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Police and Crime Commissioner for Gloucestershire

Annual Governance Statement

1 April 2016 to 31 March 2017

## **Police and Crime Commissioner for Gloucestershire Annual Governance Statement**

There is a statutory requirement to prepare the Annual Governance Statement which sets out the internal controls in place to ensure proper practices and good governance arrangements in accordance with the CIPFA/SOLACE Delivering Good Practice in Local Government: Framework (2016). The Annual Governance Statement is one way in which public sector bodies can assess and demonstrate that they are taking a responsible and informed approach to governance arrangements.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 (CIPFA/LASAAC 2016) states that:

*The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirement in England, Scotland, Northern Ireland and Wales for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.*

*Therefore local authorities in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code*

This Governance Statement is based on the seven principles of the framework. The content of this document provides some of detail on the systems, processes, culture and values throughout the Organisation. The content reflects major areas and is not an exhaustive list of all control issues in place.

The seven principles are:

1. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
2. Ensuring openness and comprehensive stakeholder engagement
3. Defining outcomes in terms of sustainable economic, social and environmental benefits
4. Determining the interventions necessary to optimise the achievement of the intended outcomes
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it
6. Managing risks and performance through robust internal control and strong public financial management
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## **Scope of Responsibilities**

This statement covers the Police and Crime Commissioner for Gloucestershire (PCC). A separate governance statement for the Chief Constable is included with the Chief Constable's accounts.

The PCC is responsible for ensuring that the organisation operates in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The PCC must put in place proper arrangements for the governance of his affairs and for facilitating the exercise of his functions. This includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility the PCC places reliance on the Chief Constable to support the governance and risk management processes. For the purposes of this document reference is made to 'the Organisation' which includes the Constabulary (under the direction and control of the Chief Constable) and the OPCC under the leadership of the PCC's Chief Executive.

The PCC has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The PCC also has a duty under the Police Reform and Social Responsibility Act 2011 to secure the efficiency and effectiveness of the police force.

The PCC and the Chief Constable operate within a joint Corporate Governance Framework which provides clarity on the way the two organisations will be governed. The Corporate Governance Framework incorporates the principles of the CIPFA / SOLACE Framework: Delivering Good Governance in Local Government. A copy of the Corporate Governance Framework is available on the website for the OPCC.

The PCC's Chief Finance Officer has responsibility for providing advice on all financial matters, maintaining financial records and accounts and ensuring an effective system of financial control is in place. Since 23<sup>rd</sup> August 2016 the Chief Finance Officer for the Chief Constable has also taken on the role of Chief Finance Officer for the PCC.

## **The Purpose of the Governance Framework**

The governance framework in place throughout the financial year covers the period from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017, and up to the date of approval of the annual Statement of Accounts.

This framework sets out the systems and processes and the culture and values by which the organisation is directed and controlled, and the activities through which it engages with its communities. It enables the organisation to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide a reasonable and not an 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 policies, aims and objectives, to evaluate the likelihood and the potential impact of those risks being realised, and to manage them effectively, efficiently and economically.

## Organisation Changes

In May 2016 Martin Surl was re-elected as Police and Crime Commissioner for Gloucestershire.

The following significant staffing changes took place during 2016/17, and in the period since 31<sup>st</sup> March 2017:

- The PCC appointed Chris Brierley as Deputy Police and Crime Commissioner from 3<sup>rd</sup> October 2016.
- The Chief Finance Officer for the PCC, David Bennett, retired on 22<sup>nd</sup> August 2016 and the Chief Finance Officer for the Chief Constable, Peter Skelton, took on the role of Chief Finance Officer for the PCC from 23<sup>rd</sup> August 2016.

