



Staffordshire Police & Crime Commissioner

Annual Governance Statement 2017/18

Contents

	Page
1. Introduction	2
2. Scope of Responsibility	2
3. Implementation	3 - 16
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.	
4. Overall Level of Assurance	16
5. Significant Governance Issues (Actions 2017/18)	16 - 17

Appendix A : Annual Governance Statement Action Plan 2016/17

Appendix B : Internal Control Structure

Glossary

AGS	Annual Governance Statement
APACE	Association of Police Authority Chief Executives
CC	Chief Constable of Staffordshire Police
CFO	Chief Financial Officer
DPCC	Deputy Police & Crime Commissioner
ETAP	Ethics Transparency & Audit Panel
Force	Staffordshire Police
ICV	Independent Custody Visitors
OPCC	Office of the Police & Crime Commissioner
PAB	Performance & Assurance Board
PACCTS	Police & Crime Commissioners Treasurers Society
PCC	Police & Crime Commissioner
PCP	Police and Crime Panel
SNP	Safer Neighbourhood Panel

1. Introduction



The Annual Governance Statement (AGS) prepared by my office explains how I have ensured compliance with the published Corporate Governance Framework for the year ending 31st March 2018.

It is through our AGS that we provide the public of Staffordshire and Stoke on Trent an overview of governance structures and processes that were in place during the year.

I am pleased that in 2017/18 a strong commitment to continuous improvement has been demonstrated by my office accomplishing a major review of governance arrangements.

Moving forward into 2018/19 there will be particular focus on enhancing transparency further through delivery of a new website.

Matthew Ellis Police & Crime Commissioner

2. Scope of Responsibility

The Police & Crime Commissioner (PCC) 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. The PCC also has wider responsibilities for ensuring that the Office of the PCC's (OPCC) business is conducted in accordance with the law and proper standards, that public money is safeguarded and used efficiently and effectively.

In discharging this overall responsibility, the PCC is also responsible for putting into place 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 PCC places reliance on the CC to support the governance and risk management processes.

The PCC has approved and adopted a joint governance framework with the CC that is 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 PCC has complied with the code and the 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 PCC 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 Framework (Joint with the Force);
- A Risk Management Strategy;
- An Annual Governance Statement produced by the OPCC and the Force;
- The Police and Crime Plan 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 Framework 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. Responsibility for delivery against the framework and development of the system is undertaken by managers within the OPCC and the Force and is reviewed by internal and external audit.

The framework is supported by:

- A performance management framework, which is focussed on achieving the objectives set out in the Police and Crime 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);
- A coherent Corporate Governance Framework that sets out the rules and procedures for effective working within and between the OPCC and the Force;
- An independent Ethics, Transparency and Audit Panel (ETAP) that is charged with seeking assurance over risk, governance and internal control for both the OPCC and the Force;
- Independent Custody Visitors Scheme (ICVs) and the Safer Neighbourhood Panel's (SNPs).
- Risk Management Strategy, registers, action plans and tactics;
- Appropriate statutory officers within both the OPCC and the Force, 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 PCC.

Annual Governance Statement 2017/18

The Code of Corporate Governance sets out 7 principles of good governance which are taken from the international framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014), these 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.

Please Note: Within this document you will find boxes like this where actions identified by reference number in the 2016/17 AGS have been addressed.

In summary these actions were:

1. A review of Governance and Internal Control Mechanisms.
2. An improved OPCC website.
3. To develop a Policing Plan.
4. To develop a Business Plan.
5. An improved Performance Framework.
6. Identification of partnership contributions to the strategic objectives.
7. To develop the systems for financial compliance.
8. To strengthen external scrutiny arrangements.

The full Action Plan for 2016/17 can be seen in Appendix A.
For completeness actions identified against the 2017/18 AGS
are contained in Appendix C.



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

The PCC and the office 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 OPCC has signed up to a published Code of Conduct which is underpinned by the Nolan Principles of public life.

The 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 PCC's functions and managing the office and the staff within it.

