

NORTHUMBRIA POLICE & CRIME COMMISSIONER

ANNUAL GOVERNANCE STATEMENT 2012/13

Scope of Responsibility

1. The Office of the Police and Crime Commissioner for Northumbria (the OPCC) is responsible for ensuring that 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 OPCC 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.
2. In discharging this overall responsibility, the OPCC is responsible for putting in place proper arrangements for the governance of its affairs facilitating the effective 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.
3. The OPCC has carried out an annual review of its governance arrangements which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.
4. This statement explains how the OPCC has complied with these principles and meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011.

The Purpose of the Governance Framework

5. The governance framework comprises the systems and processes, and culture and values, by which the OPCC is directed and controlled and its activities through which it accounts to, engages with and responds to the needs of local communities. It enables the Police and Crime Commissioner (PCC) for Northumbria to monitor the achievement of her strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.
6. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and 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 PCC's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage them efficiently, effectively and economically.

7. The governance framework has been in place at the OPCC for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

The Governance Framework

8. Under the Police Reform & Social Responsibility Act 2011, the PCC for Northumbria replaced the Northumbria Police Authority on 22nd November 2012. Both the former Authority and subsequently the PCC are required to hold the Chief Constable to account for the exercise of operational policing functions and those of the persons under her direction and control. It therefore follows that the PCC must satisfy herself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice effectively.
9. Public opinion, national priorities, force performance and information on crime and future trends are reviewed together as part of a Strategic Assessment, which identifies priority areas for Northumbria Police. The findings of the Strategic Assessment contributed directly to the development of the Force Objectives and Actions as set out in the Local Policing Plan 2012-2013 which was agreed by Members of the Authority on 14th March 2012.
10. The Scrutiny Committee then monitored performance against the Policing Plan on a quarterly basis and this was reported to the Authority on an annual basis.
11. Following the election of the PCC for Northumbria a Police and Crime Plan for 2013-18 was developed and agreed with the Police and Crime Panel. This is set around the five local police and crime objectives of: -
 - Putting victims first
 - Dealing with anti-social behaviour
 - Domestic and sexual abuse
 - Reducing Crime
 - Community Confidence
12. The Plan also aims to support national policing priorities as set out in the Strategic Policing Requirement. Performance is monitored through a robust framework based around the Chief Constable's Delivery Plan and the PCC attends the Force's Strategic Management Board to scrutinise progress.

13. The Police Reform & Social Responsibility Act 2011 also led to the formation of the Northumbria Police and Crime Panel to scrutinise and support the PCC in the effective exercise of her functions. The Panel is comprised of twelve local authority councillors, two from each of the six authorities in the Northumbria policing area, and two independent members. A Relationship Protocol between the PCC, Chief Constable and the Police and Crime Panel was agreed following the election and this sets out the mutual expectations and responsibilities needed to promote and enhance local policing through effective working relationships of all parties.
14. In accordance with the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, the Police and Crime Panel will investigate any complaints about the Police and Crime Commissioner. The Panel agreed on 6th February 2013 a complaints procedure and determined that any complaints about the Police and Crime Commissioner or the Deputy Police and Crime Commissioner will be dealt with, in the first instance, by the Chief Executive of the Police and Crime Commissioner. An independent Scrutiny Panel is also being established during 2013/14 to review police complaints and highlight areas of good practice in policing. Prior to November 2012 the former Authority had a complaints and whistleblowing policy in place under the responsibility of the Monitoring Officer.
15. Policy and decision making arrangements prior to November 2012 were facilitated by a framework of delegation as set out in the Standing Orders and the Financial Regulations of the Authority. Following the election of the PCC decisions were guided by the Authority's framework and advisors until the completion of a review to reflect the new arrangements. An updated framework, including the Commissioner's Delegations to Officers, Financial and Contract Regulations, Consents and Governance Structures and Procedures was formally adopted by the PCC on 12th April 2013.
16. Strategic risk management is being reviewed and addressed from the perspective of both the PCC and Force, with an emphasis on shared objectives, risks and an integrated approach across the Police Service.
17. Risk management was embedded into the culture of the Authority through a Corporate Risk Management Policy which included the requirement to identify strategic and operational risks, assess those risks for likelihood and impact, identify mitigating controls and allocate responsibility for those controls. Operational risks facing the PCC are currently being reviewed following the relocation of the OPCC from Gateshead Civic Offices to Victory House in North Tyneside.
18. The Authority's Audit and Improvement Committee received quarterly reports on risk management and looking forward this responsibility is included within the terms of reference of the new Joint Independent Audit Committee of the PCC and Chief Constable.

