

Cambridgeshire Constabulary

ANNUAL GOVERNANCE STATEMENT – 2015/16

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 accounted for properly. 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 revised set of Financial Regulations which includes a Code of Corporate Governance 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 6(1) and 6(4) of the Accounts and Audit Regulations 2015 in relation to conducting a review of the effectiveness of internal control systems at least annually and preparing an annual governance statement in accordance with accounting regulations and proper practices, and Regulations 6(2) and 10(1) (with transitional provisions at Regulation 21) regarding the requirement to approve an Annual Governance Statement in advance of the approval of the statement of accounts and which has to be published alongside the Statement of Accounts and the narrative statement.
- 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.
- 1.5 The financial management arrangements for the Constabulary conform to the governance requirement of the CIPFA statement on the “Role of the Chief Financial Officer in Local Government (2010)”.

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 achievements of the 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; therefore it can 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, 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, the Commissioner and the Chief Constable (each one a corporation sole), 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.
 - Police Act 1996
- 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 adopted by the Chief Constable are 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 the Chief Constable to account for the exercise of those functions. Therefore it 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 for the delivery of the Local Policing Plan which is derived from the Police and Crime 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 includes 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 updated to ensure that the financial responsibilities of the Chief Constable are clear as more collaboration with Bedfordshire and Hertfordshire progresses.

- 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 arrangements with collaboration partners are currently under review to ensure that they reflect the current landscape.

Governance Arrangements for the Strategic Alliance

There are six separate legal entities:

Police and Crime Commissioner for Bedfordshire, Cambridgeshire and Hertfordshire and Chief Constable, Bedfordshire Police, Chief Constable, Cambridgeshire Constabulary, Chief Constable, Hertfordshire Constabulary

A Strategic Alliance Summit (SAS) is established and acts as the Joint Oversight Committee for all shared service collaborations between the parties.

Under section 23D of the Police Act 1996 Police and Crime Commissioners (policing bodies) must establish arrangements for holding their Chief Constable (chief officer) to account for a collaboration that includes the involvement of other Commissioners whose forces are party to the agreement.

The parties have agreed a Shared Services Model for collaboration. This means that shared collaborated services are provided to the parties with shared resources being instructed through a single line management structure and those resources remaining under the legal direction and control of their respective Chief Constable. The Chief Constable has ultimate responsibility for his/her officers and staff in a collaborated unit and is ultimately vicariously liable for their actions. Officers and Staff are subject to the command structure of the Department for daily shared service delivery. There is no client-provider relationship.

Under the SAS the following items are shared for services which are collaborated (i.e. directing and holding to account of 'business as usual') across the three county policing areas:

- Setting of Strategic Direction and Decision Making
- Agreeing and Monitoring of Annual Business Plans (including aligned objectives and continuous improvement proposals)
- Agreeing and monitoring Performance Frameworks at agreed intervals (e.g. quarterly or half-yearly)
- Section 22 Agreement Updates (i.e. Change Control)
- Annual Budget Setting (Revenue and Capital) and Financial Monitoring
- Initiating Thematic Reviews and Risk-Based Audits
- Agreeing Risk and Reward Management Frameworks

The SAS consider new services for collaboration (i.e. decision making and oversight of 'change management') and shared decision making is exercised in relation to:

- Agreeing Project Scope via Project Initiation Documents
- Approving Outline (OBC) and Full Business Cases (FBC) [including issuing decision notices to the three Police and Crime Panels]
- Receiving Assurance Reviews based on Risk
- Signing of Section 22 Agreements
- Monitoring Implementation Progress Updates
- Receiving Exception Reports for Decision
- Independent Reviews of Progress

In addition, the SAS fulfils responsibilities in relation to shared strategic matters including:

- Strategic Decision Making
- Joint Medium Term Financial Planning
- Bids for Joint External Funding
- Common Financial Rules and Scheme of Delegation
- Joint Internal Audit Plans
- Progression to a Joint Estates Strategy
- Risk Management

The SAS delegates the discharge of some of the above duties to the Joint Operational Support Governance Board, Joint Organisational Support Governance Board and Joint Protective Services Governance Board. These Governance Boards will report to the SAS. A Lead Police and Crime Commissioner will be assigned to coordinate the holding to account arrangements via these Governance Boards.