Within the Constabulary the following changes took place:

- The Chief Constable, Suzette Davenport, retired on 30<sup>th</sup> April 2017. The Deputy Chief Constable, Rod Hansen, has been appointed as Temporary Chief Constable for twelve months from 1<sup>st</sup> May 2017.
- Assistant Chief Constable, Jon Stratford, has been appointed as Temporary Deputy Chief Constable from 1<sup>st</sup> May 2017. Jon Stratford was appointed as Assistant Chief Constable on 16<sup>th</sup> June 2016.
- Michael Griffiths was appointed as Head of Legal Services on 1<sup>st</sup> April 2016
- Lucy Shirodkar was appointed as Head of ICT on 11<sup>th</sup> April 2016

## **Principle One: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

- The PCC and the Chief Constable have jointly developed and approved a Corporate Governance Framework which clarifies the working relationship between the PCC, the Chief Constable and their staff. This includes the scheme of delegation and financial regulations. The Framework is informed by the requirements of the Good Governance Statement for Public Services and is consistent with the seven Nolan principles for standards in public life.
- The national Code of Ethics sets and defines the standards of behaviour for everyone working in policing both on and off duty. It is applicable to all officers and staff. The Code includes the nine policing principles and the ten standards of professional behaviour. This includes the national decision making tool for use by officers and staff to enable them to make decisions which are consistent with these principles and expected behaviours.
- The PCC has established an Ethics Panel to support and challenge the implementation of ethical standards within the OPCC and the Constabulary. The Panel consists of a number of independent members and its role includes reviewing a selection of closed complaints files (to satisfy itself that the investigation and outcome has addressed the concerns of the complainants and the wider community) and considering any issues arising from the internal Code of Ethics Group.
- The PCC and Chief Constable have transparent and accessible arrangements for dealing with complaints received from the public.

- The Constabulary has a Professional Standards Department and an Anti-Corruption Unit which undertake investigations in relation to complaints made by members of the public and internal misconduct matters.
- Complaints against the Chief Constable are dealt with by the PCC. The independent Police and Crime Panel handles complaints made against the PCC.
- A policy is in place for whistle-blowing and the organisation has a Fraud and Anti-Corruption Policy. The organisation also participates in the National Fraud Initiative.
- Policies and procedures provide a framework that sets out expectations and working practices for the conduct and behaviour of all officers and staff. The Police Staff Disciplinary Policy details arrangements for Police Staff. Each member of staff has been issued with the Staff Code of Conduct, and staff who hold accreditation to professional bodies are subject to the codes of conduct associated with those bodies.
- In house legal advice is used to ensure that the organisation acts legally in discharging its functions and also provides advice on new legal developments.
- The organisation is committed to open and accountable decision-making. To meet this commitment there are procedures to be followed for decision-making. These are designed to ensure that all decisions are made in accordance with the following principles:
  - Significant decisions will be made in public or will be publicly reported wherever appropriate.
  - Decisions must be lawful
  - Decisions should take account of consultation with the public and advice from officers and staff.
  - Decisions will respect human rights.
  - The desired outcomes should be clear.
  - Decisions should be properly reasoned and where appropriate the reasons for rejecting alternatives should be explained.
- The governance structure is based around a joint decision making approach wherever possible, with attendees from both the Constabulary and the OPCC attending boards, including the Constabulary's Monthly Executive Board. The ultimate decision making board within the organisation is the PCC's Governance Board, which is attended by the PCC and the Chief Constable, and their officers. Decisions made at this forum are publicly available on the PCC's website.
- Members of the public can make complaints to the Chief Finance Officers regarding the proper administration of financial affairs. If either of the Chief Finance Officers considers there is a need to report this, they are required by legislation to prepare a report and send a copy to the PCC, the Chief Constable and the external auditor. The Chief Finance Officer should also inform members of the Audit Committee, the Police and Crime Panel and the internal auditor.

## **Principle Two: Ensuring openness and comprehensive stakeholder engagement**

### **Police and Crime Plan**

The PCC has produced the Police and Crime Plan for 2017-2021. This plan takes into account the views of local communities within Gloucestershire, partners and the Constabulary. The priorities of the plan are:

- Accessibility and accountability
- Older but not overlooked
- Young people becoming good adults
- Safer days and nights
- Safe and social driving
- Safer cyber

A priority lead has been appointed for each priority who works together with the police priority lead to ensure that delivery plans are developed for each priority.

