinion will be subject to the professional advice of the Joint Audit and Standards Committee.
- The Joint CFO and Joint Deputy CFO will engage in the Police and Crime Commissioners Treasurers Society (PACCT's) mentoring scheme.
- A formal agreement is in place through a strategic partner policing body for external advice to the Police and Crime Commissioner or the Chief Constable where there are conflicts of interest that either entity determine should be managed externally.

The Constabulary has used HMIC Value for Money profiles and Police Objective Analysis to inform its Change Programme and applied zero based budgeting, with robust financial challenge to

budget holders, to secure maximum value from the resources available. Reports on Value for Money have been submitted to the PCC Executive Board and the Police and Crime Panel. In general, the VFM work has shown the Constabulary to benchmark well, although, in some instances costs may appear to be relatively high when measured per head of population. This is principally attributable to the logistics of providing an effective policing service over such a geographically sparse county.

The Constabulary has participated in detailed back office and ICT benchmarking exercises co-ordinated by CIPFA and the Police ICT Company respectively. The results will be analysed to ascertain whether there are opportunities for greater efficiency.

The understanding gained from the Constabulary's Value for Money analysis has delivered particular benefits in providing the basis for responding to the Police Funding Formula consultation exercise, by illustrating the additional costs incurred in providing policing services in a rural locality.

During 2016-17 the Procurement Strategy was embedded and various work-streams progressed with the aim of ensuring that procurement activities:-

- comply with relevant legislation,
- are open and transparent
- secure value for money.

[Developing the Capability of Individuals within the entity.](#)

The Constabulary's annual training plan was developed in early 2016-17 in conjunction with Operational Leadership Teams. The plan was developed in the context of guidance provided by the NPCC in 2015-16 in relation to best practice across a range of policing activities. In developing the plan there was particular focus on supporting Initial Police Recruitment ensuring that new recruits were equipped with the requisite skills to perform their role. The strategic training collaboration with Lancashire Police greatly supported this objective with collaborative resources being deployed to the training of new recruits.

The training plan was delivered through a strategic training collaboration with Lancashire Police. The collaboration is managed by a shared learning & development management team with oversight from a Joint Governance Board, which has representation from the Chief Officer teams of both forces. The Board met on three occasions over the year to scrutinise delivery of the plan. The collaboration has delivered benefits through:-

- Increased capacity to deliver training, which has been particularly beneficial to accommodate the increased level of recruitment in 2016-17.
- Reduced costs.
- Harmonisation of course content based on best practice across the forces.

During 2016-17 the strategic training collaboration agreement with Lancashire Police was evaluated and extended for a further 5 years.

During the year there has been particular focus on the design of a skills and leadership programme,

which, forms part of the Constabulary's business plan will continue to be developed and implemented in 2016-17. This programme focused 4 main areas

- A Street Skills Programme which developed the appropriate operational and technical skills needed by officers and staff at all levels
- Leadership Modules which has been designed to equip supervisors and managers with the skills to support and develop their staff
- An Executive Leadership Programme which will support the forces senior managers in leading the force through a period of significant change
- The development of an Electronic Learning Hub, which provides platform for on-line learning and knowledge transfer.
- Development of a Talent Management programme for middle managers. The focus of this programme was to move away from classroom based courses and put in elements where self-led development could be used and was more suitable in its flexibility for individuals to determine their particular leadership requirements and tailor accordingly.

In 2016-17 the Constabulary further developed the Management of Serious Crime Investigations Development Programme (MSCIP) was introduced in partnership with Lancashire and Merseyside Constabularies.

Key areas of focus during 2016-17 were Vulnerability Training (Child Sexual Exploitation & Domestic Abuse) along with Stop & Search. These areas of development whilst based on national standards were locally enhanced to support local operational needs.

In addition, an ICT mobility programme has been supported with additional training support for staff.

During 2007-17 Cumbria Constabulary reintroduced a Performance Development & Review (PDR) for all its staff. PDR is based on the national College of Policing model focusing on personal responsibility for development built around a central competency framework. The PDR system is an interim model whilst work is undertaken to introduced the Competency & values Framework into Cumbria in 2018.

The National Police Promotion Framework (NNPF) was introduced in 2015-16. On the 1<sup>st</sup> April 2015 the Police (Promotions) Regulations 2015 amended the method by which police officers in England and Wales are promoted to the rank of Sergeant and Inspector. The changes to the process, including the requirement to undertake work based assessments have been embedded.

## **AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT**

Embed a formal performance development and review (PDR) process for all officers and staff during 2017-18, in accordance with College of Policing guidance.

The Constabulary will work with academia and, using good practice from other organisations, will develop an action plan based on the information from the cultural survey which will be incorporated into the Well-Being Strategy.

## Core Principle F: Managing risks and performance through robust internal controls and strong public sector management.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Managing risk

Risk management is a standing agenda item on all boards, including programme and project management boards. Mitigating actions have been identified and tracked to ensure that risks are minimised.

During 2016–17, the Constabulary’s risk management arrangements were reviewed to ensure that up to date practices and approaches are reflected in its risk management policy and procedures. As a result, changes have been made to improve wider understanding of the portfolio of risks held in the Constabulary.

Specific risks associated with the potential reduction in funding as a result of the police funding formula review and the introduction of the Emergency Services Network have featured prominently on the Constabulary’s strategic risk register.

Accredited risk management training has been provided to a group of managers in 2016-17 covering both operational and support functions. In addition procurement fraud risk training was provided to staff involved in procuring goods and services in response to an internal audit report recommendation.

#### Managing performance

During 2016-17, performance management arrangements were reviewed and improved. The strategy – *‘Performance management in Cumbria Constabulary: Managing our resources to improve outcomes for the people of Cumbria’* documents the key themes that show how performance management is embedded within the Constabulary. This is achieved mainly through the use of:

- Joining up the performance and intelligence meetings – the Joint Tasking and Performance Monthly Meeting - to rationalise processes and improve outcomes for the public
- An improved document set, provided every month by Corporate Improvement to all chief officers and senior management , these include a high level performance matrix, detailed root cause analysis and recommended actions to take
- Performance discussions at all operational Senior Management Team meetings as a standard agenda item
- A specific Protecting Vulnerable People monthly performance meeting to focus on the key objectives to reduce ‘threat, risk and harm’ to vulnerable people and children
- Holding Performance Development Conferences every four months within each policing and business function to discuss strategic and local performance issues and determine improvement actions, such as violent crime, sickness and data quality

- Reviewing performance at least yearly as part of Strategy Days attended by all senior management
- Development of an information strategy to support the BIG 6 priorities, showing demand, productivity and outcome data ambitions
- Further development of the sophisticated and comprehensive Performance Dashboard to realign data with the BIG 6 priorities, including development of some new dashboards, such as Missing Persons Dashboard. . These can be accessed by everyone on the intranet
- Publication of daily performance figures for all officers and staff to use to monitor and manage delivery of operational activity
- Further development and implementation of an individual officer performance dashboard. This enables sergeants to quickly view their officers' workload and forms the basis of regular one to one performance meetings, improving supervision and productivity
- Individual performance meetings with all officers and staff every 15 weeks were mandated across the Constabulary. The meetings ensure that wellbeing of officers and staff is considered by immediate supervision on a regular basis and, that Plan on a Page objectives are delivered. The 15 week reviews use a set agenda to achieve this covering – wellbeing, contribution to BIG 6 priorities, contribution to supporting strategies, legitimacy, compliance, training and development needs.
- Re-introduced a formal performance development and review (PDR) process for all officers and staff, in accordance with College of Policing guidance. This is an annual process

and determines the competence of individual officers and staff, based on the Police Professional Framework.

The key outcomes from BIU are:

- Reassurance for chief officers that things are being done through reality checking (latest figures are
- Identification and implementation of improvements to processes and knowledge of officers and staff – as evidenced in figures below
- Significant improvements to quality and process standards - examples in table below

	pre-BIU audit	post BIU
Stop Search	69%	97%
PINs	56%	83%
Submission of Intelligence child MFH	22%	83% (extra 414 Intelligence reports – Op Chaperone alone)
CMR MFH risk assessment	73%	80% (87% one month)
MFH	81%	86% (94% one month)
VC linked to MFH	42%	64%
Improvement in Crime Management by Sgt	47%	62% (only one audit)
Improvement in Crime Management by Insp	20%	81% (only one audit)

- Identification of poor performers by individual, supervisor and shift and direct feedback to improve – as evidenced in figures above
- Significantly improved identification of vulnerability and therefore, a better and more appropriate service is being provided
- Identification of weakness in our systems and processes and implementation of changes to address them – thereby giving a better service; for example child MFH, intelligence was not submitted by officer, when it was submitted an intel 2 nominal was not created, this meant risk assessments were not accurate. BIU identified this to DCI Intelligence, and worked with them to address this. PIN were being filled out and stored in a manner which was inconsistent, and outwith

force PIN policy, this has been addressed and rectified.

BIU checking results are as follows:-

Category	13/10/2016	19/12/2016	14/03/2017	Change
Total Action	850	962	1128	+ 166
Completed Action	498 (58%)	611(63%)	806 (71%)	+ 196
Outstanding Action	352 (42%)	351 (37%)	322 (29%)	-29
BIU Checked	475 (95%)	554 (90%)	769 (95)	+215

The Delivering Excellence strategy was developed and implemented during 2016 -17. This strategy aims to embed continuous improvement across the Constabulary and has four key areas of work:

- Working with professional Leads, development and monitoring of Business Improvement Plans based on our priorities and all HMIC actions and recommendations to deliver improvements to services This includes prioritisation of the most important actions affecting the public and quality assuring implementation through reality-checking. Preparing the Constabulary for HMIC inspections ensuring that we present the true picture of policing in Cumbria.
- Working on standards and quality across policing processes through feedback and support to individuals and their supervisors. This is known as the Quality Counts initiative. This has resulted in significant improvements to standards, quality and changes to processes – improving productivity of officers
- Working across the Constabulary to harness ideas and suggestions for improvement

## Robust internal control

An annually developed internal audit plan uses risk as the basis for developing an audit programme. Each audit evaluates the exposure to risk relating to the organisation’s governance arrangements and information systems. The audit plan for 2016-17 was approved by the Chief Officer Group in February 2016 and subject to review by the Joint Audit and Standards Committee on the 9th March 2016. The plan substantially increased the number of days of audit work from 232 to 274 to ensure the appropriate level of coverage to provide an opinion on the systems of governance, risk and internal control for the Commissioner and Chief Constable.

During 2016-17 70% of audits including all those relating to finance were graded as providing substantial or reasonable assurance. Where audits have been judged as providing partial assurance, plans to address the weaknesses identified has been developed and implemented. The Audit and Standards Committee have received quarterly reports monitoring the implementation of audit recommendations.

The Audit Plan provides the basis for the Chief Internal Auditor’s overall opinion on the control environment.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. Against the self-assessment checklist the committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas. For those functions not included within the checklist,



incorporating the wider functions of the committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. The review confirmed that the Committee has during 2016-17 implemented areas identified for development from the 2015-16 review. Further areas for development are identified for 2017-18 to provide continuous improvement. The full report of the Committee can be found on the Commissioner's website at <http://www.cumbria-pcc.gov.uk/governance-transparency/joint-audit-committee.aspx>

The Joint Audit and Standards Committee has conducted 5 public meetings during 2016-17. As an advisory body, the Committee has undertaken a significant amount of work to review and make recommendations in respect of the Chief Constable's arrangements for governance and management of risk prior to formal decision making by the Chief Constable. This has included providing assurance in respect of the joint Financial Regulations and Rules, the Chief Constable's Code of Corporate Governance, Risk Management Strategy and the Internal Audit Charter. The Commissioner and Chief Constable met jointly with the Committee on the 28<sup>th</sup> July 2016 to receive the views of members prior to authorising the Statement of Accounts and 2015-16 Annual Governance Statement for publication.

## Managing Data

During 2016-17 arrangements for managing data have been strengthened as follows :-

- The core information security and records management strategies have been reviewed and updated.
- Information asset owners are identified for 26 core systems and processes, which are subject to a reporting procedure to the force Senior Information Risk Owner (SIRO).
- The amended Government Security Classification scheme has been implemented and training provided to staff.
- PSN for policing Codes of Connection have been submitted to the Home Office and approved.
- Submissions have been made to Government Digital Services for PSN certification.
- Arrangements for information security has been independently audited by the internal audit service and graded as providing reasonable assurance.

## Strong public financial management

Strong financial management provides a framework for all business decision making and planning within the Constabulary. Accordingly :-

- The CFO is a member of the Constabulary leadership team.
- All strategic decisions are taken in the context of the budget and MTFF position.

