

To: Scrutiny and Audit Committee
From: Chief Executive, Chief Constable and Treasurer
Date: 25th May 2010

ANNUAL GOVERNANCE STATEMENT 2009/10

1. Purpose

- 1.1 To approve the Annual Governance Statement (AGS) 2009/10 which will be published within the 2009/10 Statement of Accounts.

2. Background

- 2.1 The Police Authority approved a Code of Corporate Governance at its meeting on the 18th February 2008. The Code places a responsibility on this Committee to ensure compliance with the Code and report its assessment of compliance to the Authority. The consideration of the AGS satisfies that responsibility.
- 2.2 As for 2008/09 the AGS (attached) has been prepared jointly by the Authority and the Force, this approach being a less 'bureaucratic' option and in line with most other authorities.
- 2.3 Although the AGS is published with the financial statements, it is not confined to financial matters, but is a broad summary of the whole governance of the Authority and the Constabulary. It is an important document, in that it shows that governance arrangements are reviewed and improvements agreed, thus demonstrating to users and stakeholders how better governance assists in the delivery of better quality services.
- 2.4 The Authority will approve the 2009/10 Statement of Accounts, at the meeting scheduled for 29th June 2010.
- 2.5 This process also meets the requirements of the Accounts and Audit Regulations 2003 (as amended 2006) to review the arrangements for, and prepare a statement on, Internal Control.

3. Review of Effectiveness of the system of Internal Control

- 3.1 As set out above, the Authority has a responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control including reviewing the effectiveness of the system of internal audit. The review of the system of Internal Audit is reported separately at Agenda Item 9.

3.2 The review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the senior managers within the Authority who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.

3.3 The following process has been applied in reviewing the effectiveness of the system of internal control.

- the Force Executive Board is responsible for considering overall financial and performance management and receives comprehensive reports on a monthly basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues,
- Similar financial information is reported through to the Authority's Finance and Resources Committee at every meeting,
- the Scrutiny and Audit Committee is responsible for maintaining an overview of service performance, efficiency and effectiveness in line with the responsibilities for Corporate Governance as outlined in 2.1 above,
- this Committee also provides independent assurance to the Authority in relation to the effectiveness of the risk management framework and internal control environment. The Committee met 4 times during the year receiving regular reports on risk management, internal control and governance matters. Areas covered included reports on corporate risks as well as on internal and external audit plans and activities,
- Internal Audit is an independent and objective assurance service to the management of the Authority. The internal auditors complete a programme of reviews throughout the year to provide an opinion on the areas of the internal control environment they have examined. Their reviews include examination of the main financial systems, enabling them to provide the s151 Officer (the Treasurer) with an opinion on the main financial controls in place and other elements of the risk management, internal control and governance arrangements across the Authority. In addition, fraud investigations are undertaken (there were none in 2009/10) and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management and the Committee,
- the External Auditor's Annual Audit Letter is considered by the Committee, and the Committee monitors progress towards implementing audit recommendations, and
- a number of external audits and inspections have also taken place, including the Police Use of Resources Assessment (PURE) which saw an overall improvement to a new and more exacting score of 2 (performs adequately).

4. Preparation of the Annual Governance Statement (AGS)

4.1 The AGS has been prepared jointly by the Chief Constable, the Chief Executive and the Treasurer and widely shared with senior managers.

5. Significant Internal Control Issues

5.1 Only one significant control issue, relating to the procurement of IT systems, has been identified in 2009/10, details are in paragraph 5.4 of the AGS.

6. Sign Off

6.1 When agreed, the AGS must be signed by the Authority Chairman, the Chief Executive, and the Chief Constable.

7. Recommendation

7.1 The Committee is asked to approve the Annual Governance Statement 2009/10 for inclusion in the Authority’s Statement of Accounts 2009/10.

BIBLIOGRAPHY

Source Document (s)	Contact Officer	Location
Accounts and Audit Regulations 2003. Accounts and Audit (Amendment)(England) Regulations 2006. Statement of Accounts 2008/09.	John Hummersone Treasurer T. (01638) 667090 M. 07795 422740 E. john@hummersoneconsulting.co.uk	Cambridgeshire Police Authority, Hinchingsbrooke Park, Huntingdon, Cambs, PE29 6NP.

Originating OfficerJohn Hummersone.....

Is it considered that this report contains ‘exempt information’ and should be considered in private?
NO

If the answer is “YES”, please state the nature of the exempt information **and the relevant clause(s)** in Part 1 of Revised Schedule 12A to the Local Government Act 1972
.....

The attached report has been cleared with the undermentioned officers: (delete as appropriate)

Chief Executive
Others

Submitted on 14th May 2010.....

A report will not be sent to the Authority unless this box has been satisfactorily completed and all necessary consultation carried out - the responsibility for which rests with the originator (except for consultation with the Chairman and this will be undertaken by the Chief Executive).