### **Budget Consultation**

The PCC, together with the Chief Constable, develops a Medium Term Financial Plan (MTFP) on an annual basis. This plan is informed by both internal discussions as well as external stakeholder engagement, including a budget consultation exercise.

A budget consultation exercise was carried out for the 2016/17 budget and MTFP, to determine the level of support for a 2% council tax increase. This was carried out through a variety of means, including online public and staff surveys and engagement with the public at various locations around the county using the Neighbourhood Engagement Vehicle. A full budget consultation exercise was not carried out for the 2017/18 budget and MTFP as a statement made by the Policing Minister made it clear that the Home Office expected PCCs to increase council tax by the maximum amount allowed to maintain funding at flat cash levels.

### **Commissioner's Forum**

The Commissioner's Forum has been set up to act as a source of information, advice and ideas to the PCC and to the Constabulary. The Forum consists of invited members who meet quarterly. The objectives include:

- To comment on the Police and Crime Plan, its implementation and future development.
- To comment on any issues on which the PCC and/or the Constabulary may seek to consult the communities of Gloucestershire
- To consider and comment upon any reviews undertaken of policing activities affecting the county.

### **Police and Crime Panel**

The Police and Crime Panel maintains a regular check and balance on the performance of the PCC. The Panel is under a duty to support, as well as challenge, the PCC. The Panel meets regularly to review and scrutinise the decisions and actions of the PCC and his delivery of the priorities within the Police and Crime Plan. The Panel also meets specifically to consider the PCC's proposed annual precept and any proposed appointments to the roles of Chief Constable, Deputy PCC, Chief Executive and Chief Finance Officer.

The Constabulary also carries out the following surveys which ensure stakeholder engagement for the organisation.

### **Local Policing Survey**

Every year the Constabulary consults with members of the public to gather opinions about the public's trust and confidence in the police. The survey is carried out randomly with members of the public who live within the county; are policed by Gloucestershire Constabulary; and who may or may not have had direct contact with the Constabulary. The survey assesses:

- Perceptions of levels of crime and anti-social behaviour.
- Perceptions of the police, i.e. are they doing a good job and tackling local issues?
- Whether the public trust the police and co-operate with them (police legitimacy)
- Whether the public feel they are informed about policing in their area, and
- Any local community issues and/or harms

Telephone interviews are carried out monthly with a random sample of households. Around 190 interviews are obtained each month with equal numbers of respondents from each Local Policing Area.

### **User Satisfaction Survey**

Each month a sample of victims of volume crime are invited to take part in a user satisfaction survey. This is a survey conducted over the telephone, which asks victims to rate their satisfaction or dissatisfaction with various elements of the service they received. It also invites respondents to suggest improvements, or to alert the organisation to failures in service.

The results are presented in various ways within the organisation in order to monitor performance and highlight improvements. The data is used by the Home Office and HMIC in order to compare performance with other Forces and to monitor progress.

### **Staff Survey**

The Constabulary, with assistance from Durham University has developed an on line staff survey. The survey was introduced in 2014 and is repeated periodically. The results suggest that the workforce is relatively happy in their role and most report that they are highly motivated to serve the public.

The results feed into the leadership programme of work that is being developed within the organisation. The results are also shared other across forces so that best practice and learning can be shared. High level findings are disseminated across the organisation.

## **Principle Three: Defining outcomes in terms of sustainable economic, social and environmental benefits**

The Police and Crime Plan is set by the PCC and the main responsibility for delivering the outcomes within the plan rests with the Chief Constable and the Constabulary. Police leads have been appointed for each of the six priorities, to work with the priority leads to develop delivery plans for each priority. Progress on each of the priorities is monitored through the PCC Governance Board. The PCC has made funds available for priority leads for resources to support delivery of their plans.

