



Police and Crime Commissioner for Gloucestershire

Annual Governance Statement

1 April 2017 to 31 March 2018

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 2017/18 (CIPFA/LASAAC 2017) 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 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 his office ("the OPCC") and the Constabulary operate 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 bodies will be governed. The Corporate Governance Framework incorporates the principles of the CIPFA / SOLACE Framework: Delivering Good Governance in Local Government. The Framework was revised during the year and was approved at PCC's Governance Board on 27th March 2018. 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 23rd 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 1st April 2017 to 31st March 2018, 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.

There have been no changes within the senior staff in the OPCC during 2017/18, and in the period since 31st March 2018.

Within the Constabulary the following changes took place:

- Rod Hansen was appointed Chief Constable on 18th December 2017. He was previously the Deputy Chief Constable, and had been Temporary Chief Constable since 1st May 2017, following the retirement of Suzette Davenport.
- Jon Stratford was appointed Deputy Chief Constable on 30th April 2018. He was previously Assistant Chief Constable and had been Temporary Deputy Chief Constable since 1st May 2017.
- Assistant Chief Constable, Julian Moss was appointed on 15th May 2017.
- Temporary Assistant Chief Constable, Gary Thompson retired on 31st May 2018.
- The Head of Corporate Services, Hannah Young, left the Constabulary on 30th June 2017.
- The Head of HR, Rachel Slevin, left the Constabulary on 23rd June 2017. Tracey Webb was appointed as Temporary Head of HR on 11th December 2017.
- Zoe Durrant was appointed as Head of People Services and Workforce Development on 11th June 2018.
- Lucy Shirodkar was appointed as Chief Information Officer on 5th March 2018. She was previously the Head of ICT.

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 to help the PCC hold the Chief Constable to account for the ethical standards of the Constabulary. The Panel consists of a number of independent members and its role includes reviewing the Constabulary and the OPCC against the Nolan Principles. Plans are being developed to also begin 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 the use of force and spit guards within custody. Links have been established with the Constabulary's Code of Ethics Group to enable independent consideration of any emerging issues from the Force.
- 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 also subject to the codes of conduct associated with those bodies.
- In house legal advice (supplemented by external solicitors and counsel) 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 OPCC's website.

- Members of the public can make complaints to the Chief Finance Officer regarding the proper administration of financial affairs. If the Chief Finance Officer 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 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.

Following the grant announcement on 19th December 2017 the PCC consulted on the Home Office's proposal to increase the referendum limit to £12. In January 2018 a survey was available on the PCC website. It was noted that increasing the precept by £12 would increase the budget by £1.7m, which could fund new posts that would go towards improving neighbourhood policing as well as investing in other areas of police work. The questions in the survey and the results of the survey were:

		Yes	No	Maybe
1	Do you agree that policing in Gloucestershire needs a higher level of resourcing?	75%	18%	7%
2	Would you be willing to contribute more to invest in policing in the county?	53%	37%	10%
3	Do you agree that the above areas should be a priority	64%	19%	17%

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 and or OPCC 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, 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, trust and confidence
- Likelihood of reporting and providing information to the police
- Cohesion, wellbeing and life satisfaction of communities and groups they are involved in in their area
- Police activity they have seen in the area, if they have had contact with the police and any opinion changes

Police Community Support Officers carry out the surveys in their local communities on their mobile devices, face to face with members of the public. They are asked to complete two surveys each a month to gain a representative sample. The survey is being used to gain a greater understanding of the public's perception of the police, to inform the Neighbourhood Policing plan, and gain a greater understanding of our communities. Results are distributed to senior officers and local Inspectors.

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. The survey is no longer mandated by the Home Office, but HMICFRS look into how the force gathers and proactively uses the feedback of victims to improve service delivery.

From April 2017 the Constabulary has been running a survey of victims of vehicle crime and anti-social behaviour following their initial contact with the Force Control Room.

Also, since January 2017, the Home Office has required domestic abuse surveys and these are carried out for the Constabulary by Leicestershire Police. On average 10 surveys are completed each month and the reports are distributed to the relevant members of the Constabulary.

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 members of the workforce are relatively happy in their roles and most report that they are highly motivated to serve the public.

The results feed into the supportive leadership and wellbeing programme of work that is being developed within the Organisation. The results are also shared 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's Governance Board. The PCC has made funds available for priority leads 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. HMICFRS stated in 2017 that the Constabulary's financial plans are built on sound planning assumptions and are subject to regular scrutiny.

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 £10 million has been invested in over 440 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.

The Commissioner's Fund comprises the following funds:

- Community Fund
- Priority Leads Fund
- Ministry of Justice grant – to commission victims services in Gloucestershire.
- Speed Enforcement Camera System (SPECS) Fund
- Late Night Levy funding in Cheltenham.

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 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 vehicle 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
- Multi Agency Safeguarding Hub – currently situated in Police accommodation.
- Regional Serious and Organised Crime capabilities
- Tri Force Major Crime Collaboration with Avon and Somerset Constabulary and Wiltshire Police
- Tri Force Specialist Operations for Road Policing, Firearms and Dogs Units
- Tri Force Firearms Training facility
- Collaboration between the forces in the South West, South East and North West on the Forensic Science Service Consortium Contract
- South West Police Procurement Department
- Tri-Service Emergency Centre - Control Room building shared by Police and Fire Services
- Tri-Service Fleet Workshop arrangements with the Fire and Ambulance Services

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's Governance Board and the PCC may request information on perceived performance issues to come to that meeting.

The PCC and the Chief Executive have a weekly holding to account meeting with the Chief Constable, and there are regular meetings between the OPCC and the Executive Board.

As part of the Strategic Business Plan for 2017/18 the Constabulary has developed seven strategic objectives, based around the priorities in the Police and Crime Plan:

- To reduce the number of crimes which have the greatest harm and impact on our communities;
- To provide services that are valued and supported by our communities;
- To develop our capability to deliver consistently high standards of investigation;
- To build and support integrated, sustainable partnerships and collaborations.
- To recruit, train and retain sufficient, capable and motivated people, with the right skills and capabilities to deliver our services.
- To deliver data and information which is accurate, available and accessible, enabling staff to perform their jobs effectively.
- To modernise our functions, processes and supporting technology to optimise the delivery of efficient and effective services.

In January 2018 the new Neighbourhood Policing offer was launched. This includes:

- Dedicated neighbourhood teams made up of Police Officers, Police Community Support Officers (PCSOs) and Special Constables.
- Each local policing area has policy priorities set in consultation with their communities.
- Local and Time Based Tasking to address community concerns. Communities will request hours and resources to address specific, local concerns.
- Each local policing area will have a Rural and Environmental Crime Liaison Officer and a Schools Liaison Officer.
- The two Engagement Vehicles are deployed daily around the county.

Monthly financial monitoring reports are presented to 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 23rd 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 2018 the Constabulary was operating with significantly fewer 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, which includes commissioning services for victims and witnesses. The Chief Executive manages the OPCC and reviews the workload and capacity of the office. In October 2016 the Deputy PCC was appointed to assist the PCC with his workload and during 2017 the PCC undertook the highly acclaimed Future Vision leadership programme, conducted by the Leadership Centre, to enable the PCC to better understand systems leadership and how it might be applied to his role.

The PCC and Chief Constable recognise the importance of leadership and the Constabulary is currently introducing a Supportive Leadership Programme based upon the following concepts:

- Conceptual skills – leaders' competence
- Behaving ethically
- Creating value for serving the community
- Empowering followers
- Helping followers to grow and succeed
- Putting followers' interests before their own
- Emotional healing – looking after well being

Supportive Leadership has been introduced at the Senior Leaders Forum and at Leaders Days and courses have been provided for officers and staff.

All officers and staff in the Constabulary and the OPCC have personal development reviews (PDRs). An HMICFRS inspection noted that there were concerns that these reviews were not being used to inform staff development and promotion. The process has been reviewed and PDRs are now used for internal candidates within the promotion process. The Constabulary has also agreed to upgrade the PDR software to support better engagement between managers and staff and provide additional features to help users.

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

A survey carried out with the staff in the OPCC 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 Chief Constable, the Chief Executive, the Deputy PCC, the Deputy Chief Executive, the Deputy Chief Constable, the Chief Finance Officers and the Joint Head of Communications and Engagement attend the meeting. 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 hold a weekly holding to account meeting with the Chief Constable. Notes of one such meeting each month are published on the PCC's website.

The joint Finance Panel meets monthly and is attended by the PCC, the Chief Constable, the Deputy PCC, 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. The revised Framework was presented to the Audit Committee in September 2017.
- 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.

The Chair of the Audit Committee is Chris Marshall. Two new members were appointed during the year – Mike Nadin (September 2017) and Sally-Anne Barnes (December 2017).

During the year the Audit Committee was consulted on the appointment of the external auditors and the internal auditors. The Audit Committee also provided feedback on the report prepared following the PCC and the Chief Constable sharing a Chief Finance Officer on a trial basis.

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. To date no conflict has arisen as a result of a single officer reporting to two principals. 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.

The Chief Finance Officer post has been shared on a trial basis and during the year a report was prepared with options for moving forward. At the October Governance Board the decision was approved to appoint a part-time Chief Finance Officer for the PCC, without ruling out the option for the same person to be appointed to both roles. The recruitment process for this post is currently being undertaken. In the meantime the Chief Constable's Chief Finance Officer is continuing to cover both posts.

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 are two significant "red" risks on the Strategic Risk Register:

1. There is a risk relating 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, and all staff have been alerted to the issue and issued with security education.
2. There is a risk of the compromise of force data if the HR system failed. ICT have put in place controls to maintain the system and replacement HR systems are currently being evaluated.

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 commissioned the services of the Gloucestershire County Council Internal Audit Unit for 2017/18, and an annual plan was 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 were 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 2017/18:

“I am satisfied that, based on the internal audit activity undertaken during 2017/18 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 31st March 2018, the PCC and Chief Constable has maintained a **satisfactory** control environment, to enable the achievement of the key outcomes and objectives.”*

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

- The results of all internal audit activity undertaken during the year ended 31st March 2018 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 Organisation.

The table below sets out the results of the audits completed in 2017/18 and the number of recommendations arising from those audits:

Audit	Risk	Control	Number of Recommendations			
	Assurance	Assurance	High	Medium	Best	Accepted
	Opinion	Opinion	Priority	Priority	Practice	
Service Contracts	Satisfactory	Satisfactory	1	6	0	Yes
Payroll	Satisfactory	Satisfactory	0	3	0	Yes
Creditors	Substantial	Substantial	0	0	2	Yes
Overtime	Satisfactory	Limited	1	2	0	Yes
Forensic submissions	Substantial	Substantial	0	0	0	N/A
Risk Management	Substantial	Substantial	0	1	2	Yes
ICT Disaster Recovery - follow up	Satisfactory	Satisfactory	1	1	0	Yes
OCT On-Line Banking & Financial Application	Substantial	Substantial	0	0	1	Yes
ICT Remote/Mobile Device Security and Management	Substantial	Substantial	0	1	0	Yes
Total			3	14	5	

The findings from the audit activity resulted in a less than satisfactory opinion for only one audit during the year. The overtime audit provided satisfactory assurance that the risk identification arrangements are operating as intended, but limited assurance was provided that these risks are adequately managed and controlled. There was a high priority recommendation that the procedures for the authorising and recording of overtime and the roles and responsibilities of those involved are clearly stated. The recommendations have been accepted and actions are being taken to rectify the issues. It was also noted that a full review will be undertaken in line with any decision on the implementation of an electronic overtime system.

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

The contract for internal audit has been with Gloucestershire County Council for many years, and during the year it was decided to review this. Following the review a recommendation was made to the PCC's Governance Board to appoint the South West Audit Partnership (SWAP) as the internal auditors from 1st April 2018.

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 2016/17 accounts, signed off in September 2017, 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.

Following a tender process run by Public Sector Audit Appointments Limited (PSAA) nationally, Grant Thornton have been re-appointed as the Organisation's external auditors from 2018/19 for five years.

HMICFRS

The Constabulary has been subject to review by HMICFRS during 2017 under the Police Effectiveness, Efficiency and Legitimacy (PEEL) inspection. The full outcome is reported on the HMIC website. The following outcomes for 2017 were reported:

- **Effectiveness**

The Constabulary was assessed as requiring improvement in respect of its effectiveness. The overall judgement was the same as the previous year. The inspection was satisfied with most aspects of the Constabulary's performance in keeping people safe and reducing crime but stated that the force has more to do to provide a consistently good service. HMICFRS stated that overall the Constabulary has made a great deal of progress since 2016, but there is more to do.

- **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 was judged to be good in its understanding of demand; its use of resources to manage demand is assessed to be good; and its planning for future demand is also judged to be good.

- **Legitimacy**

The Constabulary was assessed as good in respect of legitimacy with which it keeps people safe and reduces crime. HMICFRS stated that their judgement was more positive than last year, when they judged the force to require improvement. The force is judged to be good at treating all of the people it serves with fairness and respect, how well it ensures its workforce behaves ethically and lawfully and that it treats its workforce with fairness and respect.

In addition to the PEEL inspections the HMICFRS also carried out an inspection into Child Protection. No grading is provided for this inspection.

HMICFRS were pleased to find that child protection is a priority for the force and that there is a clear commitment from officers and staff who are dedicated to protecting children. However, while they found good areas of work, they concluded that the commitment was not yet translating into a consistent service for children.

The Constabulary has action plans in place to address the recommendations made during the inspections in 2017 and progress is reported to the Executive Board and to the Governance Board.

PCC Webcast

Holding the Chief Constable to account is one of the PCC's primary roles, and in line with his promise to the public to be transparent, the PCC has held two public webcast meetings with the Chief Constable. In the first webcast on 5th September 2017 the PCC discussed with the Chief Constable knife crime, spit guards, the HMICFRS Child Protection report, neighbourhood policing, crime rates, victims and the budget.

A public webcast meeting was also held on 30th April 2018 when the PCC discussed with the Chief Constable changes to neighbourhood policing, child protection, the police estate and the Chief Constable's first year in the post.

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 adequate and effective.

Significant Governance Issues

There are no significant governance issues.

In the previous Annual Governance Statement for the period from 1st April 2016 to 31st March 2017 there was a significant governance issue concerning the Medium Term Financial Plan. There was a significant risk that government funding would reduce on a year by year basis to 2020/21 and that significant savings would be required to balance the budget within the Medium Term Financial Plan. This could have led to a reduction in performance, which could have reduced public confidence and workforce morale.

In December 2017 the Home Office announced that the government grant would be protected for 2018/19 and 2019/20 and that PCCs would be able to increase their council tax precept levels by £12 before they needed to call a local referendum. The PCC decided to increase the precept by £12 for 2018/19, an increase of 5.6% which has funded additional investment in local policing, child protection and body worn video. Based on the information known at present, the Medium Term Financial Plan is showing a total savings requirement of £2.1m for the three years from 2019/20 to 2021/22. There is a low risk that the savings requirement will affect performance and it is therefore considered that this is no longer a significant governance issue.

Signatories

M SURL

Martin Surl
Police and Crime Commissioner

P TROTT

Paul Trott
Chief Executive

P SKELTON

Peter Skelton
Chief Finance Officer for the PCC

26th July 2018