JOINT INDEPENDENT AUDIT COMMITTEE
5 JUNE 2014

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.

3.0 Responsibilities

3.1 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.

3.2 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.

3.3 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.

3.4 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.

3.5 As separate corporation soles, the PCC and Force have distinct responsibilities for internal governance. The joint Code of Corporate Governance is provided elsewhere on this agenda. The Code of Conducts ensures that the core good governance principles are fully integrated in the business of the PCC and Chief Constable.

4.0 Compliance with Governance Arrangements – Significant Governance Issues (March – May 2014)

4.1 The table at **Appendix 1** provides a brief overview of the significant governance issues in the period March - May 2014.

4.2 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.

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

[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".

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.

Appendix 1

Significant Governance Issues (March - May 2014)

Corporate Sole	Issue	Date
PCC	Approval of revised strategies and 1 year plans for Human Resources, ICT, Asset management and Fleet.	Signed 25 April 2014
Police	Information Commissioner's Office – Data Protection Audit Report. Assurance level – 'reasonable' (grading process included four levels, high assurance, reasonable assurance, limited assurance and very limited assurance).	March/April 204
Police	T-police realisation of business benefits – new risk on Force risk register.	May 2014

Members will note that the criteria for defining how significant governance issues are identified:[2]

- those highlighted through the Commissioner's Register of Decision Notices[3]
- those highlighted to the Police and Crime Panel through the quarterly update report.
- any additional issues highlighted through the code of corporate governance, the risk registers and the assurance framework or other governance mechanisms.
- any other governance issue that the Chief Executive, Chief Finance Officer or Force Chief Finance Officer wish to bring to the attention of the Audit Committee.

[2] The issue will generally only be highlighted if it isn't already being considered by the Audit Committee through standard business i.e. through the forward plan or on individual agendas.
[3] The Commissioner is required by law to publish a record of each decision of significant public interest.