Whilst the items above are shared, with collective accountability, by the parties the staff remains employed by their existing employers. Chief Constables retain direction and control of their police officers. A Chief Constable is nominated to head-up a particular shared service or group of shared services on behalf of the SAS. A Chief Constable has delegated the day-to-day decision-making role to a Senior Responsible Officer (SRO) at the Chief Officer level. An SRO takes decisions in relation to both operational 'business as usual' for already collaborated units (i.e. where a Section 22 Agreement has been signed by the six corporations sole) and in relation to 'change management' for units being considered for collaboration (i.e. an SRO can take decisions in relation to aspects of implementation across the SA prior to any Section 22 Agreement being signed).

The Joint Chief Officers Board (JCOB) is established and is responsible for strategic operational decision making, related operational policy, delivery of the BCH change portfolio and the monitoring of business as usual / performance.

JCOB is held to account by SAS for the delivery of the collaborated shared service by the Joint Unit either directly or through the Governance Boards. JCOB is also held to account by SAS for the development of new business cases and, where approved by the six corporations sole, the implementation of such.

Each Police and Crime Commissioner retains their individual responsibility for the maintenance of efficient and effective policing in their county and each Chief Constable retains their operational independence.

- 3.13 The Joint Audit Committee have endorsed a joint strategic risk register and continue to review the risk register to ensure a shared understanding of strategic risks including collaboration and transition. A forward-looking Board Assurance Framework, linking objectives to key risks, is also in place and reviewed by the Joint Audit Committee.

The Force Executive Board receive a high level report from the Force Risk Review Board who are scrutinise the operational risk register 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 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 about 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 in the Local Policing Plan. This has been followed up by the Policing College producing the Code of Ethics which was embedded within the Constabulary by the Ethics Board chaired by the Deputy Chief Constable. The code of Ethics is now the golden thread running through our governance board structure and underpins the Constabulary's Mission and Values.

- 3.17 Policy is developed and assessed for equality impact. This ensures that compliance with legislation and the interest of stakeholders are 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 for the Constabulary. The Constabulary has an internal Equality, Ethics and Inclusion group which is chaired by a Chief Officer. The group provides for the oversight to ensure that the activities undertaken across the organisation are in accordance with the Code of Ethics and to eliminate discrimination and support inclusion. The group includes representatives from all areas of business and public representation from the Independent Advisory Group (CIAN). The CIAN is developing an independent ethics groups to support and challenge the organisation. The progression of the collaborated Human Resources function will result in a review of this group which will maintain a local perspective of ethical practices and provide reporting to other relevant Boards.

(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 are 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 Risk management is embedded into the work of the Constabulary on an ongoing and continuous basis. A joint strategic risk register is in place and endorsed by the Joint Audit Committee. The aim of this strategy, endorsed by the Joint Audit Committee, 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 Chief Constable's 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, policing, community safety and crime reduction in Cambridgeshire,

- To improve decision-making and planning and assist in the allocation of resources,
- To integrate risk management into the culture and processes,
- To raise awareness of risk management among 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.

The joint strategic risk register is underpinned by the following good practice principles:

- The avoidance of creating or perpetuating an unduly risk-averse culture by taking an approach which considers the risks of not undertaking activities and not exploiting opportunities.
- Consideration of risk should both help to secure existing objectives and not stifle innovation when taking decisions on new and innovative projects.
- Mitigation measures should be effective, appropriate, proportional, affordable and flexible, e.g. controls are not to be set up where the cost and effort is disproportionate to the expected benefits, and these should be implemented with minimum bureaucracy.
- Risk should be anticipated and decisions over the extent to which these should be managed are to be considered within a mature and evidence-based assessment framework, including taking account of possible impact and public reaction.
- Risk management should be embedded into the governance structure and effectively underpin and enable the business, making it an integral part of the thinking and actions of staff.

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 its own 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 the Risk Review Board that has been set to add further scrutiny to the risk processes. This Board which is chaired by the Deputy Chief Constable and reports monthly to the Force Executive Board and the Chief Constable, has responsibility for reviewing the risk register monthly and also holding to account operational managers for risk within their business area. The Joint Audit Committee oversees the risk management arrangements of the Force and ensures 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 require continuing professional development.
- 3.28 December 2013 saw the launch of a three year “Our People Strategy” which has been revised in 2016 and adopted by our partners in Bedfordshire and Hertfordshire. The strategy encompasses resourcing, developing leadership capability, wellbeing of the workforce, enabling change and the harmonisation of the strategic alliance terms and conditions. This will 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. The strategy contains a tactical delivery plan to ensure real changes are made.

