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# Annual Governance Statement 2018/19 (DRAFT)

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## Glossary

<b>AGS</b>	Annual Governance Statement	<b>ICV*</b>	Independent Custody Visitors
<b>APACE</b>	Association of Police Authority Chief Executives	<b>PAB</b>	Performance & Assurance Board
<b>CC</b>	Chief Constable of Staffordshire Police	<b>PACCTS</b>	Police & Crime Commissioners Treasurers Society
<b>CFO</b>	Chief Fire Officer of Staffordshire Fire and Rescue	<b>PFCP</b>	Police, Fire and Crime Panel
<b>DSC</b>	Deputy Staffordshire Commissioner	<b>SC</b>	Staffordshire Commissioner
<b>ETAP*</b>	Ethics Transparency & Audit Panel	<b>SCO</b>	Staffordshire Commissioners Office
<b>ETAP FP*</b>	Finance Panel for ETAP (Statutory Audit Function)	<b>SNP*</b>	Safer Neighbourhood Panel
<b>FARS</b>	Staffordshire Fire & Rescue Services		
<b>Force</b>	Staffordshire Police		
<b>HMICFRS</b>	Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services		

\* These functions are made up of members of the public

## 1.Introduction

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**Matthew Ellis**  
**Staffordshire Commissioner**  
**Police, Fire & Rescue, Crime**

On 31<sup>st</sup> January 2017, The Policing and Crime Act 2017 received Royal Assent. This placed upon emergency services a statutory duty to collaborate and the opportunity for Police and Crime Commissioners to make a local case for taking on the responsibility for the governance of their local Fire and Rescue Services.

My Local Business Case for Staffordshire was accepted and on the 1<sup>st</sup> August 2018 my position changed to include alongside policing in Staffordshire, the responsibility for the governance of Staffordshire's Fire & Rescue Service. This change means that my office is responsible for the preparation and delivery of two Corporate Governance Frameworks, one relating to Staffordshire Police and the other relating to Staffordshire Fire & Rescue.

The Annual Governance Statement (AGS) prepared by my office provides the public of Staffordshire and Stoke on Trent an overview of how I have ensured compliance with the published Corporate Governance Frameworks for the year ending 31<sup>st</sup> March 2019.

I am pleased that in 2018/19 a strong commitment in obtaining the best value for money for Staffordshire and Stoke on Trent residents has been demonstrated by my office. We have accomplished a very successful transition of responsibility for Fire Service Governance gaining Substantial Assurance<sup>1</sup> from an independent review of the delivery of the project.

Moving forward into 2019/20 there will be particular focus on enhancing transparency and maximising effectiveness and efficiency in public services even further through the new governance arrangements delivered by my office.

## 2. Scope of Responsibility

The Staffordshire Commissioner (SC) has the statutory responsibility to set the strategic direction and objectives of Staffordshire Police (Force) and hold the Chief Constable (CC) to account for its performance.

As of the 1<sup>st</sup> August 2018 the SC has the statutory responsibility to set the strategic direction and objectives of Staffordshire Fire & Rescue (FARS) and hold the Chief Fire Officer (CFO) to account for its performance.

The SC has wider responsibilities for ensuring that the Staffordshire Commissioners Office (SCO) business is conducted in accordance with the law and proper standards. A cross cutting objective through all of these responsibilities for the SC is that public money is safeguarded and used efficiently and effectively.

In discharging this overall responsibility, the SC is responsible for putting into place within the SCO proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which 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 SC places reliance on both the CC and CFO to support the governance and risk management processes.

The SC has approved governance frameworks with the CC and CFO that are consistent with the principles of the Chartered Institute of Public Finance and Accountancy guidance 'Delivering Good Governance in Local Government and Police', a copy of which can be found on the CIPFA website.

This AGS explains how the SC has complied with the code and the legal requirements of Regulations 3, 4 and 5 of The Accounts and Audit Regulations (2015) in relation to internal control and internal audit.

## 3. Implementation

To ensure that appropriate management and reporting arrangements are in place to assure the SC is satisfied with the approach to corporate governance and that it is both adequate and effective. The key elements in place include the following:

- The Corporate Governance Frameworks
- A Risk Management Strategy;
- An Annual Governance Statement produced by the SCO, the Force and FARS;
- The Police and Crime Plan (Force) and the Corporate Safety Plan (FARS) that seeks to focus activity on the issues of highest importance to the people of Staffordshire and Stoke-on-Trent;
- Ensuring that there is an effective Internal & External Audit function.

A key feature of the Governance Frameworks is the system of internal control, based on a framework of robust financial and contract procedure rules and processes, administrative procedures, management supervision and a system of delegation and accountability.

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Responsibility for delivery against the framework and development of the system is undertaken by managers within the SCO, the Force and FARS and is reviewed by internal and external audit.

2018/19	Internal Audit Provider	External Audit Provider
SCO	RSM (UK Group LLP)	EY (Ernst & Young LTD)
Force	RSM (UK Group LLP)	EY (Ernst & Young LTD)
FARS	Staffordshire County Council	Grant Thornton (UK Group LLP)

The Governance Frameworks are supported by:

- Performance management frameworks, which are focussed on achieving the objectives set out in the Police and Crime Plan and the Corporate Safety Plan;
- Comprehensive budgeting systems that seek to align resources with priorities;
- Financial reporting, which routinely projects end of year outturn positions to allow early corrective action;
- A Commissioning Framework which details the approach to engagement with partners and to commissioning appropriate outcomes through third party providers;
- Engagement in value for money benchmarking such as is conducted by Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS);
- Coherent Corporate Governance Frameworks that set out the rules and procedures for effective working within and between the SCO, the Force and FARS;
- An independent Ethics, Transparency and Audit Panel (ETAP) that is charged with seeking assurance over risk, governance and internal control for SCO, the Force and FARS;
- Independent Custody Visitors Scheme (ICVs) and the Safer Neighbourhood Panel's (SNPs).
- Risk Management Strategy, registers and action plans;
- Appropriate statutory officers within the SCO, the Force and FARS, who are key personnel in the respective leadership teams with relevant influence on strategic and tactical matters;
- Codes of Conduct and standards of behaviour clearly set out in governance documents and signed off by the SC.