The Monitoring Officer remit is to draw to the PCC'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.¹

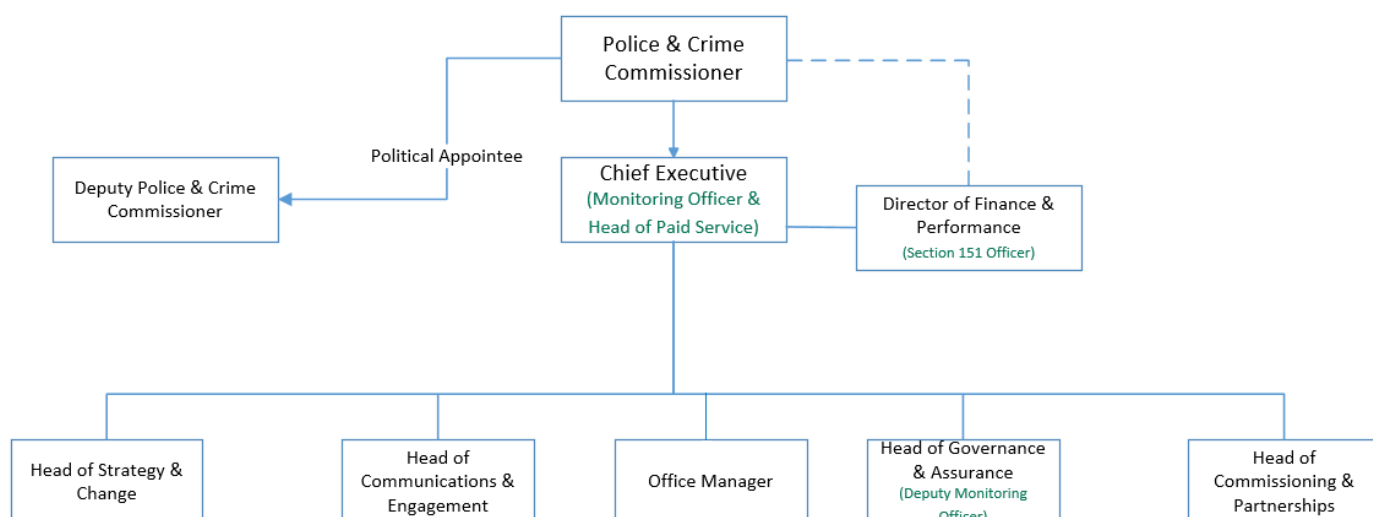
During 2017/18 the Head of Governance and Assurance in the OPCC has been the Deputy Monitoring Officer and takes leadership on certain areas on behalf of the Monitoring Officer and acts as the Monitoring Officer in times of absence.

The OPCC is also required to have a Section 151 officer, (S151 of the Local Government Finance Act 1972) in this case, a Director of Finance and Performance, 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 Procedures and Contract Regulations; these regulations were reviewed and refreshed as part of the 2016/17 review of the Corporate Governance Framework.

There is a team of 26 staff equating to 24.6 full time equivalents in the OPCC who are covered by the terms and conditions of the Police Staff Council. The OPCC 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. Staff work within a structure with job descriptions & person specifications that assure legal and statutory obligations that work towards the PCCs strategy and priorities. All post holders have been recruited through an appropriate process and have the skills, experience and qualifications required to undertake their role. Key posts include: -

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

Annual Governance Statement 2017/18



Structural arrangements detailed above were reviewed during 2017/18 and new arrangements have seen the commencement of new posts in community engagement within the Communications and Engagement Team and volunteering within the Governance Team. These have strengthened community and volunteering engagement arrangements within the office. All staff have access to learning and development opportunities and attend seminars and other events that ensure that they are up to date and aware of changes to guidance, legislation and practice.

OPCC staff also comply with the standards for management of police information and have access to the '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. In support of the commitment to ethical values ETAP have published a detailed review of the Whistle Blowing policy since the last AGS. ETAP reports are available on the following link: <https://www.staffordshire-pcc.gov.uk/etap-reports/>

The OPCC has a published Anti-Fraud and Corruption Policy. This applies to the PCC, the Deputy PCC (DPCC) and all staff that work within the OPCC. 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 OPCC work with act in the same manner.

In line with the policy and through the one to one supervision sessions with senior officers of the OPCC and with the Force's senior officers, the Chief Executive and Chief Financial Officer (CFO) are made aware of any specific or potential risks of fraud. The Chief Superintendent for Professional Standards will bring any specific knowledge or intelligence to their attention and that of the PCC.

The OPCC 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 PCC's CFO and the CC's CFO.

The PCC and the Chief Executive are supported by the Director of Joint Legal Services for West Midlands and Staffordshire Police on legal matters who will make available internal or external legal support as required. There are numerous examples of the Legal Services function providing the support required to gain ensure, for example on major procurements, collaborations, or other complex matters.