Examples of achievements during 2015-16 are:

- Raising Officer recruitment standards to ensure that only those who demonstrate the highest standards in the selection process and whose behaviours and values align with the Constabulary’s current ethos are selected,
- Placing greater emphasis on leadership skills in Officer promotion processes,
- Creating development pools to support and encourage those who are close to promotion,
- Refreshing local leadership training packages to focus on soft skills as well as technical management skills,
- Continuation of the Force mentoring scheme promoting it widely across the Force,
- Working across the Force to better understand how the “agile working” programme will complement the increasing use of mobile technology

(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.
- 3.36 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 is monitored for additional compliance by HMIC and HM Revenue and Customs,
- Responsibility and accountability for 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 to which the Constabulary adheres,
- 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 important element in the development of 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 this policy.

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.
- 4.2 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.
- 4.3 Collaboration Boards have now been set up for the three areas of collaboration with each of the three Forces chairing the area of business for which they are responsible. Cambridgeshire is responsible for Organisational Support which comprises HR, Finance, Estates, Corporate Development etc. and the Board is chaired by the DCC with OPCC officers in attendance.

4.4 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'.

4.5 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 2015/16:-

- Police Integrity and Corruption
- Crime Data Integrity
- Policing Efficiency, Effectiveness and Legitimacy (PEEL) Crime Inspection
- Stop and Search (As part of PEEL)

4.6 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.

4.7 The Head of Internal Audit's Annual Report for the year ended 31 March 2016 has been received and was considered by the Joint Audit Committee on 23 June 2016. The Report includes an opinion on the internal financial control framework.

4.8 The opinion is as follows:-

"For the 12 months ended 31 March 2016, the Head of Internal Audit opinion for the Cambridgeshire Constabulary is as follows: the organisation had adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

4.9 The Head of Internal Audit noted that the following factors and findings informed the opinion above:

- Governance – Our review of governance focussed on the governance structure of the force and OPCC and concluded substantial (green) assurance opinion for both the OPCC and force. We concluded that the governance arrangements in place for both the OPCC and the force were adequate and effective.
- Risk Management – Our audit of Risk Management within the Constabulary included a review of the risk register update, review, monitoring and reporting. This review concluded with a substantial assurance (green) opinion.

- Control – We undertook nine assurance reports (excluding risk management and governance) that contributed to the control opinion, four were provided with reasonable assurance (amber/green) and four with substantial (green) assurance. One report gave partial assurance (amber/red), in addition we performed a follow up review of previously agreed management actions for which we reported reasonable progress had been made. Seven further reviews were also undertaken in relation to collaboration activity across Bedfordshire, Cambridgeshire and Hertfordshire, of these we issued one partial assurance (amber/red), four reasonable assurance (amber/green), and the remaining two were undertaken in an advisory capacity.

4.10 The Annual report lists 19 audits (including seven collaborated audits) which shows six high priority actions, 27 medium priority actions and 35 low priority actions, and also nine non-categorised recommendations. Two audits were rated 'partial assurance' (amber red). Further information is detailed within section 5.

4.11 The most recent external audit annual audit letter was issued by Ernst & Young on 7 October 2015. This noted an unqualified opinion on the statement of accounts and unqualified value for money conclusion. Procedures have been undertaken and no issues identified in preparation of the financial statements and estimates (valuation of property, plant and equipment). The letter also noted that Ernst & Young did not find any material misstatements, and found governance arrangements to be adequate and in compliance with the requirements of the Home Office's Code of Financial Management.

4.12 Both internal and external audit have detailed audit plans upon which assurance is gained.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2015/16 no major governance issues were identified. There are a number of recommendations that have yet to be implemented from previous audits.

