

ANNUAL GOVERNANCE STATEMENT 2009/10.

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Cambridgeshire Police Authority (“the Authority”) is responsible for ensuring its 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 Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Authority is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its 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 Authority 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 statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the Authority is directed and controlled and the activities through which it accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to 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 ongoing process designed to identify and prioritise the risks to the achievement of the Authority’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.
- 2.3 The governance framework has been in place at the Authority for the year ended 31st March 2010 and up to the date of the approval of the Statement of Accounts 2009/10.

3. THE GOVERNANCE FRAMEWORK

Key Responsibilities

- 3.1 Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements of the governance of the Force, the Authority is required to hold her to account for the exercise of those functions and those of the persons under her direction and control. It therefore follows that the Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

Planning

- 3.2 The Authority's vision and purpose are set out in the Policing Plan, which is issued before the 31st March each year but continues to be updated with later information until the 30th June when it is published. This Plan, jointly produced by the Authority and the Force, sets out the service priorities to be delivered and how they will be measured and evaluated. The Plan includes both local priorities and those determined nationally by government. The Annual Reports of the Authority and the Force provide an assessment of the success (or otherwise) of delivering the Plan. The Authority's Annual Report has been combined with the Local Policing Summary and is distributed each year to all households.

Performance

- 3.3 The targets set in the Plan for Force performance are based on an analysis of various factors including peer comparisons, national indicator(s) for Community Safety and, importantly, public consultation across the county. The Plan is also informed by a number of national and local drivers including the National Community Safety Plan, the Strategic Assessment, the National Crime Strategy, and Cambridgeshire and Peterborough Local Area Agreements.
- 3.4 A robust corporate performance framework (which has been accredited by external inspection agencies) ensures that the Chief Constable and Police Authority are kept informed of achievement against corporate targets for both crime, the management of resources and financial performance. A corporate performance pack is presented monthly at key executive meetings chaired by the Chief Constable. The Police Authority reviews and assesses achievement at quarterly meetings of the Performance Panel and the Scrutiny and Audit Committee. The performance result for crime is additionally available via external media such as local news agencies and the Force website, and local data is regularly shared at neighbourhood meetings.

Audit and Inspection

- 3.5 The Authority's Scrutiny and Audit Committee undertakes 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'.
- 3.6 The Constabulary is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary (HMIC), the Audit Commission and internal and external auditors. Inspection reports are presented to the Scrutiny and Audit Committee of the Authority. The results of this activity are made available publicly through public meetings and on our website. In addition, the Force Quality Assurance Team which reports to the Head of Corporate Development is responsible for providing reassurance that the processes and systems utilised to provide service delivery have integrity, are fit for purpose and contribute the maximum possible to the objectives of the Force.

Risk Management

- 3.7 The Constabulary maintains a corporate Risk Register, and the risk management process is managed by the Force Risk Manager. Formal accountability for the process lies with the Assistant Chief Constable and governance is ensured through monthly monitoring reports presented to the Force Executive Board and the Chief Constable. Risk management is a key component of project and operational service planning. All staff receive training in basic risk management, while risk owners and senior managers receive an enhanced level of training. The Police Authority has appointed a 'Lead Member' for Risk Management, who scrutinises the Constabulary's risk process monthly. Following the scrutiny a report is prepared for the Authority's Performance Panel. The Authority also has a risk management process managed by the Policy and Performance Manager. The Authority's Risk Management Strategy is reviewed annually and the latest review (May 2009) found that, subject to two minor amendments, it remains fit for purpose.

Delegation

- 3.8 In April 2010 the Authority approved an update to its Scheme of Delegation, which sets out the responsibilities and reporting lines of Committees and Panels and the Chief Officers of the Authority and Force. There will be a significant change to the Committee and Panel governance structure following the June 2010 meeting of the Authority.
- 3.9 Financial Regulations have been updated during the year (see 3.12). These regulations are underpinned by a series of Force Financial Instructions issued by the Director of Finance and Resources. The Authority and Force have an agreed Anti Fraud and Anti Corruption Strategy which is supported by a Whistleblowing Policy (see 3.11). The Authority maintains a set of Contract Standing Orders and a report is presented each year to the Scrutiny and Audit Committee detailing exemptions to the standing orders.

Codes of Conduct

- 3.10 The Authority adopted a new Members' Code of Conduct in July 2007. The Code is based on the model code published by Standards for England. All Members sign an acknowledgement that they are bound by the provisions of the Code and each is provided with a copy of the Code and a summary document.