The MTFP is developed jointly between the PCC and the Chief Constable and considers a four year planning horizon. This is reviewed regularly to ensure resources are available to progress the Police and Crime Plan and to ensure financial sustainability over the short and medium term.

### **Commissioner's Fund**

The PCC introduced the Commissioner's Fund in 2012, to award community grants that will support safer communities and reduce crime. The fund is available to the wider communities of Gloucestershire to support projects or initiatives that will help deliver one or more of the six priorities within the Police and Crime Plan.

Since 2012 around £5 million has been invested in over 350 projects across the county. An independent review of that work and the approach shows that the investment has generated over 72,000 hours of volunteering time and has probably resulted in an additional £1 million worth of extra investment in the local economy each year. A list of the projects that are funded can be found on the PCC's website - <https://www.gloucestershire-pcc.gov.uk/what-the-pcc-has-done-for-gloucestershire/local-projects-weve-supported/>

The following funding is also available through the PCC:

- Funding to commission victims' services in Gloucestershire
- Late Night Levy funding in Cheltenham
- SPECs funding, utilising financial penalties received from motorists who have exceeded the speed limit in roadwork schemes on the motorway. This is used to fund road safety initiatives to support the Safe and Social Driving priority.

### **Environmental Standards**

The Police and Crime Plan, set by the PCC, includes a section on "a green and pleasant county for now and in the future." This asks the Constabulary to seek new opportunities to reduce waste and pollution, audit its environmental footprint, develop a plan to work towards a paperless environment and continue the electrification of the fleet. The main responsibility for delivering the outcomes of the plan rests with the Chief Constable and the Constabulary.

The Constabulary is fully committed to the protection of the environment and recognises the need for the principles of environmental management and sustainable development to become an integral part of day-to-day activities and future planning. In order to achieve this, the Constabulary has developed and implemented an environmental management system (EMS) externally audited against the ISO 14001 standard. The Constabulary first achieved ISO 14001 certification in 2006 and the most recent recertification was achieved in August 2016.

The carbon management plan is used to quantify carbon emissions and to identify and integrate energy and fuel saving projects into a clear strategy which can be implemented over the next five years. By reducing carbon emissions through saving energy the Constabulary can potentially realise significant cost savings, contribute to the government drive towards a low carbon economy and adapt to climate change.

### **Collaboration and Partnerships**

The PCC and the Constabulary are committed to working collaboratively with others where this:

- Supports the delivery of the Police and Crime Plan
- Builds resilience, capability and capacity to provide the best possible overall service to our communities

- Enables longer-term operational effectiveness and economy through greater interoperability, integration and or joint working of policing and public services
- Achieves value for money through economies of scale, increased efficiency, greater effectiveness or improved potential for sustainable delivery.

In developing its significant partnerships, the organisation has ensured that it has in place a framework that enables it to maximise the benefits from partnership working and that its risks are mitigated to an acceptable level. Statutory partnerships are subject to either contractual agreements or are governed by legislation.

Examples are:

- National Police Air Service (NPAS)
- Sexual Assault Referral Centre with the Gloucestershire Care Services NHS Trust
- Public Protection Bureau with six partnership agencies
- Tri-Service Fleet Workshop arrangements with the Fire and Ambulance Services
- Regional Serious and Organised Crime capabilities which contain Intelligence, Asset Recovery and Crime teams
- Tri Force Major Crime Collaboration with Avon and Somerset Constabulary and Wiltshire Police
- Collaboration between the forces in the South West, South East and North West on the Forensic Science Service Consortium Contract
- Tri Force Firearms Training facility
- Tri Force Specialist Operations for Road Policing, Firearms and Dogs Units
- South West Police Procurement Department (SWPPD)

#### **Principle Four: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Performance monitoring is undertaken within the Constabulary through a series of boards and meetings which report into the Executive Board. The Chief Constable will report significant performance issues to the monthly PCC Governance Board and the PCC may request information on perceived performance issues to come to that meeting. There are regular meetings between the PCC and the Chief Constable and between the OPCC and the Executive Board.

