

<b>JOINT INDEPENDENT AUDIT COMMITTEE</b>	<b>14 May 2018</b>
<b>SELF ASSESSMENT OF THE CHIEF FINANCE OFFICER</b>	
<b>REPORT OF JOINT CHIEF FINANCE OFFICER</b>	

## **1. PURPOSE**

- 1.1. A self-assessment of whether best practice financial governance arrangements have been in place during the financial year 2017/18 has been completed by the Joint Chief Finance Officer for the purposes of the Annual Governance Statement (AGS). In accordance with the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

## **2. RECOMMENDATION**

- 2.1 To note and endorse the findings of this report for inclusion within the Annual Governance Statement.

## **3. BACKGROUND**

- 3.1. The Chief Finance Officer (CFO) occupies a critical position in any organisation, holding the financial reins of the business and ensuring that resources are used wisely to secure positive results. While the austerity cuts and economic downturn have made these tasks even more challenging, they have also underlined the fundamental importance of the role. Achieving value for money and securing stewardship are key components of the CFOs role in public service organisations, a duty enshrined in legislation for the CFOs appointed by Police and Crime Commissioner's (PCC) and Chief Constable's (CC).
- 3.2. The purpose of the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014) (The Statement), is to support CFOs in the fulfilment of their duties and to ensure that the PCC and CC have access to effective financial advice at the highest level.
- 3.3. The CIPFA Statement has five key principles as follows:
1. The CFO of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.
  2. The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.
  3. The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.

4. The CFO must lead and direct a finance function that is resourced to be fit for purpose.
  5. The CFO must be professionally qualified and suitably experienced.
- 3.4. The Statement also sets out the governance requirements, CFO responsibilities and other skills and controls expected in detail for each of the five principles.
  - 3.5. There is a 'comply or explain' requirement in the AGS in relation to the requirements of this CIPFA Statement.
  - 3.6. A detailed line-by-line self-assessment review of the Statement has been undertaken and can be found at Appendix A.

#### 4. FINDINGS

- 4.1. The review carried out in 2015 identified that where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the organisations AGS, together with an explanation of how this arrangement delivers the same impact. As in previous years this will be reviewed and included within the 2017/18 AGS.

The PCC for Northumbria and the CC agreed to appoint a joint CFO for both organisations with effect from 29 March 2013. The reasoning was that a joint CFO role would provide both the PCC and CC with an efficient, effective, economic and better coordinated finance lead. The joint role is subject to the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2014).

The joint arrangement has now been in place for five full financial years. A detailed self-assessment to the Statement has been completed and has found the role to be working well.

- 4.2. No other areas of non-compliance have been identified and therefore need to be disclosed in the AGS.

#### 5. CONSIDERATIONS

<b>Freedom of Information</b>	<i>Non-exempt</i>
<b>Consultation</b>	Yes
<b>Resource</b>	No
There are no additional financial considerations arising from this report.	
<b>Equality</b>	No
There are no equality implications arising from the content of this report.	
<b>Legal</b>	No
There are no legal considerations arising from the content of this report.	

<b>Risk</b>	No
There are no additional risk management implications directly arising from this report.	
<b>Communication</b>	Yes
<b>Evaluation</b>	No