The Constabulary takes the view that conduct issues are not just the domain of the 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. Resulting from the 'Taylor Report' the new codes and procedures make interventions more timely and less bureaucratic. A main purpose of the reforms is a move from misconduct to learning and development where appropriate. The Constabulary has a 'Standards of Behaviour' code and a Behavioural Strategy, both of which are the responsibility of the Force Executive Board and these are under revision in light of the 'Taylor Report' findings. All members of staff are expected to adhere to these codes.

- 3.11 The Constabulary has a policy to deal with all disclosures of inappropriate behaviour or malpractice, including fraud and misappropriation (commonly known as 'whistleblowing'). This includes the areas catered for under the Public Interest Disclosure Act of 1998. Policy is developed using 'impact assessment'. This ensures that compliance with legislation and the interest of stakeholders is considered prior to producing policy. Policy is managed by a corporate process and individual policies are the responsibility of Heads of Business.

The Monitoring Officer and the Treasurer

- 3.12 The Police Authority's Chief Executive is the 'Monitoring Officer' who has responsibility for ensuring that the Authority's business is conducted in compliance with statute, policies, procedures and regulations. The Police Authority Treasurer has responsibility under Section 112 of the Local Government Finance Act 1988 to ensure that there are arrangements in place for the proper administration of the Authority's financial affairs. The Treasurer also has certain statutory obligations under Section 114 of the Act which cannot be delegated, namely, reporting any potentially unlawful decisions by the Authority or the Constabulary on expenditure and where a loss or deficiency may arise. The Treasurer must also report in the event that spending in the year is likely to exceed available resources. The finance function is governed by the Police Authority's 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.
- 3.13 A signed protocol sets out the respective duties of the Authority Treasurer and the Force Director of Finance and Resources.

Conditions of Employment

- 3.14 The determination of conditions of employment and remuneration of officers and staff, in large part, falls to the relevant national negotiating bodies. However for police staff and management grade staff, this is subject to local flexibilities that increase with the seniority of the post holder. The use of local flexibility is overseen by the Force Executive Board, and where this directly affects members of the Board themselves, by the Chief Officer Group. Decisions are informed by reference to pay research undertaken on the Constabulary's behalf by a firm of Management Consultants, and for the most part are negotiated with recognised trade union/staff association representatives. Changes in Senior Managers' pay and terms and conditions of service occur through recommendations made by the Constabulary's Director of People to the Chief Constable.
- 3.15 The Authority maintains a training and development needs matrix for all Members. Training and development opportunities are then sought to satisfy those needs. There is a development programme in place for the senior officers of the Force, along with maintenance of membership of professional bodies, who will require continuing professional development. The Force Executive Board has regular mentoring and facilitation and individuals have mentoring programmes.

Community Partnerships

- 3.16 Neighbourhood Panels are held across the Force area where the public can address areas of concern with local officers and set local priorities. Each Panel is attended by a nominated Member of the Police Authority who feeds back local community concerns and issues to the Authority. The Force has extended the contract for the British Crime Survey 'Swift' surveys beyond that which is required; this includes anti-social behaviour, as identified as a priority via consultation and market research. The results of Swift are presented and scrutinised by the Force Performance Challenge Group chaired by the Chief Constable.
- 3.17 Telephone research regarding public confidence levels carried out by the Constabulary's Corporate Performance Department, along with feedback obtained from the public via other survey work and the neighbourhood panels described above, informs the 'People's Priority' - a priority set by local people and adopted in the Local Policing Plan.
- 3.18 The Police Authority approved the joint Police Authority and Constabulary Involvement and Engagement Action Plan at its meeting on 7th April 2010. The action plan is derived from the County Council's engagement strategy and informed by Peterborough Unitary Authority's approach to engagement, but has been adapted considerably to remove duplication of objectives and actions and ensure it remains relevant to policing objectives.

- 3.19 The Police Authority and Constabulary have in place a Cambridgeshire Independent Advisory Network (CIAN) which is a network of local community members covering all strands of diversity. The purpose of CIAN 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
- 3.20 CIAN exists to review our existing policies, practices and procedures and offer advice on how they impact on different sections of the community. Furthermore we ask them to offer advice on the development and introduction of new policies and practices to ensure they do not exclude, discriminate or have an unjustifiable adverse impact on any particular group.
- 3.21 The Police Authority also has a statutory duty to consult non domestic ratepayers about expenditure for the forthcoming year. The methods for this consultation vary each year, but this year the Police Authority provided a briefing document and survey which was emailed out to businesses across Cambridgeshire and Peterborough. The briefing focused on the financial outlook for the Authority while the survey asked businesses to provide feedback on their priorities for the forthcoming year. The results were fed back to communities in the annual council tax leaflet and a follow up e-briefing to business respondents. The information was also used to inform the Local Policing Plan, along with other survey work. "

4. REVIEW OF EFFECTIVENESS

- 4.1 The Authority has responsibility for conducting at least annually, a review of the effectiveness of the governance framework, including:
- the system of internal audit
 - the system of internal control
- 4.2 These reviews have been informed by the work of the Chief Executive, the Treasurer, internal auditors, and also managers within the Authority who have the responsibility for the development and maintenance of the governance environment. In addition comments made by the external auditors and other review agencies and inspectorates have informed this review.
- 4.3 The Authority'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. The Authority's Scrutiny and Audit Committee approves the Annual Governance Statement (which is jointly prepared by the Authority and the Force) and reviews the systems of internal audit and internal control.