As part of the Strategic Business Plan for 2016/17 the Constabulary has developed seven strategic objectives, based around the priorities in the Police and Crime Plan:

- Reduce the number of crimes which have the greatest harm and impact on our communities;
- Provide services that are valued and supported by our communities;
- Develop our capability to deliver consistently high standards of investigation;
- Build partnerships and collaborative relationships which are effective, integrated and sustainable;
- Improve the well-being of our officers and staff and ensure they have the right skills to do their jobs giving the Constabulary greater resilience;

- Ensure all information we handle is accurate and of the highest quality and that our officers and staff have access to, and understand, the information they need to help them do their jobs effectively;
- Modernise our technology to ensure our workforce delivers an effective and cost efficient service.

Monthly financial monitoring reports are presented to the Monthly Executive Board and the Finance Panel, attended by both the PCC and the Chief Constable. These reports monitor the progress of actual expenditure against budget and the projected outturn for the year. Regular reports are also presented on the budget setting for the following year and the preparation of the next Medium Term Financial Plan. From 23<sup>rd</sup> August 2016 the PCC and the Chief Constable have shared a Chief Finance Officer ensuring consistent financial information and advice is presented to all meetings.

### **Principle Five: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The PCC and the Chief Constable recognise that the people within the organisation deliver the service and to be effective in meeting the needs of the communities of Gloucestershire the organisation must ensure that there are enough people with the right skills to meet changing demands. It is important to note that in 2016/17 the Constabulary is operating with significantly less officers and staff than in 2010.

The PCC has implemented a staffing structure within the OPCC to ensure that it has the necessary capability and capacity to provide support to deliver his statutory functions, such as commissioning services for victims and witnesses. The Chief Executive manages the OPCC and reviews the workload and capacity of the office. From 3<sup>rd</sup> October 2016 a Deputy PCC was appointed to assist the PCC with his workload. The PCC appointed a second policy officer during the year, with an expertise in criminal justice, to ensure that the PCC is briefed on all national legislation and to work to ensure that community safety and criminal justice partners are brought together to make sure local priorities are joined up. Additional support has also been provided for the Commissioner's Fund which now receives over 160 applications per year for funding.

The PCC and Chief Constable recognise the importance of leadership and the Constabulary is developing a leadership programme following a review in 2015. HMIC, in their Leadership inspection, identified that the workforce have leadership expectations that are clearly defined and understood at all levels. Many officers and staff understood how leadership expectations and behaviour relate to their individual roles and provide them with a structure to manage and lead others effectively.

The inspection also noted that the force has improved its understanding of the skills of its workforce and has updated its information on workforce capacity and capability. Basic management training modules have been developed but it is too early to assess the impact of these.

All officers and staff in the Constabulary and the OPCC have personal development reviews. The HMIC Leadership inspection noted that there were concerns that these were not being used to inform staff development and promotion, and the process is currently being reviewed to ensure that they are more consistently assessed and that personal objectives are linked to departmental and corporate objectives.

The Constabulary has a Well Being Board that is chaired by the Chief Constable. Wellbeing is a key element of the constabulary's "people" objective within the strategic business plan. An external assistance programme, including counselling services, is provided for all officers and staff.

A survey was recently carried out with the staff in the OPCC which found that the majority of the staff thought that health and well-being was a priority within the OPCC and that the work environment in the OPCC supported good emotional well-being.

### **Principle Six: Managing risks and performance through robust internal control and strong public financial management.**

All strategic decision making is carried out in accordance with the Corporate Governance Framework. The main decision making meeting for the PCC is the PCC's Governance Board. All significant decisions made by the PCC are made at this meeting, and are recorded and published. The meeting is also attended by the Chief Constable, the Chief Executive, the Deputy PCC, the Chief Finance Officers and the Joint Head of Communications and Engagement. At each meeting an update is provided by the Constabulary on progress on one of the priorities in the Police and Crime Plan, and the PCC receives updates on performance in areas where issues have been identified.

