

Cambridgeshire Constabulary

ANNUAL GOVERNANCE STATEMENT – 2013/14

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Chief Constable is responsible for delivery of operational policing for the County of Cambridgeshire and for ensuring that public money granted to him to deliver policing is safeguarded and properly accounted for. The Chief Constable also has a duty to secure continuous improvement in the way in which Constabulary functions are exercised, having regard to the economy, efficiency and effectiveness of the police force.
- 1.2 In discharging this overall responsibility, the Chief Constable is also responsible for putting in place proper arrangements for the governance of his affairs and facilitating 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.
- 1.3 The Chief Constable, in conjunction with the Office of the Police and Crime Commissioner has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. This Annual Governance Statement explains how the Chief Constable has complied with the Code. It also meets the requirements of Regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to conducting an annual review of the effectiveness of its internal control systems at least annually and Regulations 4(3) and 4(4) regarding the requirement to approve an Annual Governance Statement which has to be published alongside the Statement of Accounts.
- 1.4 The Police Reform and Social Responsibility Act 2011 changed the governance and scrutiny of policing in November 2012 introducing elected Police and Crime Commissioners. The Commissioner holds the Chief Constable to account and the Police and Crime Panel provide support and challenge to the Commissioner.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes by which the Chief Constable is directed and controlled and the activities through which he is accountable. It enabled the Commissioner to monitor the achievement of Chief Constable through the delivery of the Local Policing Plan and to take account of the delivery of appropriate, cost-effective services, including achieving value for money.

2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risk to the achievement of the Constabulary's policies, aims and objectives and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

3. THE GOVERNANCE FRAMEWORK

3.1 The purpose of the framework is to give clarity to the way the two legal entities (each one a corporation sole), the Commissioner and the Chief Constable will govern, both jointly and separately, and do business in the right way, for the right reason at the right time.

3.2 The statutory framework within which each corporation sole will operate is:

- Police Reform and Social Responsibility Act 2011,
- Policing Protocol Order 2011,
- Financial Management Code of Practice,
- Strategic Policing Requirement.
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012

3.3 This framework creates a public sector relationship, based upon the commissioner provider arrangement but with unique elements such as the single elected Commissioner and operational independence of the police service. It is therefore not appropriate to import corporate governance arrangements into this new environment and the framework builds upon existing good governance principles and experience.

3.4 The core principles to be adopted by the Chief Constable will be those highlighted by the good governance standard for public services:

- Focus on outcomes for local people,
- Clarity of roles and functions,
- Promotion of values and demonstrating these through behaviour,
- Informed, transparent decisions and managing risk,
- Developing capacity and capability
- Engaging with local people to ensure robust accountability.

- 3.5 The Chief Constable is responsible for operational policing matters, the direction and control of Constabulary personnel, and for putting in place proper arrangements for the governance of the Force. The Commissioner is required to hold him to account for the exercise of those functions. It therefore follows that the Chief Constable must satisfy himself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.
- 3.6 This Annual Governance Statement provides a summary of the extent to which the aspirations set out in the Code of Corporate Governance are currently being met. This statement is informed by assurances on the six principles of the Code and by on-going audit and inspection.
- 3.7 The reliability of financial reporting and internal financial controls are also reported as part of this statement. See (7) below.

(1) Focus on outcomes for the local people.

- 3.8 The Chief Constable is responsible of the delivery of the Local Policing Plan which the Commissioner widely consulted upon. The Plan sets out the policing priorities to be delivered and how they will be measured. The Plan included both local priorities and those informed nationally by government.

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

- 3.9 As set out above, the governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, the statutory Policing Protocol and the Home Office Financial Management Code of Practice.
- 3.10 The Scheme of Governance includes details of the various duties delegated to senior officers. Financial Regulations (including contract standing orders) have been developed to ensure that the financial responsibilities of the Chief Constable are clear.
- 3.11 The Commissioner has a good working relationship with the Chief Constable. Each month the Business Coordination Board, comprising senior leaders of both organisations, meets to review activities and take decisions relating to strategy, governance, business and holding the Chief Constable to account.
- 3.12 The Commissioner has continued to endorse Section 22 (of the Police Act 1996) collaboration agreements with Strategic Alliance partners and holds the Chief Constable to account for the provision of these policing services. Governance arrangement with collaboration partners is currently under review to ensure that they reflect the current landscape.
- 3.13 The Force Executive Board and the Joint Audit Committee (established June 2013) has continued to review the risk registers to ensure a shared understanding of strategic risks including collaboration and transition. A Risk Management Strategy has been update and the Joint Strategic risk register has been established which been an enabler