5.2 Audit reports scoring categories are green, amber/green, amber/red and red. There were no audits where the opinion was red, however the Fleet Management audit was amber/red. One high risk has been raised during the Fleet audit: - *"We reviewed the completion of log books for daily and weekly checks, for a sample of 20 vehicles at HQ and Huntingdon noted the following compliance percentages: daily checks were at 69% and weekly checks were at 65%."*

Management response is: - *The Head of Fleet Services and Inspector (CIB) will issue formal reminders in relation to the completion of log books for both daily and weekly vehicle safety checks. A paper will be taken to FEB outlining other ways in which this message can be reinforced including spot checks by supervisors.*

In addition, the Bedfordshire, Cambridgeshire and Hertfordshire collaboration audit of the Eastern Region Special Operations Unit (ERSOU) Proceeds of Crime Act including

Cash Seizures received a score of amber/red, with two high risks being identified as follows:

Where funds are not banked promptly there is a risk of funds being incorrectly allocated, especially if funds cannot be identified as to whether they are POCA or others monies. Also where staff are unsure of the processes there is increased risk of error.

Management Response: - It will be made clear as to whether funds seized are as a result of a criminal investigation, POCA or Found and the funds placed in the appropriate account. This will include confirming the details and contents of all safe deposit boxes and ensuring that the funds are placed to the correct accounts.

Training on the new procedures will be conducted with all property managers so as to ensure that property staffs are fully familiar with the requirements. This will include ensuring that the pay in schedule and all banking slips are evidenced as signed under dual control.

Many of the entries on the Property Management System do not define whether the cash seizures relate to POCA or other crimes. Therefore when remitting to the Home Office, the funds allocation may be incorrect and the monies received back from the Home Office may also be incorrect.

There are also a large number of outstanding cases where funds have been banked but the allocation has not been defined and therefore not submitted to the Home Office

Management Response: - All seized funds will be clearly identified on the Property Management System so that funds can be correctly allocated and distributed by the Home Office in the correct proportions. This will also ensure that monies held in property safes are quantified to ensure cash limits are not breached with the cash counting conducted as soon as possible

Additionally efforts will be made to identify and action all outstanding cases which have been banked but not yet allocated as to whether POCA or other type of seizure and not actioned.

- 5.3 The Auditor's statement of the progress of the follow up of the recommendations from previous years and current audit assignments auditors: - *"Taking account of the issues identified in the report and in line with our definitions, in our opinion the Office of the Cambridgeshire Police and Crime Commissioner and Cambridgeshire Constabulary has demonstrated reasonable progress in implementing agreed management actions."*

"Our opinion is based upon consideration that while there have been reasonable attempts in all areas to address the original actions; there are limitations due to their progress and resulting revised actions in multiple areas".

The Auditors have made new management actions where appropriate and these have been submitted to the Audit Committee with appropriate management responses

Recommendations from previous year	17
Confirmed as completed or no longer necessary	10
Ongoing implementation	7

There is one high recommendation still outstanding: - All cash bags should be signed by two officers when the cash is seized.

While the advice has been issued to all those handling cash seized bags errors were still found therefore management has issued the following response *“All cash bags will be signed by two officers when the cash is seized. In addition and in line with the Cash Handling procedure, all defined book entries (such as exhibit numbers and seal numbers) are to be re-stressed as mandatory to complete to the booking in officers. Sanctions may be considered necessary to booking in officers who continue to disregard protocol when booking in cash bags.”*

- 5.4 The Head of Internal Audit also noted that “the OPCC and Constabulary should consider the areas whereby partial assurance was given over the control framework for the BCH review, when completing the Annual Governance Statements, unless assurances have been gained internally over improvements in the highlighted areas of weakness since the audit reports were issued. The OPCC and Constabulary should also consider the findings from the advisory reviews including the Collaboration – Savings Assurance review where the key issue identified was the need to improve the recording of movement in project savings and the integration of this within the overall high level savings plan. In line with Internal Audit’s review of collaboration, further sector reviews have found weaknesses across other Police forces on collaborative assurance.”
- 5.5 Based on the opinion of the Chief Internal Auditor and our own ongoing work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective. However, we recognise that collaborative governance needs to be developed further and this will be an area of particular focus in 2016/17.
- 5.6 At a time of such major organisational 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.
- 5.7 The Chief Constable will continue to identify enhancements to arrangements for corporate governance, in particular the governance of collaborated activities where Cambridgeshire has the lead responsibility including newly collaborated services of HR and ICT.
- 5.8 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

Alec Wood
Chief Constable

Niki Howard
Chief Finance Officer to the Chief Constable

Date: 27th June 2016