Ensuring openness and comprehensive stakeholder engagement

As the elected representative of the public the PCC 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.

There is a statutory responsibility for the PCC to obtain community and stakeholder views on policing in Staffordshire and Stoke on Trent area and the PCC and the office are committed to openness and acting in the public interest.

Their commitment to openness can be demonstrated by: -

- The PCC and DPCC have signed up to a published Code of Conduct which is underpinned by the Nolan Principles of public life;
- The OPCC staff complying with the “Nolan Principles” and other key expectations e.g. information sharing protocols;
- The PCC’s Police and Crime Plan and other published documents, including the Annual Report, the budget report, the statement of accounts;
- Information provided through the website, social media and other routes that provides local people with relevant information on performance through the performance dashboard, outcomes and the PCCs intentions;
- The live webcasts of the Public Performance Meeting and the Police and Crime Panel Meetings;
- Appropriate use of the press and media by the PCC;
- Decision forms relating to significant public interest are made available online for public scrutiny;
- Publication of information on remuneration and expenses;
- The establishment of a number of forums independent of the PCC, comprised of members of the public, in particular ETAP and SNPs. These panels scrutinise a number of areas of policing and publish their findings.

This commitment to stakeholder involvement is demonstrated by: -

- Consultation and engagement activity through the PCC and the OPCC;
- Reports to the Police and Crime Panel and attendance at other democratically led forums;
- The establishment of a number of forums independent of the PCC, comprised of members of the public, in particular the ETAP and the SNPs. These panels scrutinise a number of areas of policing and publish their findings;
- 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 PCC engages with various groups, organisations and people throughout the year, updating them on the work of the office, hearing their questions and views and providing answers that meet their needs.

In addition the OPCC both leads and attends multi-agency governance arrangements with its partners / stakeholders. In these instances, the OPCC either develops or adheres to agreed terms of reference in terms of expectations. An example of OPCC 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

Annual Governance Statement 2017/18

offering the opportunity for stakeholders to hold each other to account and challenge / address any deficits in actions / performance.

PCC accountability is tested through a number of channels. These include the Police and Crime Panel, who meet on a quarterly basis and who hold the PCC to account, scrutinise the OPCC and the Force's performance and regularly review and scrutinise the financial health of the group, including the production of a Medium Term Financial Strategy.

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



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. This plan underpins the PCC's overarching ambitions for delivering positive and sustainable economic, social and environmental outcomes for Staffordshire and Stoke on Trent. The PCC 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 and community safety and that when put into practical terms the force and other partners are enabled or influenced to deliver.

The Safer, Fairer, United Communities Strategy 2017–2020 has 5 priorities that drive the thinking, planning, decision making and actions taken. These are:



Modern Policing

"A police force that is fit for a changing future."



Early intervention

"Identifying and tackling root causes at the earliest opportunity."



Supporting Victims and Witnesses

"Making it easier for victims and witnesses to get the support they need, when they need it."



Managing Offenders

"Preventing offending in the first place and reducing reoffending."



Public Confidence

"Creating opportunities for communities to shape policing, with greater transparency and openness to increase confidence in policing."

Each of these priorities are reflected within the PCC's performance arrangements that inform how effectively the Force perform so that the CC can be held to account 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 PCC is demonstrating the primary role of holding the Force to account and ensuring that the Force provide 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, SNPs and the Commissioners Performance Dashboard on the OPCC website.

Force Level Accountability

Examination of key activity at a strategic level allowing the PCC to take a detailed, searching approach with consideration of all relevant issues. Examples of this function would be Confidential Inquiry Sessions, various joint management meetings, and PCC & CC review meeting.

Local Accountability

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

Both the OPCC and the Force are committed to continuous improvement in managing performance as demonstrated by the commitment that both have to the Joint Performance & Accountability Framework.

The PCC 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 PCC has strategic overview and regular operational updates on the delivery plans owned by each team within the office. Likewise the PCC will continue to build on the theme of joined-up approaches and drive reform, bringing funding from across agencies together to achieve better services for the people of Staffordshire and Stoke-on-Trent.

The PCC's commitment to protecting frontline policing resources requires that the budget is managed effectively and that the Force is sustainable in the medium to long term. Financial reports including the Medium Term Financial Strategy are provided on a regular basis to the Police and Crime Panel. These link to the delivery of the Safer Fairer United Communities Strategy 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.