Contained within the Governance Frameworks is the Code of Corporate Governance which sets out 7 principles of good governance which are taken from the international framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014), with the aim of encouraging better service delivery, improved accountability ensuring that organisations achieve their intended outcomes whilst operating in the public interest at all times.

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The 7 principles are as follows:

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

This AGS will address each one of the seven principles, demonstrating the work undertaken in the last year by the SCO.

**Please Note:** Within this document you will find boxes like this where actions identified by reference number in the 2017/18 AGS have been addressed. All previous years have been actioned.

In summary these actions were:

1. Delivery of a new SC Website.
2. A review of governance arrangements in key areas.
3. Further development of the SCO commitment to CSR.
4. Production of an AGS timetable.
5. SCO contribution to and scrutiny of the Force Financial Stability Plan.

The full Action Plan for 2017/18 can be seen in Appendix A.  
For completeness actions identified against the 2018/19 AGS  
are contained in Appendix C.



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

The SC and the SCO are committed to the Code of Corporate Governance and operate in a way to promote openness, integrity and compliance with relevant laws and regulations throughout the organisation. The SC has signed up to a published Code of Conduct which is underpinned by the Nolan Principles of public life.

The SCO Chief Executive is the designated Monitoring Officer as well as the 'Head of Paid Service' for the purposes of the Local Government and Housing Act 1989, as amended by the Police Reform and Social Responsibility Act 2011. The 'Head of Paid Service' aspect of the Chief Executive means taking responsibility for the coordination and discharge of the SC's functions and managing the SCO and the staff within it.

The Monitoring Officer remit is to draw to the SC's attention any actual or possible contravention of law, maladministration or injustice. Guidance from the Association of Police Authority Chief Executives (APACE) Group is utilised to provide clarity as the scope and extent of responsibilities and the detailed legal and statutory obligations that exist.<sup>1</sup>

During 2018/19 the Head of Governance and Assurance in the SCO has been the Deputy Monitoring Officer and takes leadership on certain areas on behalf of the Monitoring Officer and acts as the Monitoring Officer in times of absence.

The SC is also required to have a Section 151 officer, (S151 of the Local Government Finance Act 1972) in this case, a Director of Finance, who has responsibility for finance and to ensure the dispersal of funds is appropriate and lawful. This post is supported by policies and procedures in place, including Financial Regulations and Contract Standing Orders; these have been reviewed and refreshed as part of the 2018/19 review of the Corporate Governance Framework's.

There is a team of 24 staff equating to 22.9 full time equivalents in the SCO who are covered by the terms and conditions of the Police Staff Council. The SCO utilises the Force's People Services Function to act on their behalf on Human Resource and Organisational Development matters as well as ensuring compliance with policies for computer usage, data access, IT services including data protection, information assurance and health and safety, in addition the SCO also utilise IT and Financial Services provided by the Force.

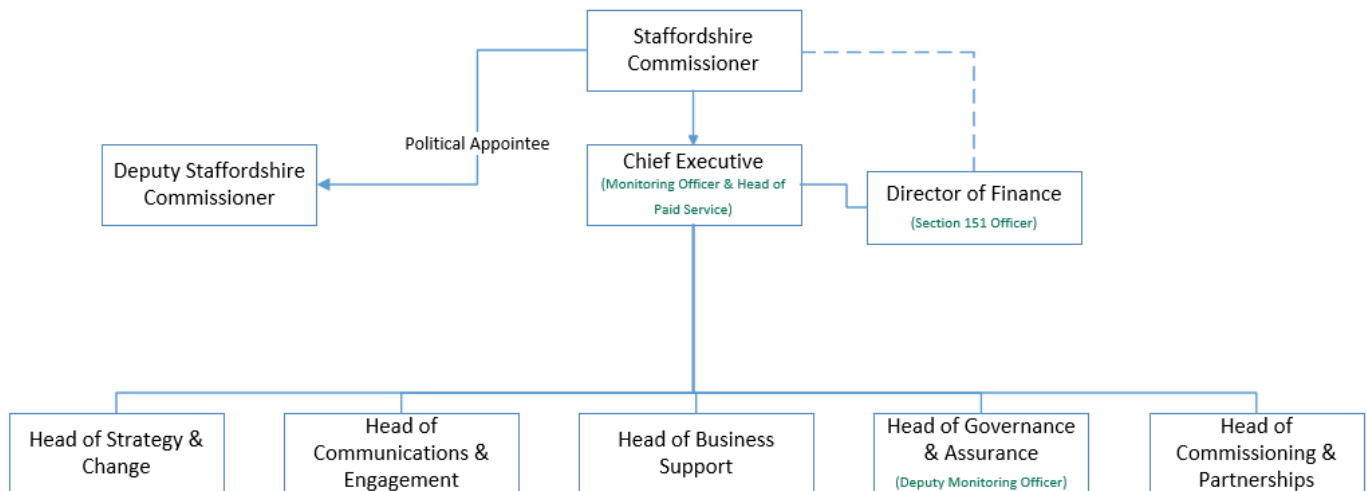
Staff work within a structure with job descriptions & person specifications that ensure legal and statutory obligations are met and support the SC's strategy and priorities. All post holders have been recruited in line with the organisations policies and procedures and have the skills, experience and qualifications required to undertake their role.

<sup>1</sup> <http://www.legislation.gov.uk/ukpga/1989/42/section/5>



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Key posts include:



Structural arrangements detailed above were reviewed during 2018/19, redesigning posts within the Strategy & Change and Governance & Assurance teams, which will strengthen performance and assurance arrangements within the office. All staff have access to learning and development opportunities and attend seminars and other events to ensure that they are up to date and aware of changes to guidance, legislation and practice.