19. Up until November 2012 the Treasurer to the Authority was designated as the responsible officer for the administration of Northumbria Police Authority's financial affairs under section 151 of the Local Government Act 1972. Following the election the Authority's Treasurer was appointed as an advisor to the PCC. These positions both included ensuring the lawfulness and financial prudence of decision-making; providing advice, particularly on financial impropriety, publicity and budget issues and giving financial information. It also extended to ensuring the financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). Following a review of services provided to the PCC, by advisors to the former Authority, with effect from 29th March 2013 the Chief Constable's Director of Finance has also acted as Treasurer to the PCC on an interim basis.
20. The Authority's Audit and Improvement Committee carried out the functions of an Audit Committee up to November 2012; its terms of reference included it to consider both the external and internal audit plan and activity with a specific brief to independently contribute to the overall process of ensuring that an effective internal control environment was in place in the Authority. The new Joint Independent Audit Committee of the PCC and Chief Constable was established during 2012/13 in line with the requirements of the Home Office's Financial Management Code of Practice and monitors internal control, risk and governance issues relating to both the PCC and Force.
21. The Authority maintained an independent Internal Audit Service and the same provider was engaged to continue delivery of the 2012/13 Internal Audit Plan since November 2012. The Internal Audit Service is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the PCC and Chief Constable's resources. This is achieved through the delivery of a risk based annual audit plan which is monitored by the Joint Independent Audit Committee on a quarterly basis. The Chief Internal Auditor also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the control environment of the Authority, PCC and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2012/13.
22. The Authority was pro-active in its approach to community engagement with all stakeholders. The aim was to ensure all local people were well informed about the Authority; actively involved in influencing what happens in their local area and ensuring delivery of the policing services that meet the needs of local people. Since November 2012 the PCC has undertaken extensive consultation to help shape the priorities in the Police and Crime Plan. This has included input from over forty voluntary and community groups through the Voluntary Organisations' Network North East (VONNE), the Safer Community Safety Survey, over 3,500 responses to the PCC's online survey, input from the Community Safety Partnerships,

the establishment of advisory groups representing each of the communities protected under the Equality Act 2010 and a group to represent the views specifically of the victims of crime.

Review of Effectiveness

23. The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review for 2012/13 was undertaken by the Joint PCC and Chief Constable Monitoring Group meeting on 3rd June 2013. The joint group provides acts as assurance to the PCC by providing her with an oversight of the review of the Chief Constable's governance arrangements in addition to her own.

24. The review has been primarily completed and informed by the work of Authority Members, the Chief Executive & Solicitor, the Chief Constable, the Treasurer & Director of Finance, the Head of Legal Services, the Chief Internal Auditor and senior managers within the Force who have the responsibility for the development and maintenance of the governance environment. In addition comments made by external auditors and other review agencies and inspectorates have informed this review.

25. The review of the effectiveness of governance arrangements will be informed by:

- The work of Senior Managers;
- The effectiveness and work of Internal Audit, incorporating the Internal Audit provider and the Joint Independent Audit Committee.
- Corporate Risk Management arrangements;
- Performance Management and Data Quality information;
- The external auditors in their annual audit letter and other inspectorate reports;
- Assurance from the Chief Executive on the operation of the PCC's Legal and Regulatory Framework;
- Assurance from the Treasurer on the operation of the PCC's financial controls, and
- Partnerships arrangements with third party organisations.