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

The Safer, Fairer, United Communities Strategy 2017-2020, is the overarching document that the CC is required to deliver against and also provides direction and promotes collaboration with other partners that have community safety responsibilities.

2016/17 Action 3 & 4: Since the new CC's arrival in summer 2017 the OPCC has been closely involved with the development of the CC's Policing Plan for 2018/19. This was published in January 2018 and the joint work undertaken has ensured that it aligns the force to delivery of the PCC's five priorities. Included in the plan is that to deliver the PCC's priorities a significant change in the way that the force and community safety partners operate needs to take place. In response to this need the Blueprint for Change document has been developed and sets out the forces major transformation programme which will reshape the service over the next three years.

Work plans for each of the key teams within the OPCC are utilised to ensure that progress against the priorities occurs. The teams then produce a report for the Police and Crime Panel for each meeting detailing progress on delivery against the priorities. It is recognised that delivery of the PCC's 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 OPCC operational updates and where applicable wider work undertaken by the OPCC, the Force and other agencies.

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

The strategy's five priorities as seen in Section C are highlighted through press releases, OPCC social media and other communication to the public. Key strategic documents are published in hard copy form and electronically and are available to the public. This is also the case for PCC newsletters and consultations. The website is continually updated with latest news and publications that provide further information on how the strategy is being delivered.

2016/17 Action 2: A provider has been identified to deliver the new website for the OPCC. Scoping of requirement has been completed and the build project is due to commence following consultation with the OPCC teams and the provider.



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

The statutory officers within the OPCC have access to continuous development through the support mechanisms that are available at a national level (APACE/PACCTS). These provide specific development opportunities and enhance shared learning – an APACE leadership development programme is currently in the middle of its programme and picks up salient issues that are impacting upon senior OPCC leaders. In addition, regular seminars are available that provide for more specific development needs.

At a regional policing level, PCC's, CC's and Chief Executives of the OPCC meet on a quarterly basis to receive reports on and consider regional collaborations, supported by 2 full time equivalent Regional Policy Officers. These officers work with specialist regional policing functions to ensure appropriate scrutiny, performance management and any policy or process development is

appropriately governed. These are the first posts of their kind nationally and already have added considerable value to the PCCs scrutiny of performance and value for money at the regional level.

Within the OPCC 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.

The PCC has promoted partnership working as a key facet of delivering the strategy. This involves the OPCC working closely with a wide range of partners; local authorities, Criminal Justice System agencies, National Health Service bodies, private and voluntary sector organisations etc.

The OPCC has a Commissioning Team of 7 staff equating to 6.5 FTE (including 1 agency member of staff), with a key function of working jointly with partners. The PCC has previously agreed that the resourcing of the OPCC in this area, with the right level of capability and capacity, is key to delivering the strategy. This also ensures a voice in joint working arrangements and a mitigation of the risks that may arise.

2016/17 Action 1 & 4: The PCC the office and the Force operate through a governance framework. It is an interrelated system that brings together an underlying set of legislative requirements, governance principles and management processes to deliver a set of goals. The framework was reviewed in 2017 aligning it to the CIPFA Delivering Good Governance Guidance Notes for Policing 2016. This process examined how and where the framework could be strengthened to more effectively support the office of the PCC and drive continuous improvement across both the Force and the OPCC.

The review had 4 key themes, they were:

- Good Governance
- Transparency & Openness
- Continuous Improvement
- Working Together

The intention of the review was to develop and deliver governance arrangements that will embed the Governance Framework, implement good governance practices, and lead to continuous improvement for the Force and the OPCC whilst strengthening further the delivery of the role of the PCC.

The review led to improvements being made in the accountability structure that supported the role of the PCC through the introduction of review meetings with the CC which are informed by the Performance and Assurance Board, enhanced and better supported SNP processes and clear lines of responsibility, escalation and performance management.

Improved and better informed decision-making was a key goal of the review. This is being delivered by embedding in the organisation good governance principles thus ensuring that decision processes are informed by robust management information. This empowers decision makers to make good and appropriate decisions reflective of stakeholder views whilst maintaining focus on strategic objectives.

Continued on next page.

The Strategic Governance Board (SGB) was refreshed to act as the PCCs strategic management committee, attended by the OPCC and Force Executive Team. The agenda is focused upon delivery and development of the Police & Crime Plan which has now been placed at the centre of the governance arrangements.