SCO staff also comply with the Force standards for management of police information and have access to the Force 'Bad Apple' reporting portal for Whistle Blowing. Where there is a conflict of interest or a business interest this must be declared to the Chief Executive and recorded through the defined HR procedures. An ETAP Thematic Review was conducted on Whistle Blowing, all reports are available on the following link: <https://www.staffordshire-pfcc.gov.uk/etap-reports/>

The SCO has a published Anti-Fraud and Corruption Policy. This applies to the SC, the Deputy Staffordshire Commissioner (DSC) and all staff that work within the SCO. The policy is designed to prevent, promote detection and identify a clear route for investigation. The approach set out in the policy also demands that organisations that the SCO work with act in the same manner.

In line with Force and FARS policy, through the one to one supervision sessions with senior officers of the SCO and senior Force or FARS officers, the Chief Executive and Director of Finance are made aware of any specific or potential risks of fraud.

The SCO and the Force receives and disseminates notices of potential and/or emerging fraud through a number of sources, including internal audit, other Police Forces and national bodies such as the Police and Crime Commissioners Treasurers' Society (PACCTS). They also participate in the national Fraud Initiative programme on an annual basis and the outcome is reported and actioned where necessary by the SC's Director of Finance and the CC's Chief Finance Officer. FARS utilise their intranet 'Staffnet' to regularly publish an annual Fraudwatch newsletter, included within this is the requirement for all staff to stay vigilant and any potential or actual fraudulent activity to be reported either directly to the Director of Finance or through the Whistleblowing Policy.

The SC and the Chief Executive are supported by both the Director of Joint Legal Services for West Midlands and Staffordshire Police and Legal Services for Derbyshire Fire & Rescue Service on legal matters providing internal or external legal support as required. There are numerous examples of the legal services functions providing the support required, for example on major procurements, collaborations, or other complex matters.



## B

### Ensuring openness and comprehensive stakeholder engagement

As the elected representative of the public the SC has made a commitment for policing and crime clear in the election manifesto and embedded these with development and publication of the refreshed Police and Crime Plan, Safer Fairer United Communities 2017-2020.

Post 1<sup>st</sup> August 2018 with the SC assuming responsibility of governance for Staffordshire Fire & Rescue Service the SC reviewed and adopted the existing Corporate Safety Plan covering the three year period 2017-2020.

There is a statutory responsibility for the SC to obtain community and stakeholder views on policing and fire & rescue services in the Staffordshire and Stoke on Trent area and the SC and the SCO are committed to openness and acting in the public interest.

Their commitment to openness can be demonstrated by: -

- The SC and DSC have signed up to a published Code of Conduct which is underpinned by the Nolan Principles of public life;
- The SCO staff complying with the “Nolan Principles” and other key expectations e.g. information sharing protocols;
- The SC’s Police and Crime Plan (Force), Corporate Safety Plan (FARS) and other published documents, including the Annual Report, the budget report, the statement of accounts;
- Information provided through the SC website, social media and other routes that provide local people with relevant information on performance and outcomes and the SCs intentions;
- The live webcasts of the Public Performance Meeting’s and the Police, Fire and Crime Panel Meetings;
- Appropriate use of the press and media by the SC & DSC;
- Decision forms relating to significant public interest, made available online for public scrutiny;
- Publication of information on remuneration and expenses;
- The establishment of a number of forums independent of the SC, comprised of members of the public, in particular ETAP, SNPs & ICVs. These panels scrutinise a number of areas within the SCO, the Force and FARS.
- ETAP hold public meetings that are audio recorded and both the recording and meeting minutes are published on the SCO website.
- ETAP Thematic Reviews, SNP Scrutiny reports and ICV Visit Statistics are all published on the SCO website.

This commitment to stakeholder involvement is demonstrated by: -

- Consultation and engagement activity through the SC and the SCO;
- Reports to the Police, Fire and Crime Panel and attendance at other democratically led forums;
- The establishment of a number of forums independent of the SC, comprised of members of the public, in particular the ETAP and the SNPs. These panels scrutinise a number of areas and publish their findings on the SCO website;
- Working closely with a wide range of partners; local authorities, Criminal Justice agencies, NHS bodies, private and voluntary sector organisations etc;
- Utilising a number of channels of communications for the public and other stakeholders. The SC and the SCO engages with various groups, organisations and people throughout the year,

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updating them on the work of the office, hearing their questions and views and providing answers that meet their needs.

In addition the SCO both leads and attends multi-agency forums with its partners and stakeholders. In these instances, the SCO either develops or adheres to agreed terms of reference in terms of expectations. An example of SCO led governance structures are the multi-agency Offender Management Commissioning and Development Board; and an example of an attended governance group is the Child Sexual Abuse Forum. These structures assist partnership working and provide opportunities for streamlined planning, commissioning and delivery whilst offering the opportunity for stakeholders to hold each other to account and challenge, plus address any deficits in actions and performance.

SC accountability is tested through a number of channels. These include the Police, Fire and Crime Panel, who meet on a quarterly basis and who hold the SC to account, scrutinise the SCO, Force and FARS performance and regularly review and scrutinise the financial health of the organisations, including the production of the Medium Term Financial Strategies.

The Police, Fire and Crime Panel meetings are open to the public and are also broadcast live through the Staffordshire County Council website and are highlighted by the SCO Communications and Public Engagement team through the SC website, social media, as well as through local and national media. Questions from members of the public directly to the SC are welcomed at panel meetings.

**2017/18 Action 4:** To allow ETAP FP to focus on year end accounts it was recommended that an AGS timetable was developed in 2018/19 mirroring that of the 2017/18 earlier delivery of the AGS. This would give earlier sight of the document to the audit function and facilitate discussion on the contents. The timetable for the AGS was developed, shared with the audit function and achieved its aims in 2018/19. The SCO office now has this work stream identified in the business planning cycle to assist with the timely delivery of the AGS in subsequent years.

## C

### Defining outcomes in terms of sustainable economic, social and environmental benefits

The strategic priorities are set out in the Police and Crime Plan: Safer, Fairer, United Communities Strategy 2017-2020 (Force) and the Corporate Safety Plan (FARS). These documents underpin the SC's overarching ambitions for delivering positive and sustainable economic, social and environmental outcomes for Staffordshire and Stoke on Trent. The SC has an established office that works beyond governance and scrutiny to ensure that there is a longer term strategic direction around all aspects of policing, fire and community safety and that when put into practical terms enables or influences delivery against the priorities.

Each of the priorities are reflected within the SC's performance arrangements which inform how effectively the outcomes are being delivered the SC can then hold to account Chief Officers for that performance. There are three levels of accountability which each include multiple functions for obtaining information on desired outcomes that are linked to the priorities, these being:

## Public Accountability

Ensures that the SC is demonstrating the primary role of holding the Chief Officer's to account and ensuring value for money whilst meeting the priorities and needs of the people of Staffordshire and Stoke-on-Trent. Examples of this function would be the regular Public Performance Meetings, ETAP Meetings and Thematic Reviews, SNP Meetings and Scrutiny Reports and the performance information available on the SC's website.

## SCO Level Accountability

Examination of key activity at a strategic level allowing the SC to take a detailed, searching approach with consideration of all relevant issues. Examples of this function would be the Performance and Assurance Boards, Confidential Inquiry Sessions, various joint management meetings, and SC & Chief Officer's Informal and Formal review meetings.

## Operational Level Accountability

Generates a detailed understanding of operational areas where there are matters of concern affecting the effective and efficient operation of the Force, FARS or partner agencies. Examples of this function would be operational working groups, ETAP dip sampling and multi-agency workgroups.

All parties are committed to continuous improvement in managing performance as demonstrated by the commitment to have agreed Performance & Accountability Framework's for both the Force and FARS.

The SC is committed to improving outcomes for the people of Staffordshire and Stoke-on-Trent through partnership working with other agencies who are responsible for economic, social and environmental benefits. To ensure this happens the SC has strategic overview and regular operational updates on the delivery plans owned by each team within the office. The SC will continue to build on the theme of joined-up approaches as evidenced through the Local Business Case for Joint Governance of the Police Service and Fire and Rescue Service in Staffordshire. With the aim of achieving economy, efficiency and effectiveness in services for the people of Staffordshire and Stoke-on-Trent.

The SC's commitment to protecting frontline resources requires that budgets are managed effectively and are sustainable in the medium to long term. Financial reports including the Medium Term Financial Strategies are provided on a regular basis to the Police, Fire and Crime Panel. These link to the delivery of the Safer Fairer United Communities Strategy (Force) and the Corporate Safety Plan (FARS) for which progress is also reported to the panel.

The formal decision making process for expenditure and changes to programmes, policies and procedures requires that an Equality Impact Assessment is completed as part of the process. This assesses the impact of any changes that may affect staff, stakeholders and the public.

**2017/18 Action 3:** In 2018 the SCO explored the use of an apprentice to deliver business support to the Staffordshire Police Cadets Charity and the wider SCO. Stafford College were approached and a suitable apprentice package developed with them. The apprentice will spend 12 months with the office achieving work based learning supporting their college work and achievement of a Level 2 Diploma in Business Administration.

## D

### Determining the interventions necessary to optimise the achievement of the intended outcomes

Business plans aligned to strategic priorities are in use by each of the teams within the SCO to ensure that identified progress against priorities occurs. The teams produce a report for the Police, Fire and Crime Panel meetings detailing progress on delivery against the priorities. It is recognised that delivery of the SC priorities will require input from other agencies with responsibility for serving the community of Staffordshire and Stoke-on-Trent; for this reason the report references SC operational updates and where applicable wider work undertaken by the SCO, the Force, FARS and other agencies.

A statutory Annual Report is also published and presented to the Police, Fire and Crime Panel of the work of the SC in the proceeding financial year. Budget proposals are also presented to the Police, Fire and Crime Panel and the Medium Term Financial Strategy is available for review by the public and others.

Priorities are highlighted through press releases, SC social media and other communications to the public. Key strategic documents are published in hard copy form and electronically and are available to the public in copy on request or via self-service from the SCO website. This is also the case for SC newsletters and consultations. The website is continually updated with latest news and publications that provide further information on how the strategy is being delivered.

**2017/18 Action 1:** The SCO new website went live in October 2018, taking into account the new governance arrangements for FARS. It will continue to be developed to enhance openness and transparency wherever possible over the coming months and years. It is also worth noting that the CoPaCC Transparency Mark has been awarded to Staffordshire for a second consecutive year and this is predominantly based on the statutory requirement for publication of documentation on the SCO website.

## E

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

Officers within the SCO have access to continuous development through the support mechanisms that are available at a national level (APACE/PACCTS). In addition, regular seminars are available that provide for more specific development needs. The SCO shares knowledge and learning through the Regional Policy Officers and the collaborative approach on themes affecting the region such as Regional Organised Crime, Crime in Prison's and Central Motorways Policing. These areas of knowledge support the SC in influencing the direction of key national programmes such as the Specialist Capabilities Programme.

Within the SCO statutory officers carry out their functions and offer the appropriate advice and support on matters within their sphere of responsibility in line with legislation. All staff have access to learning and development opportunities supported by a norm of one to one supervision and team meetings.

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The SC has promoted partnership working as a key facet of delivering the strategic objectives, the involvement of the SCO Commissioning Team in these arrangements ensure that the SCO has a voice. This involves the SCO working closely with a wide range of partners; local authorities, Criminal Justice System agencies, National Health Service bodies, private and voluntary sector organisations etc.

**2017/18 Action 2 (Part 1):** The 1<sup>st</sup> August 2018 saw the transition of responsibility for the governance of Staffordshire Fire & Rescue Service to the newly named Staffordshire Commissioners Office. This transition required that the SCO develop appropriate governance arrangements both pre and post transfer. The project was managed by the SCO and a Programme Delivery Board set up to identify requirements for the transition. Post transfer the SCO requested Internal Audit to undertake a review of the transition and the governance arrangements, to evaluate the success of the project and give recommendations for future learning. Internal Audit returned a view of Substantial Assurance, the highest grade possible, with only 1 low and 1 medium level recommendation, which have been considered by the SCO.