- There is finance representation at all significant decision making forums and the requirement to provide financial implications is a standard item on board paper templates.
- All budgets have assigned budget owners, which are detailed under the Chief Constable's Scheme of Delegation and scheme of budget management.

The Constabulary's Statement of Accounts for 2015-16 received an unqualified audit opinion and praise from the external auditor for the quality of the statements and that they were published in advance of the new statutory deadline of the 31<sup>st</sup> July, two years ahead of schedule. The strong track record in financial management has also been recognised by the HMIC in their Efficiency inspection in 2016-17.

All internal audit reports relating to finance in 2016-17 have been graded as providing either substantial or reasonable assurance. The Head of Internal Audit opinion and management assurances in relation to financial systems have concluded that robust internal controls are in place and not identified areas of significant concern.

During 2016-17 both the Joint Financial Regulations and Rules were updated and subject to scrutiny by the Joint Audit and Standards Committee.

## AREAS FOR FURTHER DEVELOPMENT AND IMPROVEMENT

Review and refresh the audit and improvement plan every quarter, reporting to Force Strategic Delivery Board on outcomes and successes from

Quality Counts. This will incorporate a programme of Crime Data Integrity audits, that will be improved by extending their scope and frequency, with learning and feedback to officers and supervisors so that quality and performance can be enhanced.

Further develop the strategic resource management performance framework to drive improvements in our use of resources, and will ensure that the benefits of significant investment in change and ICT are delivered.

Further develop the Management Information Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.

## Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Implementing good practice in Transparency & Reporting

The principal means by which the Constabulary reports to the public are through themed presentations to the Commissioner's Public Accountability Conferences, which are open to the public. Reports are also available through the Commissioner's website. During 2016-17 work has been undertaken to improve the presentation of these reports to make them more accessible and readable for members of the public. The Constabulary's bi-monthly performance reports are also made available publically through the Commissioner's website and annual performance is reported in the Commissioner's annual report.

The Chief Constable's audited accounts were signed on 28 July 2016 and published alongside the report of the independent auditors (Grant Thornton) on the financial statements. The auditors opinion was that the statements provided a true and fair view of the financial position of the Chief Constable as at 31 March 2016 and that they have been properly prepared in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting. In addition, the auditors commented favourably on the high quality of the accounts and supporting working papers in the context of achieving the new tighter deadline for publishing the accounts by the 31<sup>st</sup> July two years ahead of requirements. The auditors further confirmed in their annual governance report on 28<sup>th</sup> July 2016 a positive

conclusion with regards to securing value for money.

#### Assurance & Effective Accountability

During 2016-17 the Constabulary has been inspected by HMIC and received reports on police efficiency, effectiveness and legitimacy (known as PEEL). There are four grades that can be achieved - outstanding, good, requires improvement and inadequate.

The Constabulary has been rated as good for the efficiency, effectiveness and legitimacy, recognising that the Constabulary:

- has a proven track record of sound financial management
- has a well-managed change programme to oversee the continued development of services.
- has plans for further investment in buildings, new technology and vehicles
- is improving the way technology is used and developed and it has made a significant investment in information technology to enable more flexible working
- has learned from previous flooding events in 2005 and 2009 and as a result worked more effectively, including with partners
- Is effective at preventing crime, tackling antisocial behaviour and keeping people safe,

having a good understanding of the threat and risk of harm to its communities

- Is effective at investigating crime and reducing reoffending, making significant efforts to improve the standard of its initial response to cases and has made good progress with partners in managing offenders
- Is effective at tackling serious and organised crime and demonstrates good oversight and management arrangements
- Has made progress at protecting those who are vulnerable from harm and supporting victims but can improve its identification of vulnerability to provide effective safeguarding
- provides a fair service and has an ethical culture and,
- Has good arrangements in place to work with local communities and the workforce.

Areas for improvement in specific areas where weaknesses were identified include requirements to :

- develop its understanding of current and likely future demand for its services, ensuring that it has analysed appropriate information and intelligence from wider sources.
- ensure that it has adequate plans in place to show it can provide services, while also making the necessary cost savings
- verify the identity, nationality and overseas convictions of arrested foreign nationals
- improve standards of risk assessments relating to vulnerable people to support the safeguarding hub to validate risk and share with other organisations
- clarify the use of body worn video at domestic abuse incidents

- comply with national guidelines for vetting, improve capability to monitor computer systems to identify risks to its integrity and improve how it manages individual performance.

HMIC has also conducted thematic inspections for child protection in Cumbria where actions have been identified and are being addressed. In addition, the Constabulary was revisited as part of the delivery of the custody action plan and took part in the national thematic inspection of modern slavery and human trafficking. A small number of areas for improvement have been identified from these other inspections and actions have been included in our overarching Improvement Plan, managed and tested via the Business Improvement Unit

The Constabulary has been re-inspected with regard to Stop Search and has been reinstated to the national Best Use of Stop Search (BUSS) scheme.

During 2016-17 the Chief Constable received assurances with regard to the Constabulary's arrangements for risk management, internal control and governance from a number of sources which included :-

- The CFOs annual review of internal audit which concluded that it provides an independent and effective service and contributes to an effective and control environment.
- The Head of Internal Audit and Commissioner's CFO assurance that the internal audit service complies with Public

Sector Internal Audit Standards with no material shortcomings.

- The Head of Internal Audit's opinion that the Constabulary's framework of governance, risk management and internal control is reasonable and that controls are working effectively in practice.
- Management assurances in accordance with CIPFA control frameworks in respect of financial systems and processes, which were not subject to audit 2016-17 which did not highlight any areas for concern.
- The CFO's fraud risk assessment, which did not highlight any weaknesses.

Collectively these assurances and the work of the Joint Audit and Standards Committee provided assurance to the Chief Constable and external auditor with regard to the integrity of financial transactions.

## DEVELOPMENT AND IMPROVEMENT PLAN UPDATE FOR 2016 – 17

Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.				
CP3/1	Update and review action plans from the Ethics & Integrity Panel, Internal Audit, HMIC and Constabulary	Head of People	<p>Following the recent HMIC inspection plans have been developed to map out Proactive work over a 2yr period in relation to a number of areas, some of them being, protecting vulnerable victims, identifying sexual predators, identifying corruption.</p> <p>PSD continues to maintain and uphold the standards expected of all Constabulary employees, PSD are delivering presentation on "Embedding the Code of Ethics" to all SMT's and AMT's. The expectation is that the input will be cascaded by the AMT's to their teams of Police officers and Police staff. Details of those that have received the inputs will be captured within L and D and on the individuals 15 week review.</p> <p>The Ethics and Integrity panel are an Independent body that act as the Constabularies critical partner. Part of their work within the PSD involves the dip sampling of complaint and conduct matters. As a result over the past two years a number of changes have been made on the recommendations of the panel, some examples being, letters to complainants include better updates and timescales, the Constabulary only apologises where there is reason to do so.</p> <p>In February 2017 delivery plans to address the Abuse of Authority for sexual gain, enhanced vetting arrangements and embedding the Code of Ethics. In addition a review of ICT access permissions for staff who leave the organisation has been commissioned.</p>	31-Mar-17
Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.				
CP2/4	Develop a delivery plan for the Strategic Alliance with Lancashire Constabulary	Director of Corporate Improvement	The Constabulary has a strong relationship with Lancashire Constabulary. The Learning & Development Strategic Alliance is operating well and has been extended for a further 5 years. The Constabulary is continuing explore further areas for collaboration with Lancashire.	30-Jun-16
CP4/1	Continue to update and improve the Constabulary internal internet site.	Director of Corporate Improvement	Phase 1 is completed with a new front page and easier access to key information and contacts	30-Jun-16
CP4/2	Conduct a review of policy management arrangements.	Director of Corporate Improvement	On-going - this work has started but has not been completed as other emerging priorities have been addressed rnow been incorporated into the forward looking corporate plan for 2025, the first iteration of which was completed in April 2017.	31-Mar-17
CP6/1	The Constabulary will continue to develop its internet site further, to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	<p>This is an on-going programme of work. During 2016-17 the following developments have been undertaken</p> <ul style="list-style-type: none"> <li>• Updates to the bespoke online non-emergency crime reporting form</li> <li>• Update to the traffic map to improve usability</li> <li>• Change homepage web chat meetings buttons to help and advice for victims button</li> <li>• SSL security certificate updates</li> </ul>	31-Mar-17
CP6/2	Undertake a public survey to identify the public's policing priorities to inform the Police and Crime Plan and Constabulary strategic planning.	Director of Corporate Improvement	The survey has been undertaken the results have been analysed and incorporated into the Police and Crime Plan and the strategic work programme. The results have also been utilised to build an internal confidence dashboard.	31-Mar-17
CP6/4	Review the Independent Advisory Group	Director of Corporate Improvement	Complete	30-Jun-16
CP6/5	Improve the Citizens Panel	Director of Corporate Improvement	First Phase on going.	31-Mar-17

Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits</b>				
CP1/5	Develop a revised Plan on a Page for 2016/17 to help all officers and staff focus on the Constabulary's priorities and support internal communications.	Director of Corporate Improvement	Complete - This has been approved, extensively communicated and is the foundation for performance management and business improvement.	30-Apr-16
CP1/6	Continue to develop the Demand Reduction Strategy	Director of Corporate Improvement	On-going - this work has now been incorporated into the forward looking corporate plan for 2025, the first draft of which will be completed by April 2017.	31-Mar-17
CP1/8	Develop internal and external communications strategy for 2016/17 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	Completed and approved in June 2016. The strategy is regularly reviewed to take account of ongoing situations, new operational requirements and scanning.	31-Mar-17
CP1/9	Develop Business Improvement Plans based on our priorities and all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on our website.	Director of Corporate Improvement	Complete - this forms part of business as usual for the Constabulary's Business Improvement Unit.	30-Apr-16
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.</b>				
CP1/1	Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	Complete The 15 week reviews have been implemented in conjunction with new proposals for PDR from College of Policing to make sure that the aims and objectives are being met.  The tasking and performance processes have been amalgamated into one monthly meeting at force level, which the OPCC attends. Other small changes have been made to the performance development Conferences held every four months. The changes were captured and documented in the Performance Management 2016 document.	30-Sep-16
CP1/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to enable him to hold the Chief Constable to account effectively.	Director of Corporate Improvement	Complete A proposed framework was submitted by OPCC in Q1 which generated further joint developments and discussions with OPCC and allowed for some operational changes to bed in prior to determining new performance indicators. The framework was agreed at Collaborative Board in early November 2016.	30-Jun-16
CP 1/4	Further develop the strategic resource management performance framework to drive improvements in our use of resources, including development of a Resource Management Strategy.	Director of Corporate Improvement	This work has been delayed due to bringing forward other commitments which support 2017/18 budget requirements and the development of the MTFF, taking into account the risk factors associated with the Police Funding Formula. The work for the financial forecasting includes discussions on the Resource Management Strategy and once the detail is finalised, this will be documented. This will now be completed by end January 2017	31-May-16
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.</b>				
CP1/7	Re-introduce a formal performance development and review process in 2016/17 in accordance with College of Policing guidance.	Deputy Chief Constable	Complete - a new PDR process was implemented in January 2017. This replacement PDR is an interim measure for 12 months. The College of Policing are in the process of changing the requirements in relation to the Professional Policing Framework (PPF) to a value based competency framework w.e.f. 2017/18. In the meantime a process of 5 and 15 week reviews has been rolled out for all police officers and police staff which will complement the PDR process.	30-Sep-16
CP5/1	Further develop and implement the core skills and leadership framework.	Head of Learning & Development.	Complete - A Leaders 2020 programme has commenced aimed at emerging leaders (Police Staff and Police officers) 35 staff have commenced a programme which includes leadership inputs, emotional intelligence assessments and coaching support. This will continue to be delivered into 2017. Existing leadership provision for all staff continues.	31-Mar-17
CP5/2	Deliver significant training plans linked to Constabulary priorities.	Head of Learning & Development	A number of key programmes have been delivered including CSE and Vulnerability Training. This one day training programme has been delivered to 727 staff. A one day Stop & Search training package is currently being delivered to all front line officers.	31-Mar-17
CP6/3	Implement an action plan arising from the cultural survey as part of the Well-being Strategy.	Director of Corporate Improvement	Complete	30-Jun-16