The Force has created a new Force Strategy Board attended by senior officers of the OPCC which acts as the strategic operational decision making body overseeing the various new Force Boards and Directorates. The Force has developed a Policing Plan that sets out how they will operationally deliver and monitor delivery of the Police & Crime Plan which they can be held to account in delivering by the PCC and the office.

The OPCC has introduced a new system of internal controls that involves a Business Plan stating how the OPCC will contribute to delivery of the Police & Crime Plan and individual service plans, service risk registers and service budget reporting which will ensure improved monitoring and continuous improvement of finances, performance and risk readiness.



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

2016/17 Action 1 & 4: A new system of internal control to strengthen the monitoring of risk, performance and finance for the OPCC has been implemented to focus on the OPCC and the Force management team processes which can be seen in Appendix B. This illustrates the new Governance Structure and demonstrates how the OPCC standards are being driven forward through the Performance & Assurance Board (PAB), which provides operational and strategic performance information. The Joint Governance Working Group have played a key role in monitoring that development and the delivery of the 2017/18 AGS and addressing the actions identified in the 2016/17 AGS.

The OPCC recognise that robust risk management is a key function of the operation of both the OPCC and the Force. There has been enhanced accountability arrangements in place for the OPCC in 2017/18 delivered through a new Risk Management Strategy, enhanced Business Plan and a further enhancement of the performance framework.

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

- Quarterly Joint Strategic Risk Management Group chaired by the Deputy CC;
- A Joint Strategic Risk Register demonstrating a clear risk appetite is reviewed at OPCC Management Meetings;
- An OPCC Risk Register and the use of risk management techniques in programmes and projects;
- Financial risks identified and monitored by the two Section 151 officers as part of the budget setting exercise and the development of the medium-term financial plan;
- The Governance Framework, Financial Regulations, Standing Orders and the development of appropriate policy and procedure;

Annual Governance Statement 2017/18

- The use of the Internal Audit function (as outsourced to Staffordshire County Council in 2017/18) where the plan is directed towards risk and emerging issues, as well as auditing the risks around standard finance functions;
- The ETAP established in the first term of the PCC, whose primary function is that of Statutory Audit also provides independent review of risk management and internal control frameworks.
- External reviews and inspections including thematic reviews by HMICFRS which inform the PCC and the Force and highlight risks and learning points in addition to good practice.

The OPCC and the Force have responsibility for conducting on an annual basis a review of the effectiveness of the governance framework including the system of internal control.

The review of the effectiveness is informed by the work of the senior managers within the OPCC and Force, who have responsibility for the development and maintenance of the governance framework, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The financial performance of the Force and OPCC is monitored through monthly budget monitoring reports and refreshed Medium Term Financial Strategy updates, where variances and longer term gaps are identified, discussed and reviewed at senior level meetings, including the PCC Management Meeting and the Strategic Governance Board chaired by the PCC. If there is movement away from budgeted income and expenditure, there is focus on identifying how potential and actual differences in spend and income have arisen. Appropriate action is then taken to understand the implications on a value for money basis, ensuring where appropriate corrective actions are put in place to manage the financial impact to the organisations as part of good financial control.

In 2017/18 there were a small but significant number of adverse and unexpected financial items that occurred towards the financial year end. These have resulted in an overspend of just under £2.7 million (1.5% of budget). A plan to deal with the implications includes: -

- a joint financial sustainability plan has been presented to and approved by the Strategic Governance Board;
- a revised budget and Medium Term Financial Statement for 2018/19 and 2018/19 – 2021/22 respectively will be completed over the summer of 2018;
- capital receipts are being progressed through a revised governance framework;
- a new Enabling Board, chaired by the Director of People and Resources oversees and manages key resourcing issues in the Force ;
- financial systems upgrades during 2018/19 and new staffing structures in place through the autumn of 2018.

The knock on impact of the revenue outturn position in 2017/18 on reserve levels has been recognised and a revised reserves strategy that ensures reserves are refreshed during 2018/19 and over the Medium Term Financial Statement period will be published by the end of July 2018.

2016/17 Action 5: As part of ongoing improvements to the informed decision making process, there has been innovations to the Performance Framework during 2017/18, including a more formal approach holding the CC to account. This is through the CC accountability to deliver against the strategic objectives, behaviours and competencies and Force operational performance. The CC has monthly review meetings with the PCC to go through risk, performance, finance and also horizon scanning matters. These meetings will be further informed by the output of the PAB which will then assist in the PCC's overall assessment of the force.