to embedding risk management within the organisation. Both of these were approved by the Joint Audit Committee at the meeting in September 2013. The Strategic risk register sets out the key accountable activities, responsibilities and risks or challenges. It includes the risk controls, controls assurances, risk owners and risk ratings. The Strategic risk register is reviewed and updated on a monthly basis.

(3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- 3.14 The Chief Constable has an adopted a policy on anti-fraud and bribery. The policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.
- 3.15 The Constabulary takes the view that conduct issues are not just the domain of the collaborated Professional Standards Department. New codes of conduct and a radical review of the way police officers are subject to misconduct inquiries were introduced in October 2008, following the 'Taylor Report', directed at making timelier and less bureaucratic interventions. The focus shifted from misconduct to learning and development where appropriate. The Constabulary has a Professional Standards policy which is the responsibility of the Force Executive Board. The Constabulary has a 'whistleblowing' policy to deal with all disclosures of inappropriate behaviour or malpractice, including fraud and misappropriation. This includes the areas catered for under the Public Interest Disclosure Act of 1998.
- 3.16 In December 2011, in response to the phone hacking scandal which had raised questions over police integrity, Her Majesty's Inspectorate of Constabulary published "Without Fear or Favour". In response to this, the Constabulary renewed its commitment to "maintaining the standards of professionalism, integrity and confidence in the service we deliver" by including it in the priorities for a safer Cambridgeshire section in the Local Policing Plan 2013-16. This has been followed up by the Policing College producing the Code of Ethics for public consultation.
- 3.17 Policy is developed and assessed for equality impact. This ensures that compliance with legislation and the interest of stakeholders is considered prior to producing policy. Policy is managed corporately and individual policies are the responsibility of Heads of Business or the collaborated units.
- 3.18 Equality objectives have been agreed and published both for the Constabulary and the Constabulary has an Equalities Board which considers equalities issues on the delivery of our service both internally and externally.

(4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- 3.19 All decision making is carried out in accordance with the Governance framework.
- 3.20 The Governance arrangements ensure that the key decisions taken by the Chief Constable are made in the light of all necessary information and analysis and made public (unless exempt under the Provision of Access to Information rules). Appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process. The Chief Constable has appropriate oversight and scrutiny of Constabulary decision-making through the Force Executive Board with minutes of meetings posted on the Constabulary website.
- 3.21 The Constabulary is subjected to an extensive internal and external inspection regime and the results of these inspections are published to ensure appropriate scrutiny of decision-making.
- 3.22 The Joint Risk Management Strategy was reviewed during 2013/14. The aim of this strategy is to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business in accordance with the objectives set out below:
- To increase the likelihood of achieving the strategic objectives,
 - To prevent or reduce the potential consequences of events which could have been reasonably foreseen;
 - To prevent or reduce events or actions that could damage the reputation of, and public confidence in, the governance of policing in Cambridgeshire;
 - To improve decision-making and planning and assist in the allocation of resources;
 - To integrate risk management into the culture of the governance of policing and its processes;
 - To raise awareness of risk management among members and staff, making it an integral part of their thinking and actions, and
 - To satisfy the requirements of corporate governance for the Annual Governance Statement, and external auditors in relation to the effectiveness and adequacy of risk management.
- 3.23 Particular emphasis has been placed on the clear distribution of roles and responsibilities and the distinctive ownership for risks.
- 3.24 The Constabulary maintains a corporate Risk Register, and the risk management process is managed by the Corporate Development Department. Formal accountability for the process lies with the Deputy Chief Constable and governance is ensured through a new Risk Review Board that has been set to add further scrutiny to the risk processes. This Board is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board and the Chief Constable. The joint Audit Committee oversee the risk management arrangements of the Force and ensured that the Constabulary's processes are aligned with the Commissioner's. A joint strategic risk register is in place which brings the corporate risks together.