The PCC and the Chief Executive meet weekly with the Chief Constable and there are regular meetings between the OPCC and the Constabulary Executive Board.

There is also a joint Finance Panel which meets monthly and is attended by the PCC, the Chief Constable, the Chief Finance Officers and the Chief Executive. The meeting is held to discuss and review financial matters and financial decisions are referred to the PCC's Governance Board.

#### **Joint Audit Committee**

The PCC and the Chief Constable have established a Joint Audit Committee. The purpose of the Committee is to provide independent assurance to the PCC and the Chief Constable of the adequacy of the risk management framework and the associated control environment and to provide independent scrutiny of the financial and non-financial performance to the extent that it affects exposure to risk and weakens the control environment. The Committee receives reports from the internal auditor and the external auditor, and other reports as required.

The Committee's terms of reference include the following:

- Consider the Corporate Governance Framework and make recommendations as appropriate
- Keep under review the effectiveness of the internal control systems and seek assurances regarding the systems
- Consider the effectiveness of the risk management policy and arrangements and regularly review the corporate risk register
- Keep under review the effectiveness of internal audit, advise on the appointment of internal auditors and the annual plan and receive and review audit reports, and monitor the progress on high priority recommendations

- Keep under review the effectiveness of external audit, consider the external audit plan and receive and review reports from the external auditor
- Keep under review anti-fraud and anti-corruption arrangements.
- Review the annual statement of accounts
- Recommend approval of the Annual Governance Statement.

### **Financial Management and Control**

Financial control has been maintained and operated in respect of the resources under the control of the PCC and the Chief Constable. The system of internal financial control provides assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or should be detected within a timely period.

The organisation's financial management arrangements conform to the five principles in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010):

1. The Chief Finance Officers of the PCC and of the Chief Constable are key members of the Leadership Team helping the organisation to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.
2. The Chief Finance Officers 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 Chief Finance Officers 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 Chief Finance Officers must lead and direct a finance function that is resourced to be fit for purpose.
5. The Chief Finance Officers must be professionally qualified and suitably experienced.

From 23rd August 2016 the PCC and the Chief Constable have shared a Chief Finance Officer. This has been on a trial basis and a report will be presented in August 2017 with recommendations moving forward. To date no conflict has arisen as a result of a single officer reporting to two principals. However the possibility has been considered and a resolution process will be provided for in the Corporate Governance framework if this arrangement is made permanent.

Sharing the Chief Finance Officer has ensured that all relevant financial information held by the Force is available to the Chief Finance Officer for the PCC and all significant decisions and commitments, with financial implications, are reported to the OPCC. It also enables clear messages to be given on control procedures.

### **Risk Management Processes**

Mechanisms for the management of risk are embedded in the operational and organisational activities of the organisation. The primary objective of the risk management process is to manage threats in a way that reduces the likelihood of them occurring and minimises their impact should they materialise. The Strategic Risk Register is developed through the analysis of risks held on the Constabulary's, the PCC's, and departmental, operational and functional risk registers. The Strategic Risk Register is presented for scrutiny at the Joint Audit Committee. As part of the process:

- There is a Standard Operating Procedure for Risk Management.
- An embedded culture where everyone is aware of the approach to risk and their responsibilities in relation to it.
- Police officers and staff are encouraged to raise potential risks that may concern them.

There is only one significant "red risk" on the Corporate Strategic Risk Register. This relates to the disruption or loss of the Gloucestershire police network because of malware infection. This can lead to the loss or compromise of data or the denial of service (no network). There are controls in place to mitigate this risk but the risk is still scored high. The ICT team have implemented full protective monitoring and increased security on the network. Also, all staff have been alerted to the issue and issued with security education.

### **Principle Seven: Implementing good practices in transparency, reporting and audit to deliver effective accountability**

The PCC is committed to ensuring he is open and transparent in the way that he conducts his business, and has effective working relationships with the internal auditor and the external auditor.