Annual Governance Statement 2017/18

The Commissioning Team within the OPCC leads on delivering services that assist the PCC with the delivery of strategic priorities. Major procurements and reshaping of services have led to ensuring value for money, focussing on service development, relationship management and contract compliance throughout delivery.

The PCC and CC work with other PCCs and CCs on a regional basis (the West Midlands region – Staffordshire, Warwickshire, West Mercia and West Midlands). The PCC for Staffordshire chairs the regional collaboration group and oversees with colleagues the performance of important regional and national collaborations between police forces; these include the Regional Organised Crime Unit, the Central Motorway Police Group, the National Police Air Service and the regional Counter Terrorism Unit. The regional work is a key aspect of the overall PCC and Force delivery arrangement and is one that is growing given Government investment into regional activity and the expectation that local Forces will transfer some activity, where appropriate, into a regional collaboration. Identified Force leads on specific collaborations are required to bring performance and financial reports to each quarterly board meeting and the PCCs scrutinise and hold to account both those leads and CCs for the activity and outcomes achieved. Although these are challenging and high risk areas of policing, which are not familiar with high levels of scrutiny, PCCs have developed and will continue to improve performance management in these areas.

2016/17 Action 7: In evidencing strong public financial management a comprehensive budget timetable has been produced, with key dates and actions specifically required for Monthly Budget Financial Reporting, the Annual Budget Plan and Accounts Closure. This will help to inform preparation required in a timely fashion. The OPCC and the Force have worked together to update structures to enable accurate and timely monitoring and enhancing the transparency in reporting of finances with alignment to specific team areas. The monthly budget monitoring reports are now monitored by the OPCC Director of Finance and Performance so that there is assurance on the transparency of the information. Where variances occur corrective action is taken prior to the circulation to Strategic Governance Board.



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

It is the ambition of the PCC for Staffordshire to have the most robust system of public accountability. The OPCC are compliant with the Freedom of Information Act, and endeavour 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.

2016/17 Action 8: The PCC has well established open and transparent lines of accountability through the use of the SNPs, ICVs and ETAP functions. During the year these functions have been strengthened in order to better support the PCC in fulfilling the core role of holding the Force to account. Various guidebooks have been produced to support key skills required and to embed good governance principles for each element of the scrutiny function, including the SNPs, ETAP and others. Additional training from organisations such as the Centre for Public Scrutiny has also been utilised to drive home the effective principles of public scrutiny.

Annual Governance Statement 2017/18

To enhance accountability further the OPCC uses 'live' webcasts of the Public Performance meetings, publication of decisions on the OPCC website and ETAP and Police and Crime Panel meetings held in public.

Local Authorities have been commissioned by the OPCC to facilitate the SNPs function in effectively scrutinising their local policing team. For example, SNPs review activity carried out within their Local Policing Team area by looking at core areas such as Stop and Search, Use of Force and Public Reassurance and reviewing the process followed by police officers. A development programme has commenced for SNP's which includes identification of training requirements that best support this function, further work will take place in 2018/19.

ICVs are a statutory function who are appointed by the OPCC 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 annual report is published on the OPCC website as well as highlighted on social media.

The Police and Crime Panel monitor and challenge the PCC 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 have a statutory role in scrutinising the strategy (the Police and Crime Plan), the Annual Report and the proposed budget and precept. The Panel also hold the PCC to account on specific policing linked matters, such as performance management, delivery of the Police and Crime Plan 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. An Audit Sub-Group 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 PCC and the CC according to good governance principles, including the monitoring of the Strategic Risk Framework, recommending for approval the AGS and the Statement of Accounts as well as putting decisions made by the PCC and the Force under the spotlight.

In line with best practice, an annual self-assessment has been carried out by ETAP with support from the OPCC's Internal Auditors. The review followed CIPFA's publication on Practical Guidance. The review produced an action plan which will inform future training sessions for the panel.

The Internal and External Audit functions also provide scrutiny across the OPCC and the Force. 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 Office of the PCC and Force and these are annually audited and reported to management and ETAP where risks are managed and monitored.

Internal Audit

Internal Audit is utilised to help provide assurance and compliance. The Internal Audit Service during 2017/18 was contracted out to Staffordshire County Council. The arrangements for 2018/19 are now with RSM UK who were appointed through commercial market testing process.

