JOINT INDEPENDENT AUDIT COMMITTEE
29 NOVEMBER 2013

SUBJECT	**REVIEW OF COMPLIANCE WITH GOVERNANCE ARRANGEMENTS**
REPORT BY	**CHIEF EXECUTIVE & CHIEF FINANCE OFFICER**
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SUMMARY AND PURPOSE OF REPORT To enable the Committee to review the Police and Crime Commissioner's and the Force's compliance with governance arrangements.	
RECOMMENDATION	***That the Committee review compliance with governance arrangements.***

A. SUPPORTING INFORMATION

1.0 Purpose

1.1 The purpose of this report is to provide the Committee with a quarterly progress update on the PCC and Force's compliance with governance arrangements.

2.0 Introduction

2.1 Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner.

2.2 The Police and Crime Commissioner and the Chief Constable have in place structures, systems and internal controls by which the police service is directed and controlled. There are also processes and procedures in place that enable the Commissioner to hold the Chief Constable to account for policing in the county. The Commissioner engages with the local people and communities to ensure robust public accountability.

2.0 Responsibilities

2.1 The Commissioner is responsible for ensuring his business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Commissioner has a duty under the Policing Protocol Order 2011 to secure value for money on behalf of the public that he serves.

2.2 In discharging this overall responsibility, the Commissioner is required to put in place proper arrangements for the governance of his affairs and

which facilitate the exercise of his functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility the Commissioner places reliance on the Chief Constable of Lincolnshire Police to support the governance and risk management processes.

2.3 The Commissioner relies on an internal framework and structures supported by a number of key documents to achieve and demonstrate compliance with governance arrangements. The Annual Governance Statement and the Code of Corporate Governance provide an overview of these mechanisms.

2.4 The ***Annual Governance Statement*** (AGS) is written each year and forms part of the Financial Statements that are usually considered and approved in September[1]. The PCC's AGS is supported by the Chief Constable's AGS, which relates to the force as a separate corporation sole.

2.5 As separate corporation soles, the PCC and Force have distinct responsibilities for internal governance. At present, both the PCC and the Chief Constable have a ***Code of Corporate Governance***. However, work is planned to produce a Joint Code of Conduct (which the Committee will review in March 2014). The local Code of Conducts ensures that the core good governance principles are fully integrated in the business of the PCC and Chief Constable.

2.3 In June 2013, the interim Independent Audit Committee considered the PCC's Code of Corporate Governance; the Force's Code of Corporate Governance was reviewed in September 2013. The Codes are consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. The AGS explains how the Commissioner and Chief Constable comply with the Code of Corporate Governance and also how they meet the requirements of the Accounts and Audit Regulations 2011.

2.4 The PCC's annotated Code of Corporate Governance is attached at **Appendix 1** for completeness.

3.0 Compliance with Governance Arrangements – Significant Governance Issues (April 2013 – November 2013)

3.1 The table at **Appendix 2** provides a brief overview of the significant governance issues in the period April – November 2013.

3.2 The Chief Finance Officer and Force Chief Finance Officer will be available at the meeting to answer any questions and provide any additional information as required by the Committee.

[1] Based upon the CIPFA/SOLACE document "Delivering Good Governance in Local Government, Interim Guidance Note for Police Authorities and Forces in England and Wales".

B. FINANCIAL CONSIDERATIONS

There are no direct financial implications arising from this report.

C. LEGAL AND HUMAN RIGHTS CONSIDERATIONS

The Commissioner has a statutory duty to carry out an annual review of his governance arrangements and to approve a statement of internal control prepared in accordance with "proper practices" - Accounts & Audit Regulations 2003 as amended.

"Proper practices" are not defined in the regulations, but in circular 03/2006 the Department for Communities & Local Government indicated that compliance with CIPFA/SOLACE guidance would satisfy the requirement for proper practices.

D. PERSONNEL, EQUAL OPPORTUNITIES AND DIVERSITY ISSUES (including any impact or issues relating to Children and Young People.)

The annual review of the Code of Corporate Governance will allow the Commissioner to demonstrate how effective its equality and diversity arrangements are to the governance of the organisation.

As part of its governance framework the Commissioner has various policies on employees and employers' rights in the workplace. These will be kept under regular review to ensure that they are fit for purpose for those occasions when the aspirations in the Code of Corporate Governance are not met.

E. REVIEW ARRANGEMENTS

The Committee will receive this report on a quarterly basis. The AGS will be considered in draft as part of the financial statements in June of each year and approved following audit in September.

F. RISK MANAGEMENT

The AGS and Code of Corporate Governance is a key aspect of robust and effective governance arrangements. Without adequate corporate governance arrangements (which are reviewed regularly), the Commissioner is exposed to the following risks:

- resources are not directed in accordance with agreed policy and accordingly to priorities
- decision making is not sound and inclusive
- no clear accountability for the use of those resources in order to achieve desired outcomes for communities
- service delivery is compromised.

The Commissioner currently monitors a non-critical risk: Failure to ensure effective governance, transparency and compliance with statutory duties

with effective overview mechanisms. This is currently mitigated with controls and is currently scored as an Amber 4 risk.

G. PUBLIC ACCESS TO INFORMATION

Information in this report along with any supporting material is subject to the Freedom of Information Act 2000 and other legislation.