#### **Internal Audit**

The PCC and the Chief Constable commission the services of the Gloucestershire County Council Internal Audit Unit, and an annual plan is developed, in conjunction with the Joint Audit Committee, to audit a range of business areas and functions during the year. The reports from these audits are scrutinised at the Joint Audit Committee. Progress against the implementation of any recommendation is reported to the Joint Audit Committee until such time as all parties are satisfied that they have been met.

The Chief Internal Auditor has given the following opinion on the Internal Control Environment for the 2016/17:

*"I am satisfied that, based on the internal audit activity undertaken during 2016/17 and management's actions taken in response to that activity, enhanced by the work of other external review agencies, sufficient evidence is available to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the overall internal control environment for the Police and Crime Commissioner and the Chief Constable.*

*In our opinion, for the 12 months ended 31<sup>st</sup> March 2017, the PCC and Chief Constable has maintained a **satisfactory** control environment, to enable the achievement of the key outcomes and objectives."*

At arriving at that opinion the Internal Auditors have taken into account:

- The results of all internal audit activity undertaken during the year ended 31<sup>st</sup> March 2017 and whether high and medium priority recommendations have been accepted by management;
- That risk management processes are considered to be embedded in the operational activities of the OPCC and the Constabulary;
- The effects of any material changes in the organisation's risk profile, objectives or activities;
- Matters arising from Internal Audit quarterly progress reports or other assurance providers to the Joint Audit Committee;
- That no limitations were placed on the scope of the internal audit activity; and
- That no resource constraints were imposed on internal audit which impacted on their ability to meet the full internal audit needs of the organisations.

The table below sets out the results of the audits completed in 2016/17 and the number of recommendations arising from those audits:

Audit	Risk	Control	Number of Recommendations			
	Assurance Opinion	Assurance Opinion	High Priority	Medium Priority	Best Practice	Accepted
Fleet Management	Satisfactory	Satisfactory	1	2	3	Yes
Treasury Management	<b>Substantial</b>	<b>Substantial</b>	0	0	0	N/A
VAT	<b>Substantial</b>	<b>Substantial</b>	0	0	0	N/A
MAPPA	<b>Substantial</b>	<b>Substantial</b>	0	1	0	Yes
DVPN/DVPO	Satisfactory	Satisfactory	0	0	0	N/A
Seized and Found Property	<b>Substantial</b>	Satisfactory	0	0	0	N/A
Business Continuity	<b>Substantial</b>	Satisfactory	1	1	1	Yes
Infrastructure Security	Satisfactory	Satisfactory	0	5	0	Yes
Database Security and Mgt	Satisfactory	Limited	2	4	0	Yes
<b>Total</b>			<b>4</b>	<b>13</b>	<b>4</b>	

The findings from the audit activity resulted in a less than satisfactory opinion for only one audit during the year. The audit of database security and management identified a number of improvement actions and two high priority recommendations. The audit provided satisfactory assurance that the risk identification arrangements operating within the ICT department are operating as intended, but limited assurance was provided that these risks, which are considered to be material to the achievement of the service's objectives, are adequately managed and controlled. The recommendations have been accepted and actions are being taken to rectify these issues.

An independent assessment of the effectiveness of the internal audit function was undertaken in 2015. The independent assessment identified 100% conformance with the International Professional Practice Framework (IPPF) and stated that this is an excellent performance given the breadth of the IPPF.

### **External Auditors**

Grant Thornton are the independent external auditors for the PCC and the Chief Constable. Their work programme is set in accordance with the Code of Audit Practice and includes nationally prescribed and locally determined work. The Code requires the external auditor to give an opinion on the accounts of the PCC and the Chief Constable and to issue a value for money conclusion.

For the audit of the 2015/16 accounts, signed off in September 2016, Grant Thornton provided an unqualified opinion in respect of the PCC's financial statements, including the group financial statements. They also reported that in all significant respects the PCC had proper arrangements in place to secure economy, efficiency and effectiveness in the use of his resources.