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

Annual Governance Statement 2017/18

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

- 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 actively ensures that there is an annual strategy and plan and that these are developed on a risk assessed basis with the direction from both the OPCC and the Force. Audit outcomes are presented to management and to ETAP, the latter in detail through the Audit Sub-Group and in the full ETAP forum, which is open to the public. Areas for improvement identified in 2017/18 audits have been reviewed with action taken, reported to management and to ETAP. There is a monitoring and actions procedure on all recommendations to ensure appropriate action is taken as soon as possible in the 2018/19 Financial Year.

The Internal Audit Service provide assurance through delivery of the audit plan and regular reporting to senior management (Director of Finance and Performance) and also to ETAP at public meetings and its Audit Sub-Group, with action plans established to improve as necessary. Actions are monitored and managed through corporate governance arrangements and considered through ETAP as to 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). It is expected, based on 2017/18 audit results to date that the annual audit opinion will provide an adequate assurance on the effectiveness of the controls reviewed.

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 OPCC 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 OPCC 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.

2016/17 Action 6: The OPCC has developed a Partnerships and Commissioning Register to help achieve greater transparency and demonstrate to the Staffordshire public and stakeholders of how the OPCC is working with others to deliver improved outcomes at the best value for money.

The Register captures the essential details of the partnership or commissioned activity, how it links to OPCC strategic priorities, the importance and impact of the partnering/commissioned organisation is to the OPCC objectives and how performance is being managed through governance arrangements so that objectives/outcomes are realised, delivering the necessary value for money requirement.

The Force has reviewed the finance team structure (the team supports both organisations), which will be fully implemented as the force-wide transformation programme is developed. Structural gaps are currently being filled with interim management and this is an appropriately stable position whilst restructuring work commences.

4. Overall Level of Assurance

Actions taken in the year 2017/18 have strengthened and enhanced the governance arrangements for the OPCC. The PCC is satisfied that appropriate stewardship is being applied to the use of resources by the OPCC 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 2017/18)

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

Issue 01

The OPCC website, whilst adequately providing information and supporting accountability arrangements does not reflect best practice across publicly accountable organisations.

Recommendation:

The OPCC website rebuild to continue into 2018/19 to ensure that the office adopts best practice.

Issue 02

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.

Recommendation:

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.

Issue 03

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.

Recommendation:

The OPCC to explore ways in which a commitment to CSR can be further developed internally.

Issue 04

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.

Recommendation:

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.

Issue 05

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.

Recommendation:

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

The details given within this statement represents a realistic view of the governance arrangements that are in place for the OPCC and that for 2017/18 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 2018/19 will enable the OPCC to ensure that governance framework is robust and fully meets the requirements as set out by CIPFA's good governance guidance.

Police and Crime Commissioner
Matthew Ellis

Chief Executive
Glynn Dixon

Director of Finance
Jane Heppel

AGS Action Plan: 2016/2017

Ref No	Issue	Action	Update Given on Page
1	Although the OPCC robustly ensures it is compliant with laws, regulations, procedures and policies it is looking to improve its internal systems of control which will further improve its ability to ensure legal and financial compliance.	A review of governance to take place in 2017/18, to encompass internal control mechanisms and other aspects of the AGS as appropriate e.g. roles and responsibilities, accountability, decision-making, performance management, risk management etc.	11,12
2	The OPCC website, whilst adequately providing information and supporting accountability arrangements does not reflect best practice across publicly accountable organisations.	The OPCC website will be reviewed over the next 12 months to ensure that it continues to develop and improve and reflects best practice.	10
3	Further improvements are required in the linkages between the strategic direction that the PCC provides to the Force (his Police and Crime Plan) and the delivery of that strategy by the Force.	The OPCC will work with the Force to develop a Policing Plan that will support delivery of the Police and Crime Plan and provide clear definitions of measures of success for the priorities identified.	10
4	Further improvements are required in the linkages between the strategic direction that the PCC provides (his Police and Crime Plan) and the delivery of that strategy by the OPCC.	The OPCC will strengthen the monitoring of performance and ensure that outcomes are linked to strategic priorities; to achieve this a detailed 2017/18 Business Plan is being developed to support delivery and the decision making process.	10,11,12
5	The OPCC has an ongoing commitment to improving the decision making process and to fulfil the PCCs role of holding the CC and Force to account.	During 2017/18, improvements will be made to the overall performance framework, through the introduction of an Executive Performance Plan for the CC which will detail the CC's accountabilities on delivery of strategic objectives, behaviours and competencies as well as force operational performance.	13

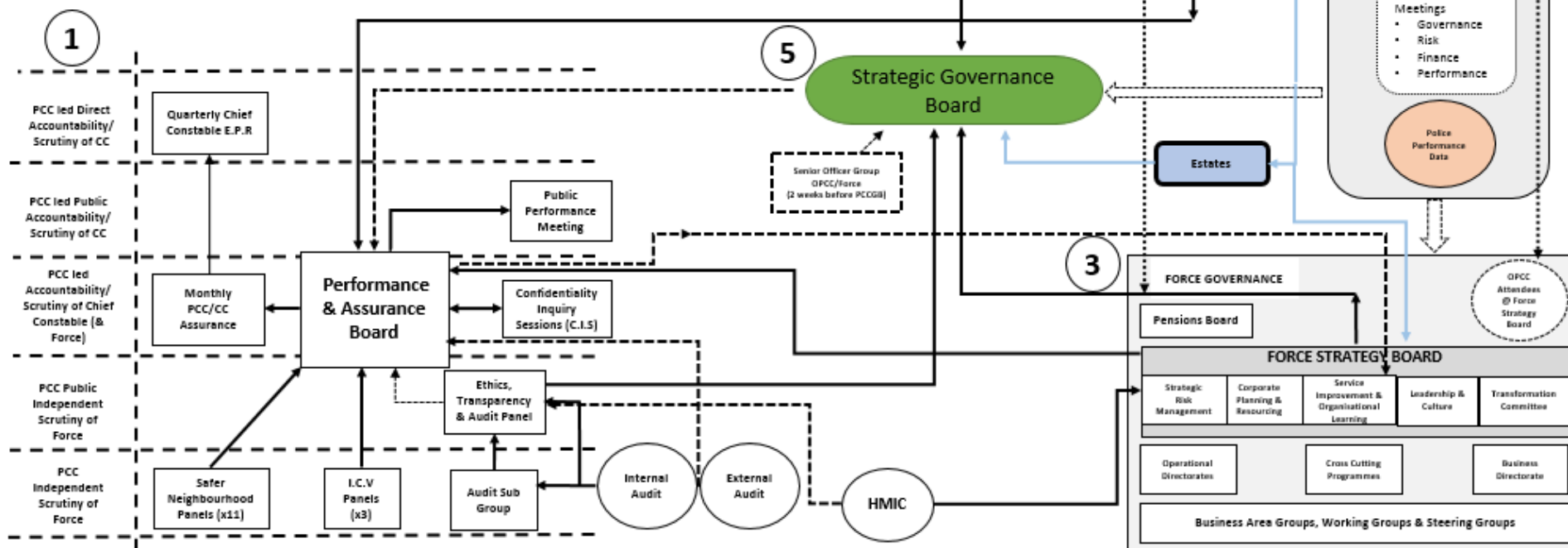
Annual Governance Statement 2017/18

6	There is scope to strengthen the oversight of partnership arrangements and how they directly and indirectly contribute towards strategic objectives, financial savings and outcomes.	The OPCC with the Force will develop mechanisms that assist in identifying more clearly how key partnerships directly contribute towards strategic objectives, savings and agreed joint outcomes (as identified in the External Audit ISA 260 report for 2016/17).	16
7	The OPCC recognises that there are areas for improvement in financial monitoring arrangements within the OPCC and the work it undertakes as well as within the Force, which can impact on its ability to hold the Force to account.	The Director of Finance and Performance and the CC's CFO will develop the systems and processes that are necessary to evidence full compliance with all financial frameworks.	14
8	Whilst the OPCC have led nationally on the support that external scrutiny can provide to a PCC in achieving transparency, further development of these arrangements to continuously improve is required.	The OPCC will strengthen its external scrutiny arrangements in 2017/18 in order to better support the PCC in fulfilling the core role of holding the CC and the Force to account, including a review of existing arrangements and the provision of training to those involved.	14



Internal Control Structure

1. Accountability
2. OPCC
3. Force
4. Business as usual
5. Strategic Governance Board



AGS Action Plan: 2017/2018

Ref No	Issue	Action
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.
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.
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.
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.
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.