The SCO, Force and FARS operate through adhering to their Corporate Governance Frameworks. They are interrelated systems that brings together an underlying set of legislative requirements, governance principles and management processes to deliver a set of goals. The frameworks have been aligned to the CIPFA Delivering Good Governance Guidance Notes for Policing 2016 and agreed by the SC.

The SCO introduced a new system of internal controls in 2017 that involved business planning and individual service plans, service risk registers and service budget reporting which all ensure improved monitoring and continuous improvement of finances, performance and risk readiness. Due to the new areas of responsibility from 1<sup>st</sup> August 2018 the Accountability and Internal Control Structures for delivery of governance arrangements by the SCO were amended and can be seen in Appendix B.

## F

### Managing risks and performance through robust internal control and strong public financial management

The SCO recognises that robust risk management is a key function in the delivery of the Internal Control Structure for the SCO, Force and FARS. Annually, or in the event of a change that may affect them, the SCO reviews the governance frameworks and the internal control structure to ensure that they are effective in delivering the required outcomes.

Effective risk management is assured by the SCO in a number of different ways: -

- Representation at the quarterly Strategic Risk Management Group chaired by the Deputy CC;
- Representation at the quarterly Strategic Risk Management Meeting chaired by the CFO;
- SCO led Performance and Assurance Boards monitoring strategic risk for Force and FARS;
- Strategic Risk Register demonstrating a clear risk appetite is reviewed at SCO Management Meetings;
- A SCO Operational Risk Register and the use of risk management techniques in programmes and projects;



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- Financial risks identified and monitored by the SCO and Force Section 151 officers as part of the budget setting exercise and the development of the medium-term financial plan;
- The Governance Frameworks, Financial Regulations, Standing Orders and the development of appropriate policy and procedure;
- The use of the Internal Audit function where the annual audit plan is directed towards risk and emerging issues, as well as auditing the risks around standard finance functions;
- The ETAP, whose primary function is that of the Statutory Audit Committee also provides independent review of risk management and internal control frameworks through identified champions and review at meetings;
- External reviews and inspections including thematic reviews by HMICFRS which inform the SCO, the Force and FARS highlighting risks and learning points in addition to good practice.

**2017/18 Action 2 (Part 2):** In 2018 the SCO requested Internal Audit to undertake a review of the risk management arrangements for the SCO and the Force. The review returned a grading of Substantial Assurance, with one medium recommendation for both the SCO and Force to implement.

The financial performance of the Force, SCO and FARS is monitored through monthly budget monitoring reports that are discussed and reviewed as follows:

- The Strategic Governance Boards for both the Force and FARS receive regular and detailed financial reports, with both boards chaired by the SC;
- The Finance Panel and ETAP received monthly updates during 2018/19 from both Police, SCO and FARS;
- The Performance and Assurance Board (PAB) contained standard agenda items reviewing financial performance throughout the year;
- In addition, the SC holds a separate monthly Management Meeting which also reviews the latest financial position and forecast outturn.

Any material budget variances are reviewed in detail and reported through this robust governance framework, with appropriate action taken to understand the implications of variances and to take corrective action taken where necessary to manage the financial impact to the organisations as part of this good financial management and control.

A mid-year review of the Medium Term Financial Strategy (MTFS) also was undertaken during 2018/19, this identified any significant issues arising and the impact upon the forecast outturn position and reserves. The update of MTFS for Police, SCO and FARS was reported and scrutinised by the Police, Fire and Crime Panel.

Overall there has been an improving financial position across the Force and SCO during 2018/19 with the reported revenue outturn circa £1.2 million (0.6%) less than budget. This includes a number of key areas of saving which included a more robust vacancy management process resulting with a number of vacancies carried during the year. Capital financing savings have also been possible following a detailed review of the Minimum Revenue Provision undertaken by treasury management experts, Arling Close.

The impact of the positive revenue outturn position for 2018/19 has resulted in an improvement in General Reserves of £1.9m increasing the level of General Reserves to £4.6m which is importantly



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in line with the updated MTFS which should see this reserves returning back to the recommended 3% (c.£5.9m) by March 2020.

**2017/18 Action 5:** There are now consistent formal arrangements in place for decision making, performance and financial management across Police and Fire & Rescue services. Performance Assurance Boards are held separately for each service to enable detailed scrutiny and challenge where exceptions occur. Where the response to agreed actions does not deliver expected outcomes, escalation to the Strategic Governance Board allows for robust challenge by the Commissioner. There are Strategic Governance Boards for each service and a further board to oversee progress in developing collaborative arrangements between the two services. The Performance Framework further allows for escalation to formal discussions with the Chief Constable or Chief Fire Officer. These monthly meetings also enable the Commissioner to discuss areas of risk, performance, finance and horizon scanning matters. Additional publically accessible oversight takes place through Public Performance Meetings and the Police, Fire and Crime Panel.

The Commissioning & Partnerships Team leads on commissioning services to assist the SC in the delivery of his strategic priorities. This will include some services that are a statutory requirement, such as the delivery of support to victims and witnesses and others that are intrinsic to the delivery of operational policing such as custody detention services. Commissioning is often carried out in collaboration with partner agencies to deliver more effective, joined-up and better value services. Performance frameworks are in place where appropriate to ensure delivery against the specified outcomes.

Regional arrangements are in place to ensure oversight of services delivered in collaboration. Such services include the Regional Organised Crime Unit and Counter Terrorism Unit (across Staffordshire, West Midlands, West Mercia and Warwickshire police force areas), the Central Motorway Police Group (a collaboration between Staffordshire and West Midlands forces) and Staffordshire/West Midlands Fire Control. The SC chairs the regional collaboration group for policing that provides strategic direction, performance and financial accountability.