## **HMIC**

The Constabulary has been subject to review by HMIC during 2016/17 under the Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. The full outcome is reported on the HMIC website. The following outcomes were reported:

- **Effectiveness**

The Constabulary was assessed as requiring improvement in respect of its effectiveness at keeping people safe and reducing crime. The overall judgement was the same as the previous year. The inspection found that although some improvements had been made against the recommendations in 2015 progress in other areas had been slow and insufficient to warrant an improved grade.
- **Efficiency**

The Constabulary was assessed as good in respect of how efficient it is in keeping people safe and reducing crime, the same as the previous year. The Constabulary is well prepared to face its future financial challenges and has a good understanding of current and future demand for its services.
- **Legitimacy**

The Constabulary was assessed as requiring improvement in respect of legitimacy with which it keeps people safe and reduces crime. In the previous year the Force was judged to be good. The Force has well embedded clearly defined and well-understood values and behaviours that link to the Code of Ethics. Officers and staff clearly understand the expectation of treating people with fairness and respect, and the force has seen an improvement in public satisfaction over the past 12 months. However, the Force could improve the audits of its IT systems and how it learns from previous incidents and the performance assessment process for officers and staff.

In addition to the PEEL inspections the HMIC also carried out an inspection into Leadership. No grading is provided for this inspection.

- **Leadership**

HMIC assessed how well the force understands, develops and displays leadership through its organisational development:

  - The Constabulary has engaged effectively with its workforce to create a set of leadership values and expectations that are clearly defined at all levels.
  - All staff have an annual personal development review and objectives are set. However staff felt that the outcomes of these reviews were not consistently valued.
  - The leadership values are well understood. However, management training has yet to have an impact on the whole workforce.
  - The force has not carried out an in-depth review of the workforce balance to identify any gaps, and plans to improve diversity are limited to a series of individual actions and initiatives.

The Constabulary has action plans in place to address the recommendations made during the inspections in 2016 and progress is reported to the Executive Board and to Governance Board.

The PCC is required to publish a response to formal reports issued by the HMIC. In response to the effectiveness report the PCC wrote to the Home Secretary pointing out that during the period of inspection crime fell in Gloucestershire and the county is a safe place to live, and that the report disregarded the noticeable improvements that have been made by the Constabulary.

### **PCC Webcast**

During the year the PCC held a public webcast at which he received updates from the Chief Constable and Executive Board on the progress made in implementing the Police and Crime Plan, and questioned officers on the progress made. Following the meeting the PCC and the Chief Constable took part in a question and answer session via the Constabulary website, which gave the public a chance to ask questions directly. These webcasts will continue on a regular basis during 2017/18.

### **Review of Effectiveness**

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 of effectiveness is informed by the work of senior officers and staff who have responsibility for the development and maintenance of the governance environment, the annual report from the Chief Internal Auditor, and by comments made by the external auditors and other review agencies and inspectorates.

In compiling this statement the current governance arrangements have been reviewed and the PCC, the Chief Executive and the Chief Finance Officer for the PCC are satisfied that the arrangements for governance, risk management and control are generally adequate and effective.

### **Significant Governance Issues**

One significant governance issue has been identified.

There is a significant risk on the Corporate Risk Register that government funding will reduce on a year by year basis to 2020/21. The grant received from the Home Office for 2017/18 was £0.8m less than the previous year. Significant savings will therefore be required to balance the budget within the Medium Term Financial Plan and this could lead to a reduction in performance, which could reduce public confidence and workforce morale. Currently savings of £6.4m are projected for the three years from 2018/19 to 2020/21, although this includes £1.8m funding to increase police officer numbers.

Work is currently underway within the Constabulary to identify these savings. The level of grant funding for 2018/19 is likely to be announced in December 2017. The required savings follow the £32m savings identified over the last seven years to balance the budget. The revenue budget for 2017/18 is £107m.

## **Signatories**

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Martin Surl  
Police and Crime Commissioner

P TROTT

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Paul Trott  
Chief Executive

P SKELTON

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Peter Skelton  
Chief Finance Officer for the PCC

27<sup>th</sup> September 2017