

NORTHUMBRIA POLICE

JOINT INDEPENDENT AUDIT COMMITTEE:

24 FEBRUARY 2014

ANNUAL GOVERNANCE REVIEW - ASSURANCE FRAMEWORK - 2013/14

Joint Report of Police and Crime Commissioner & Chief Constable

1 Purpose of the Report

- 1.1 The Committee are asked to agree an assurance framework for the production of an Annual Governance Statement for both the Police and Crime Commissioner (PCC) and Chief Constable for 2013/2014.

2 Background

- 2.1 The Accounts and Audit Regulations 2011 require that the PCC and Chief Constable both produce an Annual Governance Statement, setting out their governance arrangements and reviewing their effectiveness. These will be reviewed by the Joint Independent Audit Committee before approval by the PCC and Chief Constable. The statements will then accompany the Annual Statement of Accounts for each body.

3 Assurance Framework

- 3.1 The assurance framework is made up from a number of sources that provide assurance on governance arrangements and controls in place to achieve each body's strategic objectives.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued guidance based around a framework that sets out the steps by which assurance should be gathered to enable the production of an Annual Governance Statement for both the PCC and Chief Constable.
- 3.3 In preparation it will be necessary to review evidence from the following sources of assurance that the systems of internal control are operating as planned: -
- Governance arrangements
 - Senior managers
 - The system of internal audit
 - Risk management arrangements
 - Performance management and data quality

- Views of the external auditor, HMIC and other external inspectorates.
- The legal and regulatory framework
- Financial controls
- Partnership arrangements and governance
- Other sources of assurance

4 Sources of Assurance

4.1 Governance arrangements

4.1.1 The PCC and Chief Constable have responsibilities for governance within the Office of the Police & Crime Commissioner (OPCC) and Force in their own right. This means that there will be two freestanding processes within the Police Service for ensuring good governance. In most respects the principles and implementation will be the same for the PCC and the Chief Constable. There may be however, areas specific to each corporation sole which will need to be reflected.

4.1.2 Using the CIPFA guidance and framework, the PCC and Chief Constable should each nominate an individual or a group of individuals who have appropriate knowledge, expertise and levels of seniority to:

- Consider the extent to which the organisations comply with the principles and elements of good governance set out in the framework
- Identify systems, processes and documentation that provide evidence of compliance.
- Identify the individuals or mechanisms responsible for monitoring and reviewing the systems, processes and documentation
- Identify any governance issues that have not been addressed and consider how they should be addressed.
- Identify the individuals who would be responsible for undertaking any actions that are required.

4.2 Senior managers

4.2.1 All Heads of Department and Area Commanders for the Force and the Chief Executive of the OPCC will complete a self assessment assurance statement detailing the level of assurance they feel they can place on their key control and governance processes. The Joint Independent Audit Committee will receive a report giving the overall opinion of senior managers on the adequacy of arrangements they have in place.

4.3 The system of internal audit

- 4.3.1 The Internal Audit Service, provided under a support services agreement with Gateshead Council, is responsible for ensuring that the key systems, both financial and non financial, of both bodies are subject to regular audit as part of the risk based internal audit plan.
- 4.3.2 In addition a review of the effectiveness of internal audit is required under the Accounts and Audit Regulations 2011. This is defined by CIPFA as “a framework of assurance available to satisfy a local authority that the risks to its objectives, and the risks inherent in understanding its work, have been properly identified and are being managed by controls that are adequately designed and effective in operation. This review will also include evaluating the effectiveness of the Joint Independent Audit Committee.
- 4.3.3 The overall independent opinion of the Chief Internal Auditor based on the work undertaken by the Internal Audit Service during the year will be reported to the Joint Independent Audit Committee in the Internal Audit Annual Report 2013/14.

4.4 Risk management

- 4.4.1 The PCC has a dual responsibility for putting in place arrangements to manage her own risks, separate from those of the Chief Constable, and for monitoring that the Chief Constable has adequate risk management arrangements in place. Assurance in this area will be provided in the Corporate Risk Management Annual Report for 2013/14.

4.5 Performance management and data quality

- 4.5.1 The performance management framework forms part of the assurance of senior managers on the key controls operating in their areas.
- 4.5.2 In addition there is a framework for reporting corporate performance management information, including oversight by the PCC. Assurance will be provided to the Committee in respect of this framework.

4.6 Views of the external auditor and other external inspectorates

- 4.6.1 The external auditor will issue an Annual Audit Letter to both the PCC and Chief Constable, providing a review of the value for money arrangements in each body and reporting any significant issues arising from the audits of their financial statements.
- 4.6.2 There are also a number of other external inspectorates, including HMIC, which report from time to time on management and governance arrangements within the Police Service.

4.7 Legal and regulatory framework

4.7.1 Assurance will be sought from the PCC's Chief Executive and the Chief Constable's Head of Legal who have a legal duty within their own bodies to ensure the lawfulness and fairness of decision-making and ensure compliance with established policies, procedures, laws and regulations.

4.8 Financial controls

4.8.1 Assurance will be sought from the Joint Chief Finance Officer to the PCC and Chief Constable, who is designated as the responsible officer for the administration of each body's financial affairs under section 151 of the Local Government Act 1972.

4.9 Partnership arrangements and governance

4.9.1 Assurance is also required in respect of any significant partnership arrangements, as they are key to the delivery of each body's objectives. Each arrangement will be assessed against guidance produced by the Audit Commission (Bridging the Accountability Gap, 2005)

4.10 Other sources of assurance

4.10.1 Other areas include anything not covered above which give an opinion on the internal control environment or governance arrangements for either body. This could, as an example, include issues arising from the work of the Professional Standards Department.

5 Review of Governance Arrangements

5.1 The actual review of evidence from these assessments will be undertaken by a group of representatives of both the PCC and Chief Constable who will prepare the statements covering 2013/14 for review and approval by the Joint Independent Audit Committee.

6 Equal opportunities implications

6.1 It is considered that there are no equal opportunities implications arising from the report.

7 Human rights implications

7.1 It is considered that there are no human rights implications arising from the report.

8 Risk Management implications

- 8.1 There are no additional risk management implications arising directly from this report.

9 Financial implications

- 9.1 There are no financial implications directly arising from this report

10 Recommendation

- 10.1 The Committee is asked to agree the Annual Governance Statement assurance framework for both the PCC and Chief Constable as set out in this report.