26. The Authority's Code of Governance set out the role of Northumbria Police Authority as follows:

- Listen to local people, and deal with issues that matter to them and their community;
- Make sure that performance improves each year and tell local people about it;
- Provide a police service that reflects the communities it serves and treats everyone fairly, regardless of who they are;
- Talk to local people, and deal with the issues that matter to them and their community; and

- Be open and honest in all that we do.
27. The Authority's Code of Governance is reviewed annually and was last approved by Members on 14th March 2012. The PCC is currently reviewing the need for a Local Code of Governance to draw together all relevant policies and procedures and to reflect the new governance arrangements since November 2012.
 28. The Chief Internal Auditor reports on an operational basis to the Treasurer, but in order to ensure independence has direct access to the PCC, Chief Constable, Chair of Joint Independent Committee and Chief Executive. A review of the effectiveness of Internal Audit, incorporating the Internal Audit provider and the Joint Independent Committee, has been undertaken and was reported to the Joint Independent Audit Committee of 10th June 2013. This review included ensuring compliance with the CIPFA Statement on the Role of the Head of Internal Audit. This concluded that the PCC's system of internal audit is considered to be effective, which in turn allows the opinion of the Chief Internal Auditor to be relied upon.
 29. The Chief Internal Auditor provides an independent opinion on the adequacy and effectiveness of the system of internal control and governance arrangements, which is incorporated in the Annual Internal Audit Report to the Joint Independent Audit Committee. The Annual Internal Audit Report for 2012/2013, which was presented to the Committee on 10th June 2013 concluded that, based on the work undertaken, the PCC's internal control systems and governance arrangements are considered to have worked effectively in practice but with some actions for improvement as set out below.
 30. The Annual Corporate Risk Management Report was presented to the Joint Committee on 10th June 2013, in which it was concluded that risk management arrangements are effective.
 31. Area Commanders and Heads of Departments have carried out self-assessments of the processes and controls they have in place to allow them to achieve their service objectives. A report was submitted to the Joint Independent Audit Committee on 10th June 2013, which concluded that based on their self-assessments Area Commanders and Heads of Department, agreed that effective controls and governance arrangements were in place.
 32. Regular reports on performance management information and data quality have been considered by the Scrutiny Committee over the course of the year and have been subsequently monitored by the PCC through her attendance at the Force's Strategic Management Board.
 33. Assurance on the effectiveness of the former Authority's legal and regulatory framework has been provided by the Monitoring Officer who had a legal duty to ensure the lawfulness and fairness of decision-making within the Authority. Since 29th March 2013 this assurance role for the

PCC has been undertaken by the Chief Executive with specialist legal advice being received from the Force's legal representatives as required. This has highlighted no areas of non-compliance.

34. Assurance on the effectiveness of the former Authority's and PCC's financial controls has been provided by the Treasurer who was designated as the responsible officer for the administration of financial affairs under section 151 of the Local Government Act 1972. As stated above, since 29th March 2013 the Chief Constable's Director of Finance has also acted as Treasurer to the PCC on an interim basis. Systems are in place to ensure the lawfulness and financial prudence of decision-making and to fully discharge the responsibilities of the role. The financial arrangements in place conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
35. Area Commanders and Heads of Department have reviewed key partnerships following an exercise carried out by the Chief Constable. Area Commanders and Heads of Departments have also been required to provide assurance on partnership governance arrangements through self-assessments. The PCC and Force continue to work together in strengthening the approach to working in partnership. All Community Safety Partnerships carry out regular self assessments against the Home Office 'Hallmarks of Effective Practice' guidance which includes governance, communications and strategic planning. From this work it was concluded that governance arrangements for partnerships were operating effectively.
36. The results of the review of the PCC's governance arrangements, including the internal control environment, have concluded that arrangements operated effectively throughout 2012/13.
37. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Independent Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.
 - A review of compliance by the PCC of governance arrangements in place against the requirements as set out in CIPFA's "*Delivering Good Governance – A Guidance Note for Police Authorities*".
 - Continue to review the current Financial and Contract Regulations to ensure they remain appropriate and fully reflective of the different governance regimes that are in place.
 - Finalise the Joint Strategic Risk Register covering both the PCC and Chief Constable and arrangements for its reporting to both senior officers and the Joint Independent Audit Committee.
 - Identify the training and development requirements of members of the Joint Independent Audit Committee and arrange an appropriate programme to be delivered during 2013/14.

38. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed

Signed

Signed

PCC

Chief Executive

Treasurer

Dated

Dated

Dated