Ref	Action	Lead Officer	AGS 2016-17 Update	Implementation by
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.</b>				
CP2/1	The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of an overarching People Strategy, which will bring together plans for all aspects of managing its workforce.	Director of Corporate Support	The People Strategy was developed and agreed by Chief Officers on 09 May 2016.  Strategies for other corporate functions were updated in line with the budget and medium term financial planning process. These strategies will continue to be developed / refreshed on an on-going basis..	31-Jan-17
CP1/10	Embed the role of the Business Improvement Unit in quality assuring the implementation of action plans.	Director of Corporate Improvement	Complete - this forms part of business as usual for the Constabulary's Business Improvement Unit.	30-Sep-16
CP1/11	Develop a Management Information Strategy	Director of Corporate Improvement	Phase 1 is complete detailed data requirements have been identified and work has started on automating processes. This will be reviewed again during 2017-18 to align to new technology available to the Constabulary.	30-Jun-16
CP2/2	The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided	Chief Finance Officer	Principally complete - The financial rules were updated and implemented in December 2016 agreed. A programme of promotion and training has been developed to include Financial Regulations, Financial Rules and Joint Procurement Regulations, and delivery has begun.	31-Jul-16
CP2/3	The Constabulary will pro-actively implement its Attendance Management Action Plan and Well Being Strategies with the aim of reducing levels of sickness and protecting the welfare of its workforce.	Head of People	The Attendance Management Action Plan and Well-being Strategies have been implemented with some very positive impacts. These have now been consolidated into a broader HR Strategy and Action Plan for 2017/18. This provides a holistic approach to wellbeing, based on improving general management skills and approaches. The Constabulary will pursue "Oscar Kilo" the national blue light well being charter standard in 2017/18. Related initiatives include mental health first aid; stress awareness; establishing well being ambassadors and continued improvements in Health and Safety. Attendance is steadily improving overall. Q4 2016/17, with traditionally high absence levels is at 3.7% against 4.6% in Q4 last year.	30-Sep-16
<b>Core Principle G: Focusing on Implementing good practices in transparency, reporting and audit to deliver effective accountability.</b>				
CP1/3	Write an Annual Report to support the Commissioner's 2017/18 budget submission to the Police and Crime Panel.	Director of Corporate Improvement	Complete - This formed a part of presentations provided to the Commissioner and the Police and Crime Panel during the budget setting process.	31-Jan-17



## DEVELOPMENT AND IMPROVEMENT PLAN FOR 2017 – 18

Ref	Action	Lead Officer	Implementation by
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and respecting the</b>			
CPA/1	Embed the delivery plans for vetting enhancement, the abuse of authority for sexual gain and the Code of Ethics	Head of People	31st March 2018
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.</b>			
CPB/1	Develop an external communications strategy for 2017-18 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	31st March 2018
CPB/2	Deliver the internal programme of communications to support performance, standards, integrity and operational effectiveness.	Director of Corporate Improvement	31st March 2018
CPB/3	The Constabulary's internal website will continue to be developed in particular to improve the access and search capability which will make it easier for officers and staff to access the information they need.	Director of Corporate Improvement	31st March 2018
CPB/4	A review of the policy management arrangements will be undertaken with a view to streamlining the process, the products and their accessibility.	Director of Corporate Improvement	31st March 2018
CPB/5	As part of openness and transparency about decision making within the Constabulary, a Chief Officer Group decision log will be placed on the intranet and made available to all officers and staff. In particular, decisions about people and finance will be made available to relevant practitioners to speed up the processes required to deliver agreed actions.	Chief Finance Officer	
CPB/6	The Constabulary will continue to develop its internet site to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	31st March 2018
CPB/7	On behalf of the Commissioner, the Constabulary will undertake a survey to find out the public's key policing priorities for the PCC's 2018-19 Police and Crime Plan and the Constabulary's Strategic Assessment.	Director of Corporate Improvement	31st October 2017
CPB/8	The Constabulary will improve the Citizens Panel to expand the number of people on and the representation of all types of communities. (The Citizens Panel is a large group of people who have volunteered to be consulted on a range of police issues.)	Director of Corporate Improvement	31st March 2018

Ref	Action	Lead Officer	Implementation by
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits</b>			
CPC/1	Develop a forward looking corporate plan to 2025 that encompasses all change activities across the Constabulary. This includes changes to operational working, workforce and people, collaborations, ICT, fleet and estate as well as change to deliver savings and continuous improvement activities. The plan will underpin our recruitment, succession, training and development plans and will be supported by a comprehensive communications programme.	Deputy Chief Constable	
CPC/2	Review the governance arrangements to ensure effective delivery of the 2025 plan, making recommendation for improvement where appropriate. Continue to develop the Demand Reduction Strategy including:-	Deputy Chief Constable	
CPC/3	Continue to develop the annual process to evaluate resource allocation to ensure that resources are aligned to demand, threat, risk and harm.	Director of Corporate Improvement	31st March 2018
CPC/4	Extend the use of Vulnerable Locations Indexing approach to multi agency working across the county.	Director of Corporate Improvement	31st March 2018
CPC/5	Develop the Blue Light collaboration by working with fire and ambulances services to trail the five tactical operational strands of work .	Director of Corporate Improvement	31st March 2018
CPC/6	Continue to deliver the MACAC pilot programme to deliver improved outcomes for people with mental health problems who come into contact with the police	Director of Corporate Improvement	31st March 2018
CPC/7	The People Strategy (2017-20) and associated action plan will be delivered.	Head of People	31st March 2018
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended outcomes.</b>			
CPD/1	Review our performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	30th September 2017
CPD/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to hold the Chief Constable to account effectively. Develop the delivery plan for the tactical operations for Blue Light Collaboration. This includes:	Director of Corporate Improvement	30th September 2017
CPD/3	Emergency Medical Response pilot in Walney and Wigton	Chief Superintendent - Operational Benefits Delivery	
CPD/4	Forced Entry/Concern for safety memorandum of Understanding between fire, ambulance and police	Chief Superintendent - Operational Benefits Delivery	

Ref	Action	Lead Officer	Implementation by
CPD/5	RESIP Joint Emergency Services Interoperability Programme Incident Command Vehicle - joint branding and management of vehicles that will have the capability to be forward command points in an incident.	Chief Superintendent - Operational Benefits Delivery	
CPD/6	Urgent Care desk - NWAS support to Police Officers at the scene to triage any medical aspects of an incident	Chief Superintendent - Operational Benefits Delivery	
CPD/7	Tri-Service Officer pilot	Chief Superintendent - Operational Benefits Delivery	
<b>Core Principle E: Focusing on developing the entity's capacity, including the capability of its leadership and individuals within it.</b>			
CPE/1	Embed a formal performance development and review (PDR) process for all officers and staff during 2017-18, in accordance with College of Policing guidance.	Deputy Chief Constable	
CPE/2	The Constabulary will work with academia and, using good practice from other organisations, will develop an action plan based on the information from the cultural survey which will be incorporated into the Well-Being Strategy.	Director of Corporate Improvement	31st December 2017
CPE/3	During 2017-18 the Apprenticeship Levy will be introduced across England & Wales which will result in a 0.5% levy be paid by Cumbria Constabulary into a digital Apprenticeship account. As a result of this an Apprenticeship framework is being devised which will promote the use of apprenticeships within the Constabulary including leadership, initial learning skills and technical development.	Head of Learning & Development	
CPE/4	Significant training programmes will be delivered in 2017-18 in support of the new Intelligence System Red Sigma and a focus on Vulnerability (Mental Health). In addition there is continuing focus on new entrant training for recruits.	Head of Learning & Development	
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial management.</b>			
CPF/1	Review and refresh the audit and improvement plan every quarter, reporting to Force Strategic Delivery Board on outcomes and successes from Quality Counts. This will incorporate a programme of Crime Data Integrity audits, that will be improved by extending their scope and frequency, with learning and feedback to officers and supervisors so that quality and performance can be enhanced.	Director of Corporate Improvement	31st March 2018
CPF/2	Further develop the strategic resource management performance framework to drive improvements in our use of resources, and ensure that the benefits of significant investment in change and ICT are delivered.	Director of Corporate Improvement	31st March 2018

Ref	Action	Lead Officer	Implementation by
CPF/3	Further develop the Business Intelligence Strategy to inform future ICT developments, improve the information available to managers for effective decision making, to support improvements in services for the public and, develop and improve the dashboards available to officers and staff.	Director of Corporate Improvement / Director of Corporate Support	31st March 2018
CPF/4	Finalise the delivery of training on the financial regulations, financial rules and procurement regulations.	Chief Finance Officer	

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Peter McCall

Police and Crime Commissioner for Cumbria  
Annual Governance Statement 2016/17

## The Police and Crime Commissioner for Cumbria

### Annual Governance Statement 2016-17

#### INTRODUCTION AND SCOPE OF RESPONSIBILITIES

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

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

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

This Annual Governance Statement (AGS) describes how the Commissioner has followed The Code. It also meets the requirements of regulation 6(1) and 10(1) of the Accounts and Audit Regulations 2015. The regulations say that we must prepare and publish an Annual Governance Statement (AGS) to accompany the Commissioner's statement of accounts.

#### THE AIM OF THE GOVERNANCE FRAMEWORK

The governance framework consists of the systems, processes, culture and values by which the Commissioner is directed and controlled and the activities through which the Commissioner is involved with and leads the community. The framework enables the Commissioner to monitor the achievement of our aims and objectives and to consider whether those aims have led to the delivery of appropriate efficient and effective police, community safety and victim services. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. The Commissioner is responsible for reviewing, at least annually, the effectiveness of his governance framework including the system of internal control.

#### REVIEW OF EFFECTIVENESS

The key systems and processes that comprise the Commissioner's governance arrangements for 2016-17 have been guided by the seven core principles of Corporate Governance from the CIPFA/Solace Governance Framework applicable to the 2016-17 financial year. This is the standard against which all local government bodies, including police, should assess themselves.

The Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of his governance framework including the system of internal control. The review of effectiveness is informed by the work of Chief Officers and senior

### *Seven Core Principles of Governance*

- *Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law*
- *Principle B: Ensuring openness and comprehensive stakeholder engagement*
- *Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits*
- *Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes*
- *Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it*
- *Principle F: Managing risks and performance through robust internal control and strong public financial management*
- *Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability*

managers who have responsibility for the development and maintenance of the governance environment. The review process comprises:

- A cyclical detailed review of the key documents within the Commissioner's governance framework.
- A review of the governance arrangements in place to support each core principle, culminating in an updated Code of Corporate governance.
- A review of what has happened during the past year to evidence how the governance framework has been complied with.
- A review of the effectiveness of the arrangements for Internal Audit. The review is supported by consideration of the opinion of the Chief Internal Auditor, as set out in her annual report.
- A review of the effectiveness of the Joint Audit and Standards Committee against CIPFA guidance on Audit Committees for Police.

As part of the review process, the Annual Governance Statement (AGS) is prepared. Whilst no significant governance issues have arisen as part of the review for 2016-17, the AGS includes a plan that identifies areas for development and improvement. The AGS remains under review and subject to update during the audit of the financial statements. The following paragraphs set out the Governance Framework and how the Commissioner has complied with each of the seven governance principles within the Code of Corporate Governance. A wide range of staff have contributed narrative for each section of this statement. This provides a lengthier document but one which values the input from members of our team and provides the reader with greater insight into the governance activity that has been carried out over the past year.



## Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Ethics and Integrity

The Commissioner has in place arrangements for anti-fraud and corruption. The arrangements in place during 2016-17 have been subject to internal review by the Deputy Monitoring Officer, with the outcome of that review reported to the Joint Audit and Standards Committee in May 2016. The review has concluded that arrangements are effective. Whilst fraud risk remains low within the OPCC office, matters of integrity have been re-enforced in support of the aim of ensuring a high degree of awareness amongst staff in respect of appropriate conduct and behaviours. The Deputy Monitoring Officer has issued a monthly reminder to staff in respect of recording gifts and hospitality and/or supplier contact. Completed registers have been published on the Commissioner's website on a monthly basis and the Deputy Monitoring Officer has undertaken dip sampling between the registers and contracting activity.

During 2016-17, the financial regulations and financial rules were reviewed and updated. That process included aligning the format and presentation of the documents to aid their accessibility.

In 2016-17 The OPCC Grant Regulations were reviewed to align with the development of a new Police and Crime Plan. The process included aligning the format and content of the document to reflect the changes in available funds and the strategic

direction of the Police and Crime Plan. To facilitate this process and to ensure the Grant Regulations were reviewed in a thorough and systematic approach, staff from the Office of Police and Crime Commissioner and the Constabulary's Legal Services and Procurement Department worked collaboratively in aligning the Grant Regulations to reflect changes in legislation and strategic direction. A copy of the proposed draft Grant Regulations were submitted to the OPCC Executive Team and Joint Audit Standards Committee for consultation.

The Grant Regulations aim to ensure that grant awards are made in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. They also ensure that the processes that underpin the decision making are robust and that the terms and conditions applied to grant agreements are appropriate to the amount of the grant award and the purpose of which it has been made.

Our procedures aim to safeguard public money, support decisions that direct funding towards activity and interventions that will have the greatest impact on reducing crime and reoffending and deliver the best possible outcomes for victims. The Grant Regulations operate alongside the Joint Procurement Regulations and OPCC Commissioning Strategy.

In support of the requirements for audit of the financial statements, the Commissioner has submitted to the External Auditor the 2016-17 fraud risk assessment. Management assurance is further supported through the completion by the

Commissioner and all staff of a declaration of related party transactions.

In respect of the arrangements for standards, ethics and integrity, the Chief Executive is able to confirm that since the inception of the Office of the Police and Crime Commissioner, no complaints have been received from any member of staff or secondee in relation to the Commissioner. Neither has any complaint been made by the Commissioner about any member of staff. In respect of the period from 1st April 2016 to the date of issuing this statement, no issues have been raised with the Joint Audit and Standards Committee in respect of the operation of the Commissioner's Codes of Conduct/Protocols and the Committee has not received any appeals in relation to these matters. The Ethics and Integrity Panel continue to provide independent oversight for the OPCC and Constabulary in relation to standards, ethics and integrity.

As part of the arrangements for complaints, the Commissioner also receives letters directly from members of the public. In 2016 he received 34 complaints, 30 of which were passed to the Constabulary to respond to as they were regarding matters beyond his jurisdiction. Of the remaining complaints, in each case it was determined that the issues raised were not personal conduct matters.

During the same period the Commissioner received 318 letters of dissatisfaction raised by members of the public regarding the Constabulary and policing issues. These issues were raised with the Constabulary and monitored by OPCC staff to ensure a timely and appropriate solution was found. Complaints made against the Police and Crime Commissioner are dealt with by the Police and Crime Panel. During 2016-17 the Panel received two

complaints regarding the previous Commissioner (Mr Rhodes) which were dealt with by way of a letter of explanation. Letters of compliment were also received from members of the public for the assistance provided by the Police and Crime Commissioner and members of staff.

During 2016-17 the Ethics and Integrity Panel have carried out dip sample processes and thematic inspections for a number of different areas of business. For the OPCC these included the reviewing of complaints received and their handling in line with statutory legislation and guidance. In addition 'Quality of Service and Policing Issues' (QSPI) which were raised by members of the public were also reviewed. The Panel subsequently confirmed their assurance that they were dealt with appropriately. On a six monthly basis the OPCC analyse information relating to the QSPIs to identify any trends or patterns, how the OPCC has facilitated an outcome and any organisational learning for itself or the Constabulary. This is subsequently discussed with the Constabulary and reported to the Commissioner and the Ethics and Integrity Panel.

These include public complaints, police misconduct and staff misconduct cases all of which were found to support high standards of ethics and integrity. Following each session any actions identified were scheduled and monitored to ensure their completion. The Panel gained assurance that improvements previously proposed adopted by the Constabulary and OPCC were continuing to be used and developed further where necessary. These sessions also enabled the Police and Crime Commissioner to fulfil his statutory duty to have oversight of the Constabulary's complaints and misconduct processes.

Three thematic inspections were carried out during the year. These being in relation to the Constabulary's Performance Discretion Framework, the use of Stop and Stop/Search and the policing of the 2016 Kendal Calling Festival. These inspections enabled the Panel to take an independent review of the identified areas of work and gain assurance of the ethical standards used. They achieved this by carrying out dip sample sessions on all three areas of work and speaking with Constabulary lead officers and Chief Officers.

The findings of the Panel's work, including recommendations, have been reported on a quarterly basis to the Commissioner's Public Accountability Conference to improve transparency and support public scrutiny. The Joint Audit and Standards Committee received the 2016-17 annual report of the Ethics & Integrity Panel in May 2017 to support assurances in respect of arrangements for standards and ethical governance.

### Respecting the rule of law

Officers within the OPCC receive updates on changes in legislation through their professional bodies, APACCE, PACTS, the APCC and from the government (Home Office, Ministry of Justice, GOV.uk) and other sources. Best practice advice is similarly available. Local networks, such as the Cumbria Monitoring Officers' Group is another source of updates and peer support.

During the course of 2016/17 the OPCC has jointly funded a Legal Advisor post in the Constabulary's Legal Services Department that will directly support the OPCC. This post provides legal input on various legal documents (licenses, leases, collaboration agreements, etc.). The post holder also supports the procurement and grant aiding functions within the OPCC. The post holder will be fully engaged in the review of OPCC governance being undertaken during 2017.

During the year a formal review has been undertaken of the role of the Commissioner's Chief Finance Officer and the Head of Internal Audit (HIA) against the respective CIPFA statements. The self-assessment were subject to further review by the Joint Audit and Standards Committee. The outcome from the process has concluded that the Chief Finance Officer and HIA are fully compliant with the CIPFA role. The role of the Joint Audit and Standards Committee has also been reviewed during 2016-17 against the CIPFA guidance for Police Audit Committees. The overall conclusions from the assessment is that the committee is highly effective in its operation, evidencing substantial support, influence and persuasion in carrying out its functions.

## Principle B: Ensuring openness and comprehensive stakeholder engagement

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Openness

The Commissioner operates in accordance with the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013 and the guidance provided by the Information Commissioner. This is demonstrated, documented and communicated through an information publication scheme that ensures the openness of all key information to the public.

To support openness a range of information has been made available through the Commissioner's website over the course of the year. This has included agenda and reports for the Public Accountability Conferences and the Joint Audit and Standards Committee, guidance and application packs for the Commissioner's three funds, Freedom of Information disclosure logs, financial information and strategies. In April and May 2016 a section of the website provided information relevant to potential candidates for the Police and Crime Commissioner elections to be held in May 2016.

To promote openness and transparency, all Public Accountability Conferences have been advertised to allow members of the press and public to attend with agendas and papers published on the Commissioner's website and the local media informed.

The Commissioner makes decisions in line with his decision making policy which adheres to the Good Governance Standard for Public Services and the Good Administrative Practice 2. During the 2016-17 financial year the Commissioner made 32 decisions that have all been recorded and published on the Commissioner's website. The range of decisions made included finance and budget, estate, policies, police and crime plan, annual report, policing services and commissioning. All methods of communication such as media, social media and newsletters are used to further inform the public of key decisions.

Unfortunately, on 18 January 2017 the OPCC website became unavailable due to technical issues experienced by the provider. The provider was unable to restore the website, but on 24 January was able to provide a link to an archived version of the website; on the same day a holding page was established using the functionality of the Constabulary website on which new items could be placed – both the holding page and archived site could be accessed through a Google search for the Commissioner/OPCC. The contract with the provider expired at the end of March and on 31 March a new website provided by a new supplier went live. Clearly there was a period of one week when the OPCC was unable – via the website - to fulfil its obligations under the Elected Local Policing Bodies (Specified Information) Orders of 2011, 2012, 2013. While not seeking to minimise this matter it should be viewed in the context that Google Analytics has shown that the number of people accessing information, other than during periods of recruitment or high profile media

events, is not high and during the first three months of 2017 there were no requests made to the OPCC by telephone, e-mail or post seeking information that might otherwise have been available via the website. It is also the only time since the introduction of Police and Crime Commissioners that access to the website has not been available.

### Engaging Comprehensively with Institutional Stakeholders

The Commissioner chairs the Safer Cumbria Direction Group which is both the county-wide Community Safety Partnership and Criminal Justice Board for Cumbria. As such it is composed of all the authorities and agencies involved in criminal justice in Cumbria, such as the County Council, District Council, Constabulary, CPS, Courts Service, probation bodies, the Prison Service, Local Safeguarding Children Board and others. It provides a valuable opportunity for stakeholders to discuss issues and consider jointly strategic priorities.

The Commissioner is also a member of the Cumbria Leaders' Board, which is the forum for the Leaders of all the public authorities (County and District Councils, Cumbria Association of Parish Councils) Health, the Local Enterprise Partnership and the Third Sector within Cumbria. It is the vehicle for discussion and consultation with this group of stakeholders.

During 2016-17 the Head of Partnerships and Commissioning has taken forward a range of partnership working initiatives to deliver the Commissioning Strategy and ensure arrangements are in place for victims support services in line with the Commissioner's responsibilities. This work is

supported by the Victims' Advocate who has responsibility for the overall arrangements for victims.

The Commissioner, through his Victim's Advocate, created a Victim's Consultation Group, who operate in a 'focus group' style to look in depth at certain policy issues at the time of policy formation. This year the group provided secondary scrutiny for cases subject to audit at the Out of Court Scrutiny panel meetings.

During 2016-17 partnership and commissioning Funding was provided to support a range of sexual and domestic violence services and in excess of £100k of funding was awarded to community groups through the Commissioner's community fund. The Commissioner's funds and the process for allocation of grants within them has been developed to encourage and support the delivery of projects and services addressing issues identified in the Police and Crime Plan.

In line with the Commissioner's grant regulations, a funding or grant agreement is in place with all partners that have been supported through the commissioned services budget. Each agreement clearly defines the purpose of the funding and sets out information and monitoring requirements to ensure funding is targeted on the agreed activities that support the priorities and outcomes within the Police and Crime Plan

The approach taken to develop the new Police and Crime Plan, published in November 2016, was endorsed by the Police and Crime Panel. In addition to consultation with stakeholders and the public to ascertain their views three key documents contributed to the development of the plan –

Victims Needs Assessment, Young person's feedback via the 'Risky Business project' and a Sexual Violence Needs Assessment. The Police and Crime Plan states how the Commissioner will work in partnership to deliver the Police and Crime Plan where he advocates a 'we not they' approach.

The new Plan was reviewed and approved by the Police and Crime Panel and Constabulary prior to publication in accordance with statutory requirements.

### Engaging Stakeholders Effectively including Citizens and Service Users

The Policing Protocol Order highlights the accountability of the Police and Crime Commissioner to local people. This responsibility is delivered through the OPCC to ensure a wide range of engagement approaches so that the Commissioner actively listens, considers and effectively uses the views of the people of Cumbria and is accountable.

The Commissioner is directly involved in many of the engagement activities and is aware of the issues being raised by members of the public. The OPCC on a regular basis formally reports to the Commissioner identifying trends and linking to the development of the Police and Crime Plan and decision making.

During 2016-17, one of the key messages that has been promoted is the Commissioner's ethos of 'we, not they', to emphasise that communities, stakeholders and partners need to all work together to help deliver the Police and Crime Plan, and keep Cumbria safe. In terms of delivering this message, and to increase the profile of the new

Commissioner, a wide range of activities were carried out, including:

- Public surgeries/drop-ins were held through May, June and July, in Barrow, Carlisle, Workington, Penrith and Kendal. Then during November and December they were held in Millom, Silloth, Wigton, Longtown Auction Mart, Kirkby Lonsdale, and J36 Auction Mart.
- The Commissioner carried out numerous speaking engagements including: Castle Sowerby Parish Council, Brough Parish Council, Rotary Club Carlisle, Lakes Parish Councils and Workington foodbank. Other venues include Mothers Union Maryport, Solway Community Technical College and Newton Rigg.
- The Commissioner also attended the Westmorland Show, Cumbria Pride, the Skelton Show and Wigton Carnival, Preston Military Show.
- He has met with a diverse range of community groups including Carlisle Youth Zone, Mencap, Cumbria Youth Alliance, AWAZ and Lesbian, Gay, Bisexual and Transgender (LGBT) groups.
- The Commissioner also undertook various media engagements to promote awareness and spread key messages. For instance in May he attended The Bridgeway Sexual Assault Referral Centre to help promote the county-wide Sexual Assault Support Services. He also attended an event at the LGBT HQ in Carlisle, to help promote International Day Against Homophobia.