- 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, Citizen Focus and the Change Programme. Performance is monitored and managed through the monthly Force Performance Challenge Group. The Authority and the Force are subjected to an annual audit of corporate governance – the last of which (in 2009/10) provided substantial assurance.
- 4.5 The Scrutiny and Audit Committee (and the Performance Panel working to it) specifically carries out the scrutiny and challenge of Force performance. However all committees and panels have a challenge and ‘call to account’ role in the normal business of receiving update reports from the Constabulary.
- 4.6 The Scrutiny and Audit Committee plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approves the external audit plans and receives the annual audit letter from the external auditor. The Committee also approves the annual internal audit plan, receives regular internal audit reports and monitors management performance against agreed action plans to address any weaknesses identified. The Committee also receives and reviews the annual report of the Chief Internal Auditor. In addition, the Committee monitors progress on Risk Management and related issues.
- 4.7 The Finance and Resources Committee considers and recommends the Medium Term Financial Plan for both Revenue and Capital, recommends the annual budget to the Police Authority and monitors performance against the approved budget on a quarterly basis. It also reviews proposed changes to Financial Regulations and Standing Orders Relating to Contracts and monitors compliance within the Constabulary.
- 4.8 The Police Authority Professional Standards Committee exists to, inter alia, record, consider and act upon complaints against the Constabulary. In addition, the Police Authority Ethical Standards Committee promotes and maintains high standards of conduct by Members of the Authority and helps members to observe the Members’ Code of Conduct. The Committee includes one independent (non-Police Authority) member.
- 4.9 The Head of Internal Audit's Annual Report is presented annually to the Scrutiny and Audit Committee and will include an opinion on the internal financial control framework. Any significant issues arising, together with proposed management actions, are set out in this Assurance Statement.
- 4.10 Further assurance as to the effectiveness of the system of internal control is provided by:
- the work of the external auditors as evidenced by their annual audit letter and other reports; and

- the work of HMIC which carries out and reports to the Secretary of State and the Police Authority on inspections designed to assess the efficiency and effectiveness of police forces.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In 2008/09 the single internal audit report which received a 'Limited' assurance was 'Partnerships'. This level of assurance arose from the following comments by the auditor:-

- (i) There is currently no overarching Partnership Policy/Strategy in place at the Authority.
- (ii) The Partnership appraisal process is in need of further improvement to ensure it is updated in line with current recognised good practice
- (iii) Once the list of Partnerships is put in place (which is currently being set up, as highlighted in the recent Governance review) arrangements will need to be established to ensure it is kept up to date.

5.2 The Authority was aware of this shortcoming and that more work was required in this area. A Joint Constabulary and Authority Policy and Strategy has been drawn up and was formally approved by the Authority in December 2009. Financial Regulations have also been updated to ensure a robust appraisal process is used.

5.3 In 2009/10 the Internal Auditor's levels of assurance, for the audits carried out, have again improved. All of the core financial systems audits* have, for the first time, achieved 'substantial' assurance.

- * General Ledger; Cash, Banking and Treasury Management; Income and Debtors; Payroll (including Pensions and Expenses); Payments and Creditors; Budget Setting, Monitoring and Reporting including Medium Term Financial Planning.

5.4 One 'fundamental' recommendation was raised by Internal Audit following a Review of the Constabulary's Business Continuity and Strategy Control Framework:-

"The Authority should ensure that all procurement of IT systems is channelled through the IT department to ensure a formal assessment of fitness for purpose and value for money is conducted."

5.5 Arrangements have now been put into place to comply with this recommendation and the Scrutiny and Audit Committee was updated on this in September 2009.

5.6 The Authority will continue to identify enhancements to its arrangements for corporate governance. The implementation of audit recommendations will (continue to) be monitored by the new Governance and Audit Committee.

Signed

Ruth Rogers
Chairman
Cambridgeshire Police Authority

Julie Spence OBE
Chief Constable
Cambridgeshire Constabulary

Dr Dorothy Gregson
Chief Executive
Cambridgeshire Police Authority

Date

On behalf of the Members and Senior Officers of the Cambridgeshire Police Authority and Cambridgeshire Constabulary.