## Implementing good practices in transparency, reporting and audit to deliver effective accountability.

It is the ambition of the SC to have the most robust system of public accountability and transparency. The SCO is compliant with the Freedom of Information Act, and endeavours to respond to all requests in the required time frame. This ensures that the public are able to access the information that legislation entitles them to. The SC uses 'live' webcasts of the Public Performance meetings, and Police, Fire and Crime Panel meetings, ETAP Public meetings are recorded and all meeting documents and minutes are all published on the website.

In 2018 the SCO was again awarded the CoPaCC Transparency Mark. CoPaCC is an independent organisation, established in early 2013 to assess the work of Police and Crime Commissioners through objective, evidence-based analysis of delivery of the statutory obligations of document publication and access to information.

The SC has well established open and transparent lines of accountability through the use of the SNPs, ICVs and ETAP functions. SNPs review activity carried out within their Neighbourhood

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Policing Team area by looking at core areas such as Stop and Search, Use of Force and Public Reassurance and reviewing the processes followed by police officers. Significant recommendations have been made by the SNP's and all reports are publically available on the SC website.

ICVs are a statutory function who are appointed by the SCO to check on the wellbeing of people being held in police custody and provide standard reports that identify any areas of concern. ICVs have their own Twitter account and their quarterly and annual report is published on the SC website as well as highlighted on social media.

The SCO has developed a Partnerships and Commissioning Register to help achieve greater transparency. The Register captures the essential details of the partnership or commissioned activity, how it links to SC strategic priorities, the importance and impact of the partnering/commissioned organisation is to the SCO objectives and how performance is being managed through governance arrangements so that objectives and outcomes are realised, delivering the necessary value for money requirement.

The Police, Fire and Crime Panel monitor and challenge the SC in delivery of the priorities at regular quarterly meetings. They have a work programme that is aligned with the Safer, Fairer, United Communities Strategy and the Corporate Safety Plan and have a statutory role in scrutinising the Annual Report and the proposed budget and precept. The Panel also hold the SC to account on specific matters, such as performance management and HMICFRS inspections.

ETAP undertakes the statutory functions of an Audit Committee and operates in accordance with the Financial Management Code of Practice for the Police Service and CIPFA's Practical Guidelines for Local Authorities. A Finance Panel provides the particular focus on finance issues and is chaired by another member of ETAP, providing for a dual focus at different meetings.

ETAP continues to advise the SC, CC and CFO according to good governance principles, including the monitoring of Strategic Risk, recommending for approval the AGS and the Statement of Accounts as well as putting decisions made by the SC, the Force and FARS through public scrutiny.

In line with best practice, an annual self-assessment has been carried out by ETAP the review followed CIPFA's publication on Practical Guidance. There has also been recruitment to the panel to deliver the SC statutory obligations for Fire Governance.

The Internal and External Audit functions also provide scrutiny across the SCO, the Force and FARS. Their conclusions and recommendations will always form an important aspect of the organisations improvement plans.

Systems of internal control are key to managing the risk of fraud within the SCO, Force and FARS and these are annually audited and reported to management and ETAP where risks are managed and monitored.

## **Internal Audit**

The Internal Audit role is used to provide support, assurance and evidence compliance for the organisations. The Internal Audit Service during 2018/19 was contracted for three years to RSM for the SCO and Force, whereas Staffordshire County Council provided this function for FARS.

The Chief Internal Auditor ensures assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Head of Internal Audit plays a critical role in scrutinising the organisation's strategic objectives by:-

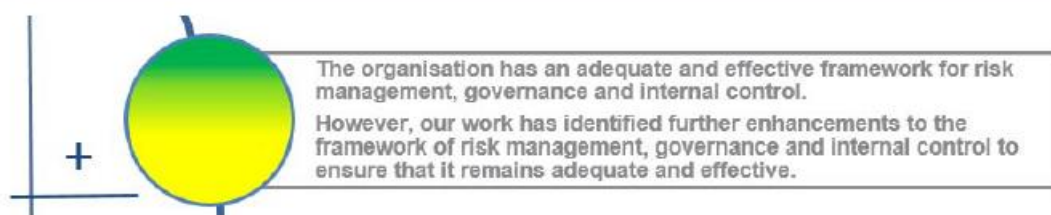
# Annual Governance Statement 2018/19

- Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and
- Providing an objective and evidence based opinion on all aspects of governance, risk management and internal control.

The Head of Internal Audit (both RSM and Staffordshire County Council) actively ensure that there is an annual strategy and plan and that these are developed on a risk assessed basis. Audit outcomes are presented to management and to ETAP, the latter in detail through the Finance Panel and in the full ETAP forum, which is open to the public. Areas for improvement identified in 2018/19 audits have been reviewed with action plans established to improve as necessary. Actions are monitored and managed through corporate governance arrangements and reported on through ETAP to review progress.

This work culminates in the annual audit opinion on the effectiveness of the controls reviewed by the Audit team. This annual opinion, set out in the Annual Report of the Chief Internal Auditor, is one of the key sources of evidence in support of the AGS(s). The Annual Internal Audit Report (April 2019) concludes that overall for the 12 months ended 31 March 2019, the audit opinion for the Staffordshire Commissioners Office is as follows:

## Head of internal audit opinion 2018/19



## External Audit

External Audit discharge a statutory function because of the special accountabilities attached to public money and how public business is conducted. External Audit are appointed independently from the SCO and the scope of the auditors work is to not only give opinion of the financial statements but to also include governance arrangements that secure the economic, efficient and effective use of resources, this being termed as the value for money being achieved by the organisation. The SCO and the Force external auditors, (Ernst and Young LLP), provide regular reports at ETAP's formal meetings. At these meetings, ETAP members are given the opportunity to consider the audit findings, to challenge and ask for further clarification where necessary and also to make recommendations on their findings.