(5) Developing the capacity and capability of staff and officers to be effective.

- 3.25 The Chief Constable takes a pro-active approach to staff development. The People Board, chaired by the Deputy Chief Constable oversees these arrangements.
- 3.26 All officers and staff complete a regular Personal Development Review process with their named line manager. This process will continue to identify training requirements for individuals.
- 3.27 There is a programme in place for the senior officers of the Force who will require continuing professional development.
- 3.28 December 2013 saw the launch of a new three year “Our People Strategy” and this has also been adopted across our partners in Bedfordshire and Hertfordshire. The strategy will make practical changes within the organisation to improve:

Leadership

Pride

Standards of Behaviour and Work Ethic

Reward and Recognition

The working environment

The strategy has been created to ensure police officers and staff are able to deliver an excellent service to the public, using new technology, demonstrating leadership at all levels and working in an environment which promotes and values excellent standards of behaviour as well as outcomes. However, it’s not just about a high level document; it contains a tactical delivery plan which will see real changes made. The work began with a cultural audit of the organisation in the form of a survey to identify what people think of the organisation and to identify what issues are the ones which affect our work force.

(6) Engaging with local people and other stakeholders to ensure robust public accountability.

- 3.29 Neighbourhood Panels are held across the Force area where the public can address areas of concern with local officers and set local priorities. The Commissioner attends these Panel meetings from time to time. The Force has extended the remit of survey work to include anti-social behaviour, as identified as a priority via consultation and market research. The results of the research team are presented to and scrutinised by the Force Performance Board chaired by the Assistant Chief Constable.
- 3.30 Telephone research regarding public confidence levels is carried out by the Constabulary's Corporate Performance Department. Citizens attending neighbourhood panels are able to set local priorities for their local policing teams.
- 3.31 The Commissioner and Constabulary have a joint Engagement Strategy and an Independent Advisory Network (CIAN). The Constabulary also has an Engagement

Board which seeks to improve, involve and maintain contact with the public at both local and force level.

- 3.32 The CIAN is a network of local community members which considers all strands of diversity. Its purpose is to:
- provide independent advice to both organisations to assist in providing a fair and equitable police service to all communities including under-represented groups and
 - contribute to setting an agenda by which the community is policed.
- 3.33 The CIAN reviews policies, practices and procedures where applicable and offers advice on how they impact on different sections of the community, e.g. the impact of stop and search.
- 3.34 The Local Policing Plan was distributed widely throughout the force area and has been available on the websites.

(7) Reliable financial reporting and internal financial controls.

- 3.35 Financial control involves the existence of a structure which ensures that all resources are used as efficiently and effectively as possible to attain the overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the assets and limited resources.
- 3.35 The Constabulary's financial management framework follows national and/or professional best practice and its key elements are set out below:
- The corporation sole has a Chief Finance Officer (CFO) with responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of financial affairs. The CFO also has certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by the Constabulary on expenditure and where a loss or deficiency may arise. The CFO must also report in the event that spending in the year is likely to exceed available resources. The organisations fully comply with the CIPFA Statement on the Role of the Chief Financial Officer in the Police Service).
 - The finance function is governed by the Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Constabulary monitored for additional compliance by HMIC and HM Revenue and Customs.
 - Responsibility and accountability from resources rests with managers who are responsible for service provision,
 - The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring approval of an annual Treasury management strategy including an annual investment strategy which the Constabulary adhere to,