- He attended The Well in Barrow, to see first-hand the work that is going on there which has been partly funded by the OPCC. The funding has enabled The Well Communities Project to recruit, train and develop a network of 10 peer-led recovery champions who will work with ex-offenders, veterans and others seeking recovery from drug and alcohol dependency. The champions will support and motivate people taking part in the Project to take control of their recovery, encourage individuals to train and gain new skills.
  - He has met other community groups that have been funded by the OPCC, to help local people tackle some of the priorities in the Police and Crime Plan such as anti-social behaviour and projects aimed at crime prevention, and tackling crime and disorder. These include Wigton Amateur Boxing Club, Kie Skate Park, and Carlisle Youth Zone, where the OPCC funded a mentoring programme. The aim of the mentoring programme is to keep youngsters out of trouble, and Carlisle Youth Zone had developed a holistic preventative approach, targeted at those young people who are experiencing difficulties in their life, and who needed a positive role model. The programme, in its second year, is proving very successful, with many youngsters already benefitting from the experience.
  - In October, the Commissioner took part in Advocates Against Abuse training, which he commissioned using Home Office Funding. The training aims to create a network of people that are able to offer support to victims of domestic abuse.
  - The Commissioner also funded a survey through Outreach, to assess what barriers there are that stops those from the LGBT community reporting sexual assault.
  - The Commissioner also part funds and makes use of Cumbria Community Messaging, which is managed by the Cumbria Neighbourhood Watch Association (CNWA), and offers people and communities across Cumbria the means to receive information from agencies in the county tailored to their particular preferences for content, priority and means of communication. It is a web based system and registration is quick, simple and completely free;
  - The OPCC has a website which generally received about 1500 hits per month;
  - We also maintain a social media presence, using Twitter and Facebook;
  - A bi-monthly newsletter is also widely distributed, and provides a round-up of recent activity and announcements on forthcoming dates, consultations etc.
- The Commissioner's Public Accountability Conference meets in public with meetings regularly attended by various representatives of the media and members of the public. There is a facility for members of the public to ask questions of the Commissioner, which has been used by one person in the course of the year, at the 6<sup>th</sup> September 2016

meeting. The media attend regularly with good coverage across the local media.

The Commissioner carried out a wide range of public engagement events over the year to provide as many opportunities as possible for the public to engage with him, through a diverse range of communication and engagement methods.

Public consultation is one of the many methods of engagement that has been used this year. The Commissioner launched a public consultation on 20 June 2016, which ran until 12 August 2016, to establish what the public considered their policing priorities. This was to help shape the Police and Crime Plan for 2016-2020.

The consultation involved an on-line and paper survey, as well as a number of surgeries and roadshows across the county. In addition to the surgeries mentioned above, there were also roadshows in Whitehaven and Barrow, where the Commissioner and his staff encouraged people to share their views on policing priorities. He also hosted an on-line meeting, to offer an alternative way of engagement. The consultation received wide media and social media coverage.

The survey asked people to select from a list what they believed the top five policing priorities for Cumbria should be.

A total of 524 people completed the survey and the top five priorities were identified as:

- Ensuring the police tackle crime and anti-social behaviour;
- Providing a visible police presence;
- Tackling grooming and child sexual exploitation;

- Tackling domestic abuse;
- Improving services for people with mental health conditions and reduce the demand of crisis situations on the police.

This information, together with the feedback from other stakeholders and partners, the Chief Constable and the Police and Crime Panel, has been used to shape the Police and Crime Plan. The Plan was launched in November 2016. This is a good example of 'You said, we did'.

The Commissioner also carried out a 'light touch' consultation around the setting of the policing precept for 2017-2018 budget. The Commissioner, via social media, broadcast media and printed media, invited members of the public to get in touch to express their views on the proposal to set the precept at 1.91%. The Commissioner also consulted the Chief Constable and the Police and Crime Panel. The feedback from all areas was support for the increase, so that enabled the Commissioner to set the budget with a high degree of confidence that this represented the views of the public.

In terms of how public engagement feedback has been used to influence strategic decisions going forward, there are a number of areas where this can be seen:

The Police and Crime Plan – was developed through the consultation as described above;

*The Policing Budget* - Previous and on-going consultation informed the decision on the level of police precept;

*Quality of Service Issues* – through the public raising issues, the Commissioner is able to raise concerns



with the Chief Constable and monitor improvements, for instance complaints about the level of 101 call handling;

*Good consultation* – the range and diversity of communication and consultation methods has enabled us to demonstrate engagement across the demographics spectrum.

Going forward, there will be a focus on increased engagement with:

- agricultural/rural sector;
- business community;
- Youth community.

The Commissioner receives correspondence from members of the public on a variety of issues including complaints or dissatisfaction. These are dealt with in accordance with statutory legislation and agreed policy and procedures. Where issues are identified they are raised with the Constabulary and where necessary steps are taken to ensure changes to services are made. During 2016-17 work has been undertaken to identify trends in complaints and these have been reported to the Commissioner. The trends are used to give feedback to the Constabulary to help to improve the standard of service received and influence future commissioning for areas which require additional support.

## Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Defining Outcomes

The Police Reform and Social Responsibility Act (PR&SRA) requires the Commissioner to produce a Police and Crime Plan setting the vision and strategic direction for policing, crime reduction and community safety. A new Police and Crime Plan was launched in November 2016, following the appointment of a new Police and Crime Commissioner for Cumbria.

The Police and Crime Plan 2017/2020 contains the police and crime objectives which all contribute toward achieving the PCC's overall aim 'to make Cumbria an even safer place'. Each objective is supported by actions that the Constabulary and/or partners will undertake to contribute to successful outcomes. These objectives and actions are underpinned by performance measures used to assess how well the objectives are being achieved. The performance measures are set out in the PCC's Performance Management Framework. The Accountability Framework, HMIC Inspections and Value for Money Reports support the Commissioner in holding the Chief Constable to account around the performance, efficiency and effectiveness of the force.

The priorities within the plan are to:

#### 1 Your Priorities For Cumbria

- Get Feedback from members of the public across the county to understand what they think the Police's priorities should be;

- Support and enable community groups to prevent and tackle crime and disorder in their area;

#### 2 A Visible and Effective Police Presence

- Look at how we provide visible uniformed policing in our communities Make sure the Police are engaged in our local communities to understand local issues;
- Make sure the Police understand and are tackling the types of crimes which are affecting people today;
- Collaborate with other forces and agencies in specialist areas;
- Make improvements in the areas which recent inspections of the Police found could be done better;
- Make sure the Police are ready to deal with threats which develop in or affect a wider area than Cumbria, including civil emergencies/natural disasters, terrorism, cyber-attacks, organised crime and public order.

#### 3 Tackle Crime and Anti-Social Behaviour

- Tackle domestic abuse early on to stop people suffering;
- Address hate crime and make it clear it will not be tolerated; Address crime which affects people in rural parts of the county; Be proactive in tackling anti-social behaviour;
- Make it easy and effective to report crime and anti-social behaviour; Tackle alcohol and substance misuse, including new psychoactive substances; Focus on serious and organised crime;

- Target speeding and dangerous driving;
- Protect the vulnerable and elderly from crime eg cyber and online

#### **4 Ensure Offenders Face A Consequence For Their Crime**

- Manage offenders in the community after release from prison or a court sentence
- Give victims the chance to meet with or write to the person who committed the crime so they can explain the impact it has had (restorative justice)
- Make sure the Police give victims the opportunity to say how an offender should make amends for lower level crime (Community Remedy)

#### **5 Always Put Victims First**

- Support and give funds, where possible, to organisations offering help and support services to victims of crime, including enhanced services for more serious crimes and vulnerable victims;
- Listen to and stand up for the rights of victims;
- Make sure that agencies who work with victims of crime meet national standards (the national Code of Practice for Victims of Crime)
- Make it quicker and easier to get people who are having a mental health crisis to be taken to a place of safety and a suitable service so they get help quickly and police officers do not have to spend as much time doing this.

#### **6 Focus our Police on Online and Sexual Crime**

- Help members of the public to be aware of the risk of online crimes and keep themselves safe online;
- Prevent grooming, child sexual exploitation and sexual abuse;

- Make sure the Police have up-to-date information on crimes committed using a computer or computer network and that they are able to deal with this;

- Support services for victims of sexual crime, including child sexual exploitation and encourage more people to come forward.

#### **7 Spend your Money Wisely**

- Fight hard to protect the budget for policing Cumbria
- Stand up for Cumbria having its own police force
- Represent what Cumbria needs with national Government
- Make sure the Police are working as efficiently as possible;
- Look at how we can work with the Fire Service to make services better

#### **8 Supporting Young People**

- Set up a Youth Commission to get young people's feedback and engage them in helping to prevent and fight crime
- Improve how the Police interact with young people
- Support activities which provide positive opportunities for young people or which prevent young people from turning to a life of crime

Key performance indicators were set with the Chief Constable at the start of the financial year in support of the objectives within the new Police and Crime Plan. This is supported by a comprehensive Accountability Framework. The Accountability Framework, HMIC Inspections and Value for Money Reports support the Commissioner in holding the Chief Constable to account for performance of the

force in relation to the effective and efficient way the force administers policing in Cumbria.

The Chief Constable is held to account for delivery of the objectives through the PCCs Public Accountability Conference, meetings are held bi-monthly and open to the public. A reporting Schedule is maintained and agreed with the Constabulary. The PCC monitors performance in a number of areas of policing including public protection (domestic abuse, sexual violence and child sexual exploitation), uniformed policing, offending and serious crime, rural crime, equality and diversity, finance, and ethics.

The PCC regularly reviews progress against his police and crime objectives. Where grants have been awarded, the awards will have been made against the timescales and milestones for delivery and included agreed success criteria or performance measures. The Partnerships and Commissioning Team have developed contract and grant management mechanisms for mitigating risks around non-delivery of service and for evaluating the progress against agreed milestones.

A Commissioning Strategy and framework combining procurement, partnership working and contract management; which describes our commissioning vision and objectives is currently under review. The document seeks to define how commissioning will support the challenges in Cumbria associated with empowering local communities and victims of crime; using innovation and shared working arrangements to tackle and prevent crime at its source and applying resources intelligently to secure effectiveness, efficiency and value for money. The strategy is intended to be applied equally across the duties and responsibilities

held by the Police and Crime Commissioner and wider partners.

The document defines commissioning and outlines the vision, values and principles that will underpin the commissioning of services by Cumbria Police and Crime Commissioner. The strategy looks at the drivers for change at a national and local level and describes the information used to support change and how it will be delivered at a local level.

### Sustainable economic, social and environmental benefits

The Head of Partnerships and Commissioning ensures that the services commissioned are consistent with the PCC's objectives as set out in the Police and Crime Plan 2016-2020. For the financial year 2016/17, the PCC committed over £1.5m to projects and initiatives aimed at reducing offending and re-offending and supporting victims of crime. A significant proportion of that funding has been committed to supporting the reduction in domestic abuse and sexual violence, including a perpetrator programme 'Turning the Spotlight' aimed at changing behaviours of perpetrators whilst supporting the family in a holistic approach.

A joint **Social Value Policy** is in development between the Office of Police and Crime Commissioner and Constabulary Procurement Department. The document sets out the journey and aims to demonstrate how Cumbria will implement the Public Services (Social Value) Act 2012, how Cumbria will deliver social value through its commissioning and procurement activities, and set out Cumbria's priorities in relation to social value. The policy will require Cumbria and our suppliers to take responsibility for what is commissioned and

procured, and to ethically and legally support us in delivering our social value priorities.

The policy will support existing organisational priorities, such as those included in the police and crime plan.

A comprehensive medium term financial strategy covering 2016-2020 was approved as part of the 2016-17 budget process. The strategy incorporated key objectives guiding the delivery of financial governance arrangements. It was supported by the financial services business plan setting out performance measures and targets for the 2016-17 financial year.

## Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Planning & Determining Interventions

During the course of 2016/17 the Commissioner's Public Accountability Conference received Constabulary assurance covering a range of areas of performance including Her Majesty's Inspectorate of Constabulary (HMIC) performance measures to assess police effectiveness, efficiency and legitimacy (PEEL). The PEEL assessments for 2016 were assessed as 'good' for legitimacy and efficiency and effectiveness. The reports enable the Commissioner to hold the Chief Constable to account. They help inform revisions to existing priorities and the setting of new priorities to meet emerging trends and better support the delivery of outcomes.

Cumbria 'Out of Court Disposal Scrutiny Panel' was established in 2013 and is chaired by the Office of Police and Crime Commissioner. The intention of the panel is to provide transparency and accountability and to increase the public's understanding, confidence and trust in how the Constabulary uses OoCDs, with particular focus on the delivery of appropriate and proportionate justice. The purpose of the Scrutiny Panel is to independently review a selection of anonymised cases that have been resolved by use of an out of court disposal. The scrutiny panel has no referral or appeals capability and is not intended to re-judge cases. It will assess the relevant process, interactions and decisions to identify any areas for development and continuous organisational learning.

Out of Court Disposals allow the police to deal

quickly and proportionately with low level, often first time, offending which can be appropriately resolved without a prosecution at court. Delivered ethically, effectively to the right people and in the right circumstances they provide swift and meaningful justice for victims, hold offenders accountable for their actions and reduce re-offending. The aim of the panel is to determine whether the method of disposal is considered appropriate, based on a review of the information/evidence available to the decision maker at the time.

During the last year, the Commissioner has continued to build on partnership working to address priorities in the Police and Crime Plan, in addition to supporting and funding local agencies and groups to help tackle some of the priority areas.

These activities have included:

- Continuing the role of Chair of the Safer Cumbria Partnership Delivery Group, to tackle crime and disorder bringing together public services such as councils, health, probation and voluntary groups.
- Working with partners on an action plan to tackle hate crime.
- Working with leaders and chairs of the county's key public and voluntary sector agencies as a member of the Cumbria Leaders' Board
- Working to help address alcohol, drug and mental health issues, often contributing factors

in crime, through working jointly with Health and wider partners.

- Providing funding for Cumbria's three Community Safety Partnerships to tackle local issues in relation to crime and disorder, focusing on alcohol and drugs abuse, domestic violence, local crime prevention, and antisocial behaviour. Supporting community groups to reduce crime and tackle antisocial behaviour through a Police and Crime Property Fund, Community Fund and Innovation Fund.

During the year crime levels, public satisfaction and police performance have been regularly monitored and publically challenged through the Commissioner's Public Accountability Conference, regular performance review meetings and alongside audits and visits to departments.

The new Commissioner approved his first budget on February 22<sup>nd</sup> 2017 alongside a funding agreement that provided a £111m net revenue budget to the Chief Constable. The budget included funding to direct resources towards areas experiencing pressures and to respond the changing demands. This included funding for additional investigators in response to the growth in historic cases. Resources have also supported the continuity of temporary funding for quality case management. This funding aims to improve outcomes for victims, increasing the capabilities to identify suspects and strengthen arrangements for criminal justice.

The most significant factor influencing financial strategy and planning is the government's review of police formula funding. The outcome of that review has the potential to make a stepped change to the Home Office Police Grant. Announcements are

expected early in the new financial year. The 2017-18 budget process has updated financial forecasts on the basis of the current Police Grant settlement. Financial resources are broadly consistent with previous years and this has supported continued stability in the number of Police Officers and Police and Community Support Officers.

During 2016-17, to prepare for funding announcements and the likely need for review of financial and operational resource allocations, a number of strategic sessions have been held jointly between the Commissioner and Chief Constable and their respective senior teams. This has focused attention on the current and likely future levels of incident demand and reviews of community policing, command and control and crime command. This work is being supported by commissioned work with independent academic colleagues. This aims to build a stronger understanding of the resource implications of demand within neighbourhood policing teams and roads policing. The evidence and data collected through this work will be used to support representations on formula funding and future financial planning. It aims to ensure forward decision making is robust and that the impact of changes to funding on services and outcomes are fully understood.

### Optimising Achievement of Intended Outcomes

The medium term financial strategy, incorporating financial modelling, operational plans and capital strategies will be updated in 2017-18 following expected announcements on the formula funding settlement for Cumbria.

The current strategy covering the years 2016-2020 sets out financial plans for revenue on a four year basis and 10 year capital plans. Whilst longer term funding is uncertain, the expenditure projections provide estimates of future costs and have supported the Commissioner in determining the balance of resources to allocate to policing verses community safety interventions, victim support services and wider criminal justice initiatives. The strategy has responded to the need for a balanced budget through a combination of detailed change programme plans within the Constabulary and reductions in the Commissioned Services Budget. The later decision has been influenced by work to benchmark commissioning services expenditure between statistically neighbouring authorities.

All objectives within the medium term strategy governing financial management and administration were achieved during 2016-17. The strategy was supported by the finance service business plan that sets out performance measures and targets for the financial year. During 2016-17 the substantial majority of targets were met. The most significant exception was in respect of capital budget monitoring targets. This was due to significant slippage on the capital program that has arisen following in year operational decisions to change the programming of capital schemes.

The Victims Advocate conducted a victim's needs assessment in 2016/17. Recommendations identified provided a clear focus of activity for the PCC and partners' work in key areas of the Police and Crime Plan: support for victims, domestic abuse, sexual violence, child sexual exploitation, cyber-crime and youth justice. Working with a wide range of partners, the report identified areas for improvement in services and developed an evidence

base to support future commissioning activity. The resulting action plans have identified clear responsibilities for making improvements in identified areas and governance processes have been put in place through partnership groups alongside the OPCC, to ensure their delivery. They have already resulted, amongst other areas, to improvements in services for domestic abuse victims through changes in the service commissioned during 2015 and to the firm commitment of partners to the delivery of a holistic service to victims of sexual violence, which will have a significant impact on reducing the harm caused by such crimes.

The Victims Needs Assessment outlined progress since the previous reports, identified gaps in victims' service provision and emerging themes and provided an evidence base for future commissioning. Following on from the recommendation of the review and in line with his commitment to keeping victims safe and at the heart of the Criminal Justice system, Cumbria's Police and Crime Commissioner has;

- Funded Independent Domestic and Sexual Violence Advisors in hospitals
- Established a Victim Care Unit in Cumbria to ensure a more efficient and effective referral service for victims in Cumbria.
- Provided funding for Cumbria Restorative Services Hub allowing victims to engage in Restorative Justice Practices.
- Funded 'Chelsea's Choice' a production for children raising awareness of Child Sexual Exploitation



- Funding the countywide Independent Domestic Violence Advisor service in partnership with the County Council.
- Funded dementia projects aimed at reducing risk and supporting sufferers and families whilst reducing demand on police resources.
- Established two Vulnerable Localities Index in Ormsgill in Barrow and Mirehouse in Workington aimed at preventing young people becoming engaged in crime and anti-social behaviour.
- Commissioning **Victim Support** to provide emotional, practical, advocacy and signposting services.
- Funded a support service for victims and witnesses attending **Coroner's Courts**.
- Continued to develop and fund the **Bridgeway Sexual Assault Support Services** which includes forensic examination and other health services, emotional support and counselling will be available in Cumbria for all victims of sexual assault, whether reported or not.
- Introduced county-wide Perpetrator Programmes "**Turning the Spotlight**" in respect of domestic abuse in adolescent relationships, where domestic abuse is occurring between children and their parents and with a holistic approach working with whole families.
- Introduced a county-wide Perpetrator Programme addressing **Hate Crime**.
- Funded '**I Feel the Hate**' Hate Crime production for children, raising awareness of the issues and impact of such crimes in respect of all strands of diversity.
- The **Cumbria Together website** [www.CumbriaTogether.com](http://www.CumbriaTogether.com) has been developed with the purpose of providing an Information Portal bringing services and information about what is available for those affected by crime together irrespective of whether the crime has been reported or not to statutory agencies.
- Commissioned a service '**Keep Safe**' to develop county wide target hardening services across Cumbria for victims of crime and anti-social behaviour.
- Funded "**Brake**" specialist support for bereaved families of victims killed as a result of Road Traffic Accidents.
- The Commissioner's Innovation, Community and Property Funds also continue to provide financial support for numerous projects working with victims across Cumbria. [Community Fund](#), [Innovation Fund](#) and [Property Fund](#)

## Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Developing the entity's capacity

The key functions and roles of the Commissioner and the Chief Constable are set out in the Police Reform and Social Responsibility Act 2011 (PRORA). The PRORA also sets out the function and roles of statutory officers, namely the Monitoring Officer (Chief Executive) and the Chief Finance Officer (CFO). The monitoring officer has specific legal, financial and governance duties in addition to a statutory responsibility for the lawfulness of decision making. The functions and roles set out in legislation and guidance are codified in the Commissioner's scheme of delegation.

During 2016-17 the Commissioner has reviewed the arrangements for the structure of the office. The Joint Audit and Standards Committee received a report in March 2017 benchmarking costs. That report confirmed that the structure and total running costs of the OPCC remain competitive compared to statistical neighbours.

Following the structure review and from April 2017, the Commissioner and Chief Constable have determined to put in place an arrangement for a shared Chief Finance Officer. This recognises the level of duplication within these roles and will reduce costs in the context of increasing budget pressures. To ensure the effectiveness of that role in supporting both entities a number of governance arrangements have been put in place. These aim to ensure independent support to both entities where

needed and cover arrangements to manage conflicts of interest should they arise:

- The structure includes a Joint CFO and a Joint Deputy CFO, both required to be a member of the Chartered Institute of Public Finance and Accountancy (CIPFA).
- Reasonable reliance is placed on the post holders' compliance with the CIPFA Standard of Professional Practice on Ethics
- Job Roles for the Joint CFO are based on 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.
- The role of the Joint CFO is reviewed annually against the CIPFA statement with an opinion on compliance. The review and opinion will be subject to the professional advice of the Joint Audit and Standards Committee.
- The Joint CFO and Joint Deputy CFO will engage in the Police and Crime Commissioners Treasurers Society (PACCT's) mentoring scheme.
- A formal agreement is being put in place through a strategic partner policing body for external advice to the Police and Crime Commissioner or the Chief Constable where there are conflicts of interest that either entity determine should be managed externally.

The leadership structure will remain under review during 2017-18 as a result of the planned retirement of the Chief Executive and wider responsibilities around blue light collaboration.

Procurement regulations were subject to fundamental review and update during 2015-16 with some further minor amendments in 2016-17 in respect of late tender procedures. Relevant staff have received copies of the updated regulations which were further supported by a revised procurement strategy approved in February 2017. The strategy includes a detailed action plan that continues to drive forward improvements in procurement activity and processes to deliver best value from the supply chain. Estates procurement has seen some significant successes in driving down costs whilst delivering high quality buildings with the overall service and building costs benchmarking very competitively.

### Developing the entity's leadership

The Chief Executive receives support through the Association of Police and Crime Commissioner Chief Executives (APACCE). To provide peer support, APACCE members have developed a directory setting out the specialist subject matter areas of each member. At their regular meetings APACCE have also provided a forum to deliberate on key issues for the development and enhancement of the role of Police and Crime Commissioners. Advice and support is also available through the regional (North West and North Wales) Chief Executives Group, which meets on a quarterly basis. There are also quarterly regional meetings of Police and Crime Commissioners and Chief Executives. In addition, the North West Joint Oversight Committee of Police and Crime Commissioners continues to meet

regularly to take forward collaboration between forces and OPCCs in the region.

The Chief Finance Officer continues to receive support from the Police and Crime Commissioner's Treasurer's Society (PaCCTS) and the associated technical information service. During 2016-17 this has included analysis of the Police Grant Settlement, the Chancellors budgets, and a number of financial surveys and reports to support benchmarking and comparisons on budget assumptions and reserves. Officers within the finance team have attended annual technical update and development events run by CIPFA and the Deputy CFO has attended a number of national events in preparation for blue light collaboration.

During 2016-17 members of the Audit and Standards Committee have undertaken a full programme of development activity. This has included a day overseeing operational policing activity, a session contributing to the new Police and Crime Plan and seminars on treasury management and the medium term financial forecasts.

The Joint Audit and Standards Committee has conducted a formal review of its effectiveness against the new CIPFA guidance for Audit Committees. Against the self-assessment checklist the Committee achieves a consistent grade of 4 or 5 (against a maximum of 5) across all areas. For those functions not included within the checklist, incorporating the wider functions of the Committee, there is evidence to demonstrate compliance with CIPFA guidance and elements constituting best practice. The review confirmed that the Committee has during 2016-17 implemented areas identified for development from the 2015-16 review. Further areas for development are identified for 2017-18 to

provide for continuous improvement. The full report of the Committee can be found on the Commissioner's website at:

*<http://www.cumbria-pcc.gov.uk/governance-transparency/audit-committee.aspx>*

There have been a number of changes of personnel on each of the Custody Visiting Panels during this year, some of these due to volunteers having completed nine years on the scheme. The Scheme Administrator has run a number of recruitment campaigns to attract new candidates for appointment. Induction training courses have been run for newly-appointed visitors in Barrow, Carlisle and Kendal throughout 2016-17. Membership of the four panels at the end of 2016-17 stood at Barrow 10; Kendal 9; North Cumbria 12 and West Cumbria 11.

In the period 1 February 2016 to 31 January 2017 they made 213 visits, spoke to 266 detainees and observed a further 73 detainees. No serious issues were raised during any of the visits. Data relating to the visits is provided to ICVA on a quarterly basis who subsequently provide the information to the Home Office, ensuring that the Commissioner is complying with his statutory duty.

In 2016 the OPCC became a member of the Independent Custody Visitors Association (ICVA). ICVA is a Home Office and PCC funded organisation set up to promote and support the effective provision of custody visiting nationally. They work closely with government and criminal justice organisations providing advice to OPCC's on best

practice for independent custody visiting schemes and bespoke training.

Cumbria's Scheme Administrator attended the ICVA Scheme Administrator's conference on 31 October 2016. The conference saw guest speakers talk about the Appropriate Adult Service, the Children's Concordat, the safeguarding of vulnerable people in custody; along with guest speaker Dame Anne Owers from the Independent Police Complaints Commission. It also provided an opportunity to speak with colleagues from other schemes, discussing common themes and issues, enabling the development of a national support mechanism. As part of the membership package individual ICVs are also eligible to attend the National Custody Visiting Scheme conference which was held on Saturday 11 March 2017. Four representatives from the scheme attended and heard from a variety of speakers, some of whom had themselves spent time in custody suites and talked about their experiences. Other seminar topics included the Liaison and Diversion scheme, vulnerable people in custody and a representative from the St Giles Trust who help to re-habilitate offenders.

The Cumbria ICV Annual Conference was held on Saturday 8th April 2017 with 30 Custody Visitors attending. The Commissioner opened the conference and held a question and answer session along with the Deputy Chief Constable. Among the topics this year was: Changes within Custody; Constabulary Dogs and the Animal Welfare Scheme; and Mental Health Awareness. The delegates undertook a number of workshop exercises focusing on developing good practice in Custody Visiting and a series of scenario discussions aimed at improving practice in the Cumbria ICV scheme.

In addition to the Cumbria Conference, a number of ICV's attended the Regional Conference held on 15 October 2016. The event covered a range of issues including Police Interview Skills, Alcohol and Substance Misuse; a Quiz on PACE; Arrest and Restraint Techniques and discussion workshops.

The Animal Welfare Scheme, which looks at the welfare of police dogs, is composed of eight volunteers drawn from the ICV scheme who have been appointed to undertake this role. The Civil Nuclear Constabulary also utilise the eight volunteers from the Animal Welfare Scheme to carry out a similar function for them. This arrangement works well to the mutual benefit of both Cumbria Constabulary and the Civil Nuclear Constabulary.

During 2016-17 the Ethics and Integrity Panel has continued to develop and enhanced its role. This has included undertaking "thematic inspections" of specific areas of activity such as Stop and Search and contributing to reviews of ways of working within the Constabulary, such as the changes introduced within the Constabulary's Communication Centre. This work has led to recommendations being made to the Constabulary with a view to the enhancement and/or improvement of the service. Stop and Search was reviewed again in August 2016 to assess the progress and development of the Constabulary. They found that over 96% of forms were correctly completed compared with previous findings. The Panel also reviewed the Constabulary's ethical decision making regarding the Kendal Calling Festival and the organisers wish to have a procedure whereby those attending the event could have drugs tested. Having considered all information they felt that the Constabulary had made a reasoned

decision and the benefits being borne out with no drugs related deaths occurring at the 2016 event.

In undertaking these new activities the focus of the Panel has been on the ethical implications of the proposals or the way in which the activity is undertaken.

### Developing the capability of individuals within the entity

The OPCC has its own set of HR Policies for key policy areas. The policies were reviewed in January 2016 with a further comprehensive review in 2018. Additional HR support is provided by a professional HR third party as and when is required.

During 2016-17 a Corporate Development Day was held for all staff within the COPCC as part of the development of the COPCC's Business Plan. A Development Day was also held for all staff as part of the process for reviewing the Commissioner's risk management processes and procedures, together with a separate session for the Executive Team on strategic risk. All of these sessions were facilitated by a CIPFA accredited trainer.

All staff within the office participate having undertaken a personal development review process to ensure they have the skills to be effective in their roles. Staff also have regular one-to-one sessions with their line manager. Specific training has been provided for staff in the areas of advanced Microsoft Word, Excel, Freedom of Information, media management, project management, equality and diversity, risk management, coaching and fire safety.

The OPCC is constantly evolving and it is planned that there will be a further review of job descriptions

during the next 12 months to ensure that they are fit for purpose.

Finance staff with treasury management responsibilities have held regular briefing meetings with Arlingclose, the Commissioner's external treasury management advisors. This facilitates a high level of awareness within the team of the current economic climate and regulatory changes, both of which impact on the risks and opportunities for counter-party investment. Arlingclose also delivered a seminar for members of the Joint Audit and Standards Committee prior to their scrutiny of the Treasury Management Strategy. Further specialist advice has been received from the Commissioner's Insurance brokers in respect of the annual renewals on insurance.

## Principle F: Managing risks and performance through robust internal control and strong public financial management

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Managing risk

During 2016-17 arrangements for risk management have continued to build upon the work carried out in the previous year to develop arrangements for managing the Commissioner's risk. During the year the Commissioner's Risk Management Strategy was reviewed and updated to reflect the current risk environment. The updated strategy was supported by the Joint Audit and Standards Committee and would going forward be reviewed on a three year basis.

Risk has become embedded within the everyday work of the OPCC, staff continually assess risks within their roles and when preparing reports or decisions a specific area to highlight associated risks is included. Both strategic and operational risks are reviewed on a quarterly basis and appropriate updates made.

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

The Commissioner's arrangements for Risk Management include procedures for Business Continuity. Following a review of the arrangements in 2015-16 the Business Continuity Plan continues to be reviewed to ensure that it is fit for purpose, with updates and testing occurring throughout the year.

Arrangements for Risk Management have been further assured through the delivery of the 2016-17 Internal Audit Plan. The Plan was developed on a risk based approach and substantially increased the number of days of audit work during the year from 232 to 269 (including 15 days carried forward). This is as a consequence of widening the areas of audit coverage in line with the public sector audit standard.

#### Managing Performance

The Public Accountability Conferences facilitate arrangements for the scrutiny of quarterly performance updates and thematic reports around priority areas of policing including, domestic abuse, child sexual exploitation, sexual offences, rural crime, anti-social behaviour and reducing reoffending. This is supported by regular one to one meetings between the Chief Constable and Commissioner.

The PCC and Chief Constable carry out a large number of internal inspections each year. These are undertaken by either the Constabulary itself or through the joint programme of linked audits undertaken by internal and external auditors. There are also a number of external inspections undertaken of the Constabulary, by Her Majesty's Inspectorate of Constabulary (HMIC). Reports from external inspections are considered by the PCC. Where actions are required and as appropriate the necessary improvements are monitored by the PCC through the Public Accountability Conference and progress against action plans. All HMIC inspections of the Constabulary are available on the PCCs website. The robust and effective arrangements

ensure that policing services are delivered in accordance with the PCCs objectives.

The Police and Crime Panel have met five times during 2016-17. All meetings are held in public, providing an open and transparent process for scrutinising the decisions and work of the Commissioner. The work programme of the Panel during 2016-17 placed a significant focus on the commissioning elements of the Police and Crime Plan and the implications for Cumbria of the Home Office Police Formula Funding Consultation.

During the course of the year the Commissioner has engaged with the Police and Crime Panel as part of the review processes for the Police and Crime Plan. The Panel has developed jointly with the Commissioner a programme to support engagement and accountability in respect of priority areas from within the Plan. During 2016-17 the panel focused accountability on the two thematic areas, these being: 'Victims: Ensure victims of crime have access to support and redress'; Domestic Abuse, Sexual Violence and Hate Crime: reduce harm by targeting domestic abuse and sexual violence, reduce harm caused by hate crime. The Panel has received regular reports on the work, activity and outcomes in respect of these themes and has provided scrutiny and support in respect of the on-going delivery of these priorities.

On January 23rd 2017 the Panel considered the matter of the Commissioner's proposed precept. As part of this process the Panel held a seminar to undertake detailed scrutiny of revenue and capital budget plans, plans for savings proposals and the Commissioner and Constabulary's performance in delivering efficient and effective policing during

2016-17. The Panel decision was that they support the proposed police precept without qualification or comment.

### Robust Internal Control

During 2016-17 a number of areas of the corporate governance framework have been subject to cyclical review and update. This process is supported by the professional advice of the Joint Audit and Standards Committee. The Committee has conducted five public meetings during 2016-17 and undertaken a significant amount of work to scrutinise and make recommendations in respect of the Commissioner's arrangements for governance risk management and internal control. This has included scrutiny of the Financial Regulations and Financial Rules, Grant Regulations, the Code of Corporate Governance, Risk Management Strategy, the Internal Audit Charter, Treasury Management Strategy, Statement of Accounts and Annual Governance Statement.

Internal controls have also been reviewed through the annual process of management assurances and the annual internal audit plan. Of the 20 audits conducted through the plan, 70% have received either reasonable or substantial assurance. The Audit Plan provides the basis for the Chief Internal Auditor's overall opinion on the control environment. The internal audit annual report for 2016-17 concludes that the Commissioner's frameworks for governance, risk and internal control are reasonable and that audit testing has confirmed that controls are generally working effectively in practice. During 2016-17 the Joint Audit and Standards committee have received quarterly reports monitoring the implementation of all audit recommendations.

### Managing Data



The OPCC operates within the parameters of legislation governing the protection of data, ensuring that all data is appropriately stored and shared where necessary. Data is held in accordance with the COPCC Retention Schedule, removed or destroyed appropriately and is not held for longer than necessary. Access to information is restricted to appropriate staff.

In 2016-17 the Commissioner received 38 requests from members of the public for information under the Freedom of Information Act. Of those received the OPCC held information relating to 18 of the requests with the remaining 20 being transferred to the Constabulary to deal with. Each request was dealt with within the 20 working day timescale. No Subject Access Requests were received seeking personal data under the Data Protection Act. A number of staff within the OPCC are trained to deal with requests for information. Physical data within the OPCC is held securely with appropriate office and cabinet security provided.

To ensure openness and transparency the OPCC publishes its procedures for dealing with Freedom of Information Requests enabling it to meet its statutory obligations under the Act. It also publishes the requests it has received and responses provided on a monthly basis on the Commissioner's website.

During 2016-17 reports to the Ethics and Integrity Panel were provided regarding the OPCC's compliance with the Freedom of Information Act and the Data Protection Act. Through this independent scrutiny the Commissioner can gain assurance of compliance. The Panel also considers information relating to the Constabulary's compliance with both Acts.

In May 2018 the General Data Protection Regulations will replace the Data Protection Act 1998. The OPCC will be carrying out work to ensure that it is prepared and compliant with its data processing when the new regulations come into force.

### Strong Public Financial Management

At the Executive Board meeting of 24th February 2016, Mr Rhodes, the former Commissioner, set the 2016-17 annual budget and precept in the context of a medium term financial strategy 2016-2020. In line with his duty to maintain the police force the Commissioner agreed a net budget of £111m for the Chief Constable for the 2016-17 financial year and a funding arrangement that codifies the terms for that funding including arrangements for financial management. The budget included £2.5m funding for 2016-17 within a commissioned services budget for victims, community safety and crime reduction. These budgets operate in partnership with the District and County Councils, Community Safety Partnerships and wider community and voluntary Sector groups.

During 2016-17 Mr McCall, the newly elected Commissioner, received a suite of financial reports in line with the arrangements for financial management. This has included revenue and capital budget monitoring and treasury management activities reporting. Reports for 2016-17 have adopted a new format to assist with their public accessibility and are published on the Commissioner's website.

The Commissioner has also approved a revised and updated set of financial regulations and rules as part of the cyclical review processes for financial management. The new documents have been re-

formatted and aligned to assist users in navigating and understanding their content. The outcome of all audits of financial arrangements during 2016-17 was an opinion that provided either reasonable or substantial assurance.

During 2016-17 budget resources and the impact of formula funding remained the Commissioner's single strategic risk. A number of mitigation measures have been put in place including work to financially model the impact of funding losses and membership of the National Rural Crime Network (NRCN). Through the NRCN, studies have been commissioned to demonstrate the costs of delivering rural policing services. The medium term financial strategy sets out the full range of financial risks and how they are managed.

## Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### REVIEW OF REQUIREMENTS AND ARRANGEMENTS

#### Implementing good practice in transparency

During 2016-17 the Commissioner has prepared for publication a first annual report of his term of office. The annual report, entitled “Making Cumbria an Even Safer Place”, includes information on how the Commissioner has responded to issues raised during community engagement activity and how engagement has informed future priorities.

Throughout the year the Commissioner has published financial monitoring information that reports progress in respect of the capital and revenue budgets and treasury management activities for 2016-17. Monitoring reports have been developed to present a revised, shorter and more succinct format that aims to increase the transparency and accessibility of financial information. Further to this, the reported financial statements published in May 2016 introduced the statutory Chief Finance Officers’ Narrative Report. The Narrative report incorporates a more accessible summary of the statements and financial and performance information alongside a business review.

The media is used as a very traditional way to communicate to the people of Cumbria. More and more communication including the OPCC is being driven towards social media and this is important when wanting to engage with young people. The website is also key for people to gain information. The Commissioner in March 17 launched a new

website following some technical issues with the previous website. Despite the technical issues for eight weeks through the transition stage to the new website the OPCC was always able to maintain a web presence with news items and full contact details.

The new website is designed to provide a much better interactive experience for visitors and easier access to information.

#### Implementing good practices in reporting

The Commissioner’s activities, performance and achievements will be published in an annual report. The Commissioner’s first annual report covers the period from 12 May 2016 to 31st March 2017. The Annual Report will be presented to the Police and Crime Panel at their meeting on 18 July 2017 and published soon after that. The Annual Report can be found on the Commissioner’s website at [www.cumbria-pcc.gov.uk](http://www.cumbria-pcc.gov.uk). It will highlight the commissioner’s key achievements during his first year, including:

- Published the Police and Crime Plan, 2016 – 2020, following a public consultation;
- Agreed and set the policing budget for 2017-2018;
- Launched the Cumbria Youth Commission;
- Funded numerous community projects ;
- Launched a new, refreshed website, to increase accessibility and improve the user experience;

In April 2016 a new Code of Corporate Governance was adopted in line with the 2016 CIPFA Good

Governance Framework for Local Government. The Code was revised and updated during the year to reflect developments and changes to arrangements following the election of Mr McCall as the Police and Crime Commissioner for Cumbria.

The internal audit plan for 2016-17 included an audit of the Code to provide assurance that CIPFA good governance framework had been met within the revised internal arrangements. That audit provided reasonable assurance and made one recommendation that has been fully adopted. Review of the arrangements for internal audit have confirmed that the service meets the requirements of the Public Sector Internal Audit Standards (PSIAS) during 2016-17. The Internal Audit Plan also includes an audit of this annual governance statement.

On 23<sup>rd</sup> May 2016 the Commissioner approved the 2015-16 unaudited financial statements. The audited financial statements were published on 28<sup>th</sup> July 2016, resulting in the early achievement of the future financial reporting requirements. This benchmarked as one of the earliest OPCC offices to publish both the audited and unaudited financial statements. It was noted in the External Auditor's Audit Findings report that the accounts were prepared in advance of the statutory reporting timetable and to a good standard. The finance team's work on financial reporting and accessibility has been included in a nomination to the 2017 Public Finance Innovation Awards. The team were shortlisted in February 2017 for the award category of Finance Team of the Year. The awards will be announced in April 2017.

#### Assurance and effective accountability

The external auditor's opinion for the 2015-16 financial year was that the Statements provided a true and fair view of the financial position and that they have been properly prepared in accordance with the Code of Practice on Local Authority Accounting. The auditors further confirmed in their Annual Audit Letter that that the Commissioner had proper arrangements in place for securing economy, efficiency and effectiveness in the use of resources.

Implementation of recommendations arising from the internal audit plan, external audit reports and HMIC actions relevant to governance have been monitored during the year through the Joint Audit and Standards Committee. At the March 2017 meeting the Committee were monitoring 5 actions carried forward from audit and inspection reports during the year. All other actions and recommendations were fully implemented with only one action recorded as being beyond its target date.

The Ethics and Integrity Panel monitors and reports on some specific areas of activity, such as complaint handling and ethical issues. The Panel has carried out a series of thematic inspections into specific areas of Constabulary activity. These being the Performance Discretion Framework, the use of Stop and Search Powers and the Kendal Calling Festival.

The Panel were able to look objectively at these areas, provide valuable independent scrutiny and feedback to the Constabulary on their findings; and provide assurance to the Commissioner.

## APPENDICES TO THE ANNUAL GOVERNANCE STATEMENT

- Appendix A: 2017-18 Development And Improvement Plan
- Appendix B: 2016-17 Development And Improvement Plan Update

## FURTHER INFORMATION

Further information on the arrangements for Governance can be found on the Commissioner's website under the tab headed Governance and Transparency.

We welcome your views on the Commissioner's Annual Governance Statement. You can do this by using the contact information below:

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\*Peter McCall  
Police and Crime Commissioner for Cumbria

\*Stuart Edwards  
Chief Executive

\*Roger Marshall  
Chief Finance Officer

\*Signatures are removed for the purposes of Publication on the website

## APPENDIX A - OFFICE OF THE POLICE AND CRIME COMMISSIONER 2016/17 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Responsibility	Detail	Deadline
<b>CP1</b>	<b>Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.</b>			
CP1/1	Achieve publication of the audited financial statements by end July 2016.	Chief Finance Officer	<b>Completed</b> - The audited statement of accounts for 2015/16 were signed and published on 28 July 2016.	31-Jul-16
CP1/2	During 2016-17 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	<b>Partially completed</b> - The Victim's Quality Framework has been developed and is in the initial pilot stage phase to establish partnership baselines.	31-Mar-17
CP1/3	Arrangements for scrutiny of Constabulary performance will be reviewed to ensure that robust arrangements are in place following the Police and Crime Commissioner Elections. Achieved, first Public Accountability Conference held 6 <sup>th</sup> July 2016.	Head of Partnerships and Commissioning	<b>Completed</b> - Arrangements for scrutiny of the constabulary performance have been reviewed. The first Public Accountability Conference held 6th July 2016	31-Jul-16
<b>CP2</b>	<b>Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.</b>			
CP2/1	Develop and introduce a new Code of Corporate Governance in response to the introduction of a new CIPFA Good Governance Framework and Guidance for Police expected in 2016-17.	Chief Executive/Chief Finance Officer	<b>Completed</b> - The new Code of Corporate Governance was reviewed by members at the March JASC meeting and signed by the outgoing Commissioner to be effective from April 2016. This was further revised during 2016-17 to provide for the new Commissioner's arrangements.	30-Jun-16
CP2/2	The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Supported by the PCC, the Office of the Police and Crime Commissioner has secured funding from the Home Office Innovation Fund for the development of a multi-agency assessment and crisis centre.	Head of Partnerships and Commissioning	<b>On-going</b> - Phase one of the project, a 24/7 triage service, launched in October 2016 giving the Police and other blue light services access to a 24/7 support when dealing with mental health issues. Phase two, the assessment centre, is on track to open in April 2017.	31-Mar-18
CP2/3	Building on the work of the OPCC and partners during 2015-16 to embed Victim led Restorative Services, the OPCC will work with partners to increase the use of quality Restorative Justice through the ongoing development of a multi-agency approach.	Head of Partnerships and Commissioning	<b>Completed</b> - Following a successful EU procurement process Remedi have been appointed to embed RJ in Cumbria. The new service has been launched and will be monitored against outcomes identified in the contract.	31-Mar-17
CP2/4	During 2016-17 the OPCC will work to support the newly elected PCC to develop and implement a new Police and Crime Plan	Head of Partnerships and Commissioning	<b>Completed</b> - The Police and Crime plan is being finalised and was launched in late November/December	31-Dec-16
<b>CP3</b>	<b>Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.</b>			
CP3/1	During 2016-17 the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity.	Chief Executive	<b>On-going</b> - The OPCC Chief Executive and the Deputy Chief Constable have discussed the remit of the Panel with a view to it adopting a more pro-active role. This approach has been endorsed by both the Police and Crime Commissioner and the Chief Constable. This approach has been discussed with the Panel who are supportive of a move towards a more pro-active, in-depth scrutiny role. The Panel work plan for 2017 is now being developed to reflect this with two of the four meeting days set aside for in-depth scrutiny of specific areas of activity.	30-Mar-17

## APPENDIX A - OFFICE OF THE POLICE AND CRIME COMMISSIONER 2016/17 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Responsibility	Detail	Deadline
<b>CP4</b>	<b>Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.</b>			
CP4/1	To ensure the continued effectiveness of the Joint Audit and Standards Committee as a scrutiny body, the programme of training/development activity for 2016-17 will include the design and delivery of a session on the incoming Commissioner's Police and Crime Plan.	Head of Partnerships & Commissioning/ Chief Finance Officer	<b>Completed</b> - Following the September meeting of JASC members received an update on the Commissioner's Police and Crime Plan prior to finalisation.	30-Sep-16
<b>CP5</b>	<b>Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.</b>			
CP5/1	Arrangements for induction of new Joint Audit and Standards Committee members will be developed and formalised. This will include an operational development day with the Constabulary to which all members of JASC will be invited.	Chief Finance Officer	<b>Completed</b> - The annual work programme for JASC now includes a schedule of development sessions. In addition, a Constabulary induction day for members was provided on 18 October 2016.	30-Sep-16
CP5/2	Undertake a review of the arrangements for Independent Custody Visiting within Cumbria, fully engaging with the Independent Custody Visitors as part of that review.	Chief Executive	<b>Completed</b> - The review was launched at the Cumbria Independent Custody Visiting Conference in April, which was followed by an initial discussion with ICV Panel Chairs and Vice-Chairs to discuss the scope of the review. The review was discussed at the June round of Panel meetings. A survey was developed and shared with Chairs and Vice-Chairs before circulation to all Custody Visitors. The survey results have been shared with all Custody Visitors at the October round of meetings. Proposals have now been developed taking account of the outcome of the survey and discussed with Panel Chairs and Vice-Chairs.	30-Mar-17
<b>CP6</b>	<b>Engaging with local people and other stakeholders to ensure robust public accountability.</b>			
CP6/1	Develop a new Office of Public Engagement strategy to ensure it embraces the new Commissioner's vision for engaging with local people and stakeholders.	Head of Communications and Business Services	<b>Completed</b> - A range of engagement events have taken place in the Commissioner's first six months. The strategy has been updated to reflect feedback from the public and Commissioner about engagement events and was formally approved by the Commissioner	30-Sep-16
CP6/2	Following the Police and Crime Commissioner elections in May 2016 wider engagement activity will take place with a range of partners/stakeholders as part of the ongoing process to develop and implement the new Police and Crime Plan and Partnership Strategy.	Head of Partnerships and Commissioning	<b>Completed</b> - The new Police and Crime Plan incorporating how the PCC will work with partners was launched in November/December.	31-Dec-16
CP6/4	Following the Police and Crime Commissioner Elections in May 2016 and subsequent work to develop the new Police and Crime Plan the commissioner's commissioning strategy will be reviewed to ensure that commissioning intentions reflect manifesto priorities.	Head of Partnerships and Commissioning	<b>Partially completed</b> - Following work to develop The new Police and Crime Plan work has been progressed to review the Commissioner's commissioning strategy. Scheduled completion is now July 2017.	31-Dec-16

APPENDIX B - OFFICE OF THE POLICE AND CRIME COMMISSIONER 2017-18 DEVELOPMENT AND IMPROVEMENT PLAN

Ref	Action	Lead Officer	Implementation by
<b>Core Principle A: Focusing on behaving with integrity, demonstrating strong commitment to ethical values and</b>			
CPA/1	Continue to develop the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity.	Chief Executive	30-Mar-18
CPA/2	In January 2017 the Police and Crime Bill received Royal Assent and was enacted into law. The Act provides Commissioners with an explicit responsibility for the performance of the complaints system locally, responsibility for appeals currently heard internally by police forces and the ability to take on further functions in relation to public complaints. The OPCC will be working to develop a process to deal with appeal files utilising guidance to be produced by the Home Office and the Independent Police Complaints Commission. The implementation of the appeals process will take place in June 2018	Governance Manager	30-Jun-18
<b>Core Principle B: Focusing on ensuring openness and comprehensive stakeholder engagement.</b>			
CPB/1	During 2017-18 the OPCC will seek to establish an annual programme of work with the Police and Crime panel	Head of Partnerships and Commissioning	30-Sep-17
CPB/2	During 2017-18 the Head of Partnerships and Commissioning will seek to commission a provider to establish and embed a Cumbria Youth Commission	Head of Partnerships and Commissioning	30-Sep-17
<b>Core Principle C: Focusing on defining outcomes in terms of sustainable, economic, social and environmental benefits</b>			
CPC/1	The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Supported by the PCC, the Office of the Police and Crime Commissioner has secured funding from the Home Office Innovation Fund for the development of a multi-agency assessment and crisis centre. (March 2018)	Head of Partnerships and Commissioning	31-Mar-18
CPC/2	During 2017-18 the OPCC will monitor delivery against the objectives laid out in the Police and Crime plan and refresh the underpinning delivery plan on an annual basis	Head of Partnerships and Commissioning	31-Mar-18
<b>Core Principle D: Focusing on determining the interventions necessary to optimise the achievement of intended</b>			
CPD/1	During 2017-18 The Head of Partnerships and Commissioning will continue to take forward work to develop and implement a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	31-Dec-17
CPD/2	Develop a joint Social Value Policy with the constabulary	Head of Partnerships and Commissioning	30-Sep-17
<b>Core Principle F: Focusing on managing risks and performance through internal control and strong public financial</b>			
CPF/1	During 2017-18 the Head of Partnerships and Commissioning will undertake a review of the systems and processes that underpin open grant arrangements	Head of Partnerships and Commissioning	31-Dec-17



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