## 4. Overall Level of Assurance

Actions taken in the year 2018/19 have strengthened and enhanced the governance arrangements for the SCO. The SC is satisfied that appropriate stewardship is being applied to the use of resources by the SCO in order to serve the public interest and to adhere to legislation and policy and ethical values and respect of the law.

## 5. Significant Governance Issues (Actions 2018/19)

The continuous monitoring of the Governance Framework has led to a strengthening of processes and allowed for areas of continuous improvement.

### Issue 01

In 2018/19 amendments were made to the governance arrangements across the Force and FARS, creating revised internal control structures for decision making in both organisations. These recent changes would benefit from review so that any further development to arrangements can be put in place.

#### *Recommendation:*

The Force and FARS decision making processes at senior and executive levels of authority to be reviewed to test compliance with how existing governance arrangements ensure appropriate information is received by the SC promoting informed decision making.

### Issue 02

In 2018/19 amendments were made to the governance arrangements across the SCO, Force and FARS due to the SCO assuming responsibility for the governance of Staffordshire Fire and Rescue.

#### *Recommendation:*

A joint review by the Force and FARS Internal Auditors of the effectiveness of the strategic level governance and accountability arrangements for collaboration.

The details given within this statement represents a realistic view of the governance arrangements that are in place for the SCO and that for 2018/19 there is recognition that whilst there is strong evidence of good practice, there is also a need for further and continuous improvement to strengthen arrangements, to ensure that the organisation achieves its intended outcomes whilst acting in the public interest at all times.

The issues identified above and the planned action in 2019/20 will enable the SCO to ensure that the governance frameworks and internal control procedures are robust and fully meet the requirements as set out by CIPFA's good governance guidance.

**Staffordshire Commissioner**  
**Matthew Ellis**

**Chief Executive**  
**Glynn Dixon**

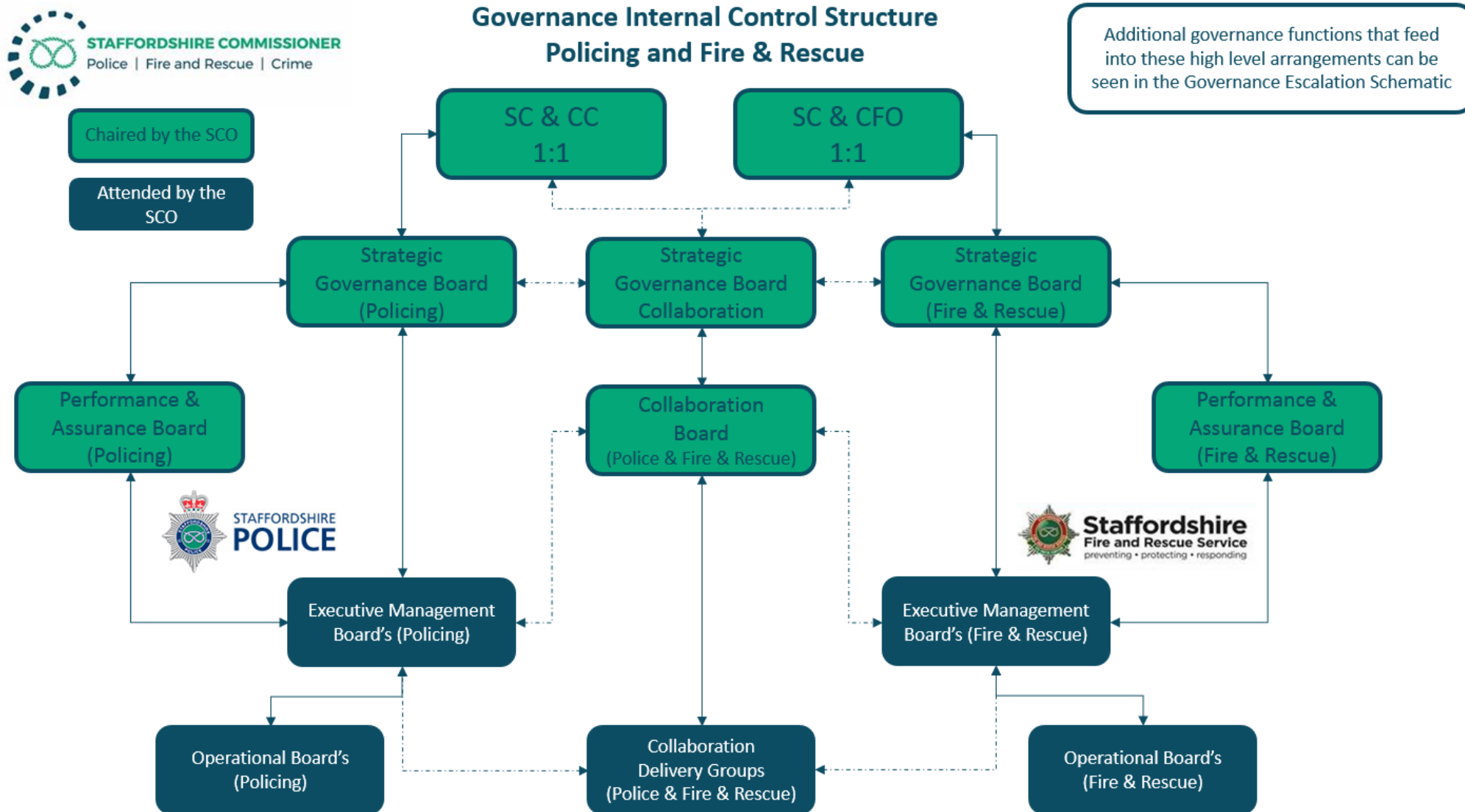
**Director of Finance**  
**David Greensmith**

# Annual Governance Statement 2018/19

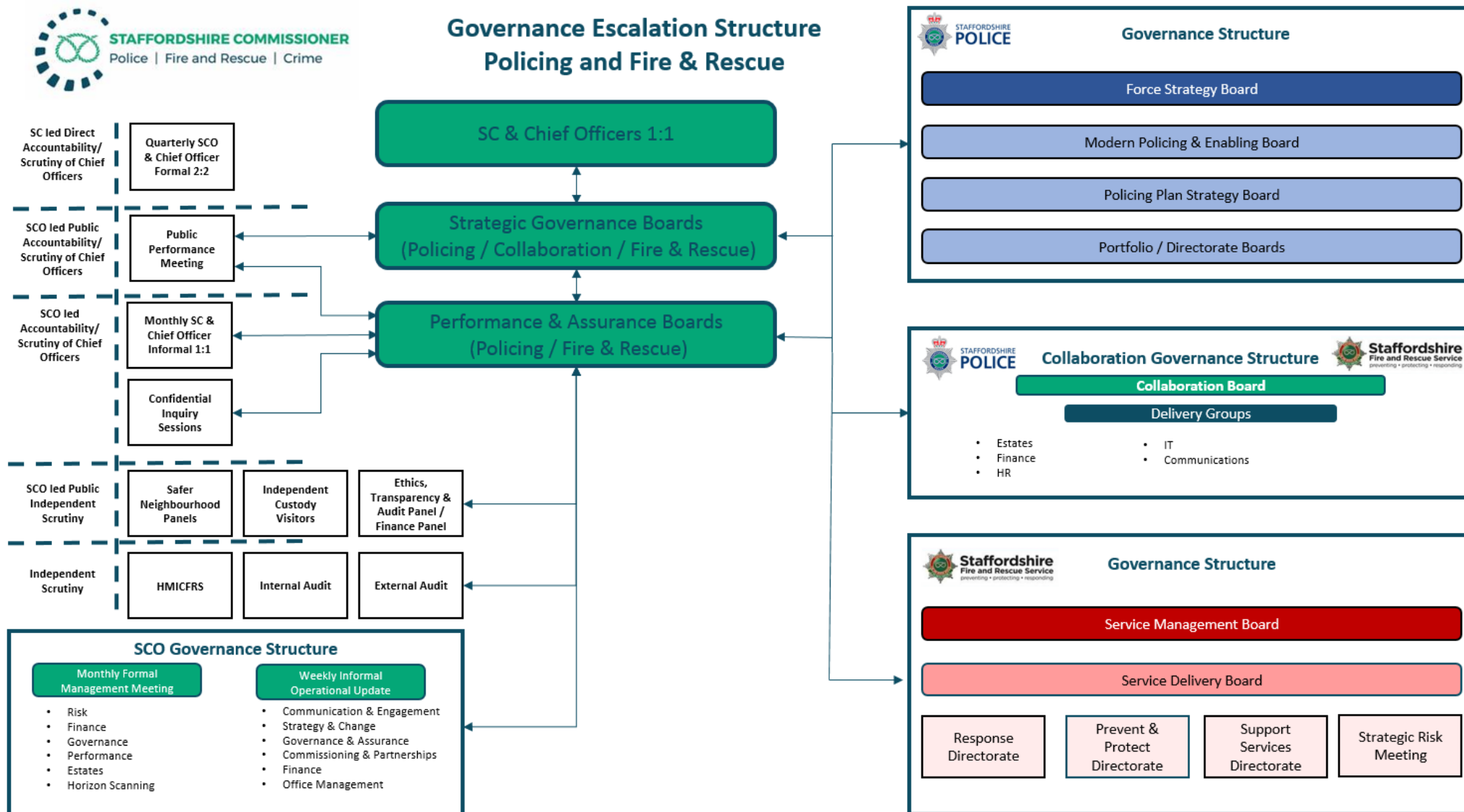
## Appendix A

### AGS Action Plan: 2017/2018

Ref No	Issue	Action	Update given on Page
1	The OPCC website, whilst adequately providing information and supporting accountability arrangements does not reflect best practice across publicly accountable organisations.	The OPCC website rebuild to continue into 2018/19 to ensure that the office adopts best practice.	11
2	Although the OPCC robustly ensures that Governance arrangements are in place an independent review of these arrangements would be beneficial for public assurance and internal improvement.	ETAP to undertake a thematic review of OPCC Governance arrangements implemented in 2017 including timetables for review and production of key documentation such as the Governance Framework and Annual Governance Statement, plus key functions such as Risk Management. This is also to include the changes implemented as a result of the Fire Governance arrangements.	12 & 13
3	The OPCC through its operation strives to improve the lives of the people of Staffordshire and Stoke on Trent through advocating outwardly the need for strong social responsibility by bringing partners together to tackle difficult issues. Although a small organisation the OPCC should consider internally what commitments are being made to Corporate Social Responsibility.	The OPCC to explore ways in which a commitment to CSR can be further developed internally.	10
4	The AGS produced by the OPCC in 2017/18 has been shared in draft format earlier than usual with the audit functions. This has increased the ability to gain comments and provide feedback at an earlier stage allowing focus on year end accounts, this would be beneficial in subsequent years.	The AGS timetable to be revisited for 2018/19 and dates set with both the OPCC and Force for earlier delivery of the AGS in draft format.	9
5	The financial challenges faced by the OPCC and Force during the latter part of 2017/18 have required the development of a financial sustainability plan that will be delivered during 2018/19 and subsequently.	That the PCC through his office, provides the appropriate level of scrutiny to the Force's delivery of the financial sustainability plan and also contributes appropriately to its delivery.	14







### AGS Action Plan: 2018/2019

Ref No	Issue	Action
1	In 2018/19 amendments were made to the governance arrangements across the Force and FARS, creating revised internal control structures for decision making in both organisations. These recent changes would benefit from review so that any further development to arrangements can be put in place.	The Force and FARS decision making processes at senior and executive levels of authority to be reviewed to test compliance with how existing governance arrangements ensure appropriate information is received by the SC promoting informed decision making.
2	In 2018/19 amendments were made to the governance arrangements across the SCO, Force and FARS due to the SCO assuming responsibility for the governance of Staffordshire Fire and Rescue.	A joint review by the Force and FARS Internal Auditors of the effectiveness of the strategic level governance and accountability arrangements for collaboration.