- In accordance with the CIPFA Prudential Code and best accounting practice a four-year medium-term financial plan (MTFP) and a four-year capital programme are produced,
- The revenue budget provides an estimate of the annual income and expenditure requirements for the police service (Commissioner and Constabulary) and sets out the financial implications of the Police and Crime Plan. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance.
- The Commissioner is required to set the budget and precept,
- Capital expenditure is an import element in the development the policing business since it represents major investment in new and improved assets. The Commissioner approves the capital programme each year and monitors its implementation and funding closely. The Commissioner has required a policy of no borrowing to finance capital spending unless it is for long term structural change. The Chief Constable has adhered to these policies.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Chief Constable's role in maintaining the effectiveness of the governance framework extends to ensuring that there is an approved Code of Corporate Governance and that the Code includes the arrangements for review thereof.
- 4.4 The Chief Constable manages the Force through a series of Boards. The Force Executive Board (FEB), which is responsible for governance and strategic direction, is chaired by the Chief Constable. All Heads of Business are members of the FEB, which meets monthly. The Board has responsibility for financial management, corporate governance and the risk management process and also oversees areas of business such as Professional Standards, Human Resources, and the Change Programme. Performance is monitored and managed through the monthly Force Performance Board. There is also a People Board which reports to the FEB and which considers all matters to do with human resources such as staff recruitment, retention, training, management and allocation.
- 4.5 The Joint Audit Committee undertook the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.
- 4.6 The Constabulary is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary (HMIC), internal and external auditors. Inspection reports are considered as appropriate and made public, the following inspections were carried out during 2013/14:-
- Domestic Abuse (With follow up inspection conducted Feb 14). A total of 15 recommendations were made in Cambridgeshire's force specific report.

- Valuing the Police 3. No formal recommendations were made within the report– it was positive for the constabulary that acknowledged the progress made against meeting the budget cuts while still protecting the front line.
- Child Sexual Exploitation. No force report being produced
- Undercover Policing. No force report being produced

4.7 The Joint Audit Committee played a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approved the external audit plan and received the annual audit letter from the external auditor. The Committee also approved the annual internal audit plan, received regular internal audit reports and monitored management performance against agreed action plans to address any weaknesses identified. In addition, the Committee oversaw progress on Risk Management and related issues.

4.8 The Head of Internal Audit's Annual Report for the year ended 31 March 2013 has been received and was considered by the Interim Joint Audit Committee on 23rd June 2014. The Report includes an opinion on the internal financial control framework.

4.9 The opinion is as follows:-

“We are satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion on the adequacy and effectiveness of the Cambridgeshire Constabulary’s arrangements.

In our opinion, based upon the work we have undertaken, for the 12 months ended 31 March 2014 Cambridgeshire Constabulary has adequate and effective risk management, control and governance processes to manage the achievement of the organisation’s objectives.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2013/14 no major governance issues were identified, but there are a number of recommendations that have yet to be implemented

5.2 In the auditor’s opinion “adequate progress” has been made in implementing the agreed recommendations.

5.3 In 2013/14 four high priority recommendations were raised with only one outstanding

A centralised standardised procurement procedures manual should be developed as soon as practical. Until such time as the new Manual is available it is essential that staff are reminded of the need to make sure they comply with all 'local' procedures and requirements and that they use any new 'standard' forms issued.

Staff have been reminded to use the new standard forms and comply with local procedures and work continues with the Offices of the Police and Crime Commissioner’s across BCH to agree new procedures.

- 5.4 There were five audits where the opinions were amber/red and 1 audit where opinion was red
- a) Health & Safety; 5 medium recommendations and 4 low recommendations, with 8 now implemented and 1 still in progress
 - b) Collaborative Procurement; 10 medium and 6 low recommendations, the report was completed by the auditors in May 2014 and therefore at the year-end the report is still draft
 - c) Income and Debtors; 1 high recommendation and 5 low recommendations, all now implemented
 - d) Payment and Creditors; 1 high recommendation and 2 low recommendations, now implemented.
 - e) Victim and Witness Care; 1 high recommendation, 2 medium recommendations and 2 low recommendation, with 4 now implemented and 1 still in progress
 - f) POCA and Cash Seizures (RED) 2 high recommendations and 6 medium recommendations. The report was completed by the auditors in April 2014 and therefore at the year-end the report is still draft
- 5.5 The Joint Audit Committee will follow up on these matters.
- 5.6 Based on the opinion of the Chief Internal Auditor and our own on-going work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.
- 5.7 At a time of such major organisation change and downward pressure on finances, it is inevitable that controls will come under pressure. As a result audit resources and management effort will need to be directed at areas of higher risk.
- 5.8 The Chief Constable will continue to identify enhancements to its arrangements for corporate governance, in particular the governance of collaborated activities.
- 5.9 Looking ahead, the Chief Constable considers that external financial pressures and organisational changes continue to add risk; however the strategic risk arrangements will embrace these new functions as they are introduced.

Signed

Simon Parr
Chief Constable

Niki Howard
Chief Finance Officer to the Chief Constable

Date: