

Police & Crime Commissioner
Annual Governance Statement (AGS) 2016/17

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. He 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 and 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 their affairs, 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 these arrangements.

The PCC has adopted a joint governance framework with the CC that is consistent with the principles of the CIPFA / SOLACE guidance 'Delivering Good Governance in Local Government and Police', a copy of which can be found on the CIPFA website. An updated edition of this guidance was published in spring 2016.

This Annual Governance Statement (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.

The Purpose of the Governance Framework

Governance refers to the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that the entities (i.e. the PCC and CC) achieve their intended outcomes whilst acting in the public interest at all times.

The governance framework relates to the systems, processes, culture and values by which the PCC directs, controls and carries out activities through which he accounts to and engages with the community and then ensures that the OPCC complies with those requirements. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable and foreseeable level, on the basis that not all risk of failure can be eliminated. The system of internal control is based on ongoing processes that are designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the

likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

The Governance Framework

To ensure that appropriate management and reporting arrangements are in place to enable the PCC is satisfied with the approach to corporate governance, there are key elements that include the following:

- The Corporate Governance Framework (Joint with the Force);
- A Risk Management Strategy
- Annual Governance Statements (AGS) produced by the OPCC and the Force;
- The Strategy (the Police and Crime Plan), which is managed, monitored and reported on;
- Regular review of the Framework, the Risk Management Strategy and the delivery of the Strategy; and
- An effective Internal Audit function

A key feature of the Corporate 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. The development and maintenance of these arrangements is undertaken by managers within the OPCC and the Force and is reviewed by internal and external audit.

The governance framework is also supported by: -

- 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;
- Engagement in value for money benchmarking such as is conducted by Her Majesty's Inspectorate of Constabulary (HMIC);
- 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;
- Appropriate statutory officers within both the OPCC and the Force, who are key members of 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.

Review of the Effectiveness of the Governance Arrangements

1. Developing, communicating and embedding codes of conduct which define standards of behaviour for leadership and staff, and policies dealing with whistleblowing and conflicts of interest

The PCC and Deputy Police and Crime Commissioner (DPCC) have signed up to a published Code of Conduct which is underpinned by the Nolan Principles of public life. These principles are also fundamental to the staff of the OPCC. Staff also comply with the OPCCs Anti-Fraud and Corruption Policy.

The OPCC utilises Staffordshire Police'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 in the OPCC are covered by the terms and conditions of the Police Staff Council, as well as other employment rights. OPCC staff also comply with the standards for management of police information and have access to the 'Bad Apple' reporting portal for whistle-blowing and anti-corruption matters. Where there is a conflict of interest or a business interest this must be declared to the Chief Executive.

In order to assist the embedding of 'good scrutiny behaviours' ETAP Members benefit from a full training schedule to cover both their statutory role and the undertaking of thematic reviews. In November 2016 and December 2016 ETAP Members had 5 half day workshops in order to improve and develop their audit role.

A thematic review process has been developed for both ETAP and Safer Neighbourhood Panel (SNP) Members for use. In addition during thematic reviews both ETAP and SNP Members receive a detailed overview of the subject matter that they are reviewing, for example SNP Members have received detailed overviews on the Use of Taser, Stop and Search and the 101 / 999 service.

2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Chief Executive acts as the 'Monitoring Officer' as required by the Police Reform and Social Responsibility Act 2011.

The PCC and the Chief Executive of the OPCC (in carrying out his statutory role) are fully compliant with the published Governance Framework and ensure full compliance with relevant laws and regulations, through the support of the Head of Legal Services, who advises the PCC / OPCC and the CC on legal matters and 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 assurance, for example on major procurements, collaborations, or other complex matters.

The OPCC has a Section 151 officer, (S151 of the Local Government Finance Act 1972) in the form of a Director of Finance and Performance, who has responsibility for finance and to ensure the dispersal of funds is appropriate and lawful. He is supported by policies and procedures in place, including Finance and Contract Regulations; these regulations were reviewed and refreshed as part of the 2016/17 review of the Corporate Governance Framework.

The OPCC utilise and work within Force policies and procedures across a wide range of areas including IT access, staff policies including pay and welfare conditions and management of information policies e.g. all holiday and sickness absences must be recorded and authorised using the staff database and staff are aware of the risks of information sharing across the Force and externally.

The Internal Audit opinions for both the OPCC and the Force for 2016/17 were as follows:

Based on the internal audit coverage undertaken during 2016/17, a “Limited” assurance opinion has been made on the overall adequacy and effectiveness of the organisation’s governance, risk and control framework.

The basis of the overall Internal Audit opinion was as a result of four ‘limited’ assurance audits in 2016/17 impacting on core financial systems (General Ledger & Bank Accounts, Procurement and Contract Management) and other systems (Transport Collaboration, Management of Property Stores) operated by the Force. Significant improvements have already been made during the 2016/17 financial year and action plans have been put in place by the Force to manage all of the internal audit recommendations, although there is a reliance on a key systems upgrade set for completion in the autumn of 2017. Not all recommendations therefore, have been implemented as at the end of March 2017.

Action: 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.

3. Documenting a commitment to openness and acting in the public interest

The PCC and OPCC are committed to openness and acting in the public interest.

This commitment is 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;
- Members of OPCC staff also comply with the “Nolan Principles” and other key expectations e.g. information sharing protocols;
- OPCC staff have access to the ‘Bad Apple’ reporting portal for whistle-blowing as well as anti-corruption
- The PCC’s Police and Crime Plan and other published documents, including the Annual Report, the budget report, the statement of accounts;
- Consultation and engagement activity through the PCC and the OPCC;
- Reports to the Police and Crime Panel (PCP) and attendance at other democratically led forums;
- Information provided through the website, social media and other routes that provides local people with relevant information on performance, outcomes and the PCCs intentions;
- The live webcast of the Quarterly Force Performance Meeting, where the Force operational performance is scrutinised by the PCC
- 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 the ETAP and the SNPs. These panels scrutinise a number of areas of policing and publish their findings.

The OPCC also operate a publication scheme, placing documents of public interest, on its website. This includes details of ETAP and SNPs meetings, as well as and also key decisions of the PCC.

4. Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The PCC and OPCC utilise 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 his work, hearing their questions and views and providing answers that meet their needs.

As part of the development of the Police and Crime Plan (Safer, Fairer, United Communities Strategy 2017 – 2020) and following the May 2016 election, the PCC extended the consultation period in order to maximise feedback opportunities to inform the content of the strategy, which resulted in over 5,500 responses from the Staffordshire public; there was also a substantial response from a diverse range of public sector organisations and also the voluntary and community sector, as well as the Police and Crime Panel itself. The consultation feedback was used to make final changes to the strategy prior to publication.

The OPCC's website publishes all major decisions taken by the PCC. Press releases are also issued around those major decisions by the PCC and OPCC as well as to highlight projects and work by the PCC. The OPCC website includes a Performance Dashboard, which demonstrates policing activities on a monthly and year to date basis and is further segmented to Staffordshire Local Policing Teams (LPTs) to ensure visibility of local 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 Staffordshire Police's performance and regularly review and scrutinise the financial health of the group, including the production of a Medium Term Financial Strategy.

Police 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 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.

The PCC has established the ETAP; this panel is made up of Staffordshire people, who, through application and interview, look to provide an oversight and scrutiny role of the OPCC and Staffordshire Police activities. ETAP also undertake thematic reviews and publish reports which include recommendations to the Force / OPCC so that once actioned, there is an improvement in performance. There are many positive examples of these thematic reviews having a direct impact on the delivery of services and the subsequent outcomes achieved.

Similarly, the PCC has also established SNPs, who work to LPT areas within Staffordshire and Stoke-on-Trent. Local Authorities have been commissioned by the OPCC to set up and facilitate SNPs to effectively scrutinise local policing. For example, SNPs review stop and search activity carried out within their LPT area by looking at BodyCam footage and reviewing the process followed by police officers.

Updates and surveys are also highlighted through e-mail newsletters as well as OPCC social media channels, which include Facebook, Twitter, YouTube and Instagram, which are regularly updated. The ETAP has its own Twitter account to highlight its reports and work. Independent Custody Visitors (ICVs) who are members of the public, are appointed by the PCC to check on the wellbeing of people being held in police custody. ICVs have their own Twitter account and their annual report is published on the OPCC website as well as highlighted on social media.

The OPCC are compliant with the Freedom of Information Act, and endeavour to respond to all FOI requests in the required time frame. This ensures that the public are able to access the information that the legislation entitles them to.

5. Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning

Following a range of consultation with stakeholders the PCC has refreshed his Safer, Fairer, United Communities Strategy 2017-2020, which is now available on the OPCC website. The Strategy, which is also known as the Police and Crime Plan provides the strategic vision and details the key priorities that the PCC has committed to seeking to deliver on behalf of the public. The key priorities are include four that have been carried over from the previous plan, being Early Intervention, Supporting Victims and Witnesses, Managing Offenders and Public Confidence. A fifth priority has also been added of Modern Policing. The strategy 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. The strategy's five priorities are highlighted through press releases, OPCC social media and other communication to the public.

The jointly produced (with Staffordshire Police) 'Our vision for transforming policing in Staffordshire by 2020' outlines a need for change and has a close fit with the national policing vision for 2020, produced by the National Police Chiefs Council (NPCC). The challenges are both service orientated and financial and will result in a radically different police service in the future.

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. The website will be reviewed over the next 12 months to ensure that it continues to develop and improve and reflects best practice.

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.

There are public meetings on Police Performance, where the PCC holds the CC to account about police performance in Staffordshire and Stoke-on-Trent. These performance meetings are broadcast live through the Staffordshire County Council website and the public can watch these meetings again after they are held.

Action: The OPCC website will be reviewed over the next 12 months to ensure that it continues to develop and improve and reflects best practice.

6. Translating the vision into courses of action for the organisations and their partnerships

The PCC's priorities detailed in the Police & Crime Plan are delivered through joint working with partners, underpinned by a common vision that is communicated to all. Methods to measure quality of service are regularly reviewed, always ensuring the necessary information for scrutiny and challenge are at hand.

Work plans for each of the key teams within the OPCC are utilised to ensure that progress against the priorities occurs.

The PCP's work programme takes a detailed view of OPCC progress on delivering against each Police and Crime Plan priority on a regular basis. They also receive at every meeting an overarching report that provides a view of overall progress against the strategy outcomes. An Annual Report is produced that looks backwards and forwards at actions delivered and forthcoming.

The performance of the Force is also scrutinised and challenged through the OPCCs Governance and Performance Frameworks and in public through quarterly Public Performance Meetings. A challenging internal scrutiny process has been developed that exists alongside the PCP that consists of the independent ETAP, SNPs, the PCC / Force Strategic Executive Group (SEG) and one to one's between the PCC and the CC.

Action: 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.

7. Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships, information provided to decision makers and robustness of data quality

There is a clear decision making framework within the organisation with all key decisions being transparently signed off by the PCC (and the OPCC Chief Executive) before being published on the OPCC website. There is also a joint decision making process between the OPCC and the Executive Management Team from Staffordshire Police, in place through the Strategic Executive Group (SEG). Meetings of SEG are held monthly and will address issues of common interest that lead to key PCC decisions being made and then published.

The OPCC has in place a Scheme of Delegation which details the key roles of the PCC and those functions delegated by the PCC to the Deputy PCC, the Chief Executive and the Chief Finance Officer.

The recent publication of CIPFAs 'Delivering Good Governance' (2016) document has resulted in a full review of governance arrangements during the second half of the 2016/17 financial year. The review has led to the development and implementation of new internal governance procedures and

practices, further adoption of governance best practice and the implementation of new risk arrangements.

In order to strengthen the monitoring of performance and ensure that outcomes are linked to strategic priorities a detailed 2017/18 Business Plan is being developed to support delivery and the decision making process. Governance arrangements are also being reviewed with the Force during 2017/18 to streamline and enhance scrutiny, oversight and accountability further.

Action: 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.

8. Measuring the performance of services and projects and ensuring they are delivered in accordance with defined outcomes and that they represent the best use of resources and value for money

Under the leadership of the PCC, the OPCC has introduced policies and procedures to ensure effective planning and processes. Moreover, the PCC has allocated sufficient resources to support staff to perform their roles effectively. Performance is regularly assessed and there is a clear commitment to develop individual's skills to assist the PCC to drive forward his ambitious reforms.

There is a Commissioning Team within the OPCC that takes leadership on delivering services that are in line with the priorities and outcomes that the PCC has identified in his strategy. Major procurements and reshaping of services have occurred and value for money in the development and relationship management and contract compliance in delivery are all key elements of the processes in place.

Staffordshire Police performance is scrutinised through the Performance Framework arrangements, which include a multi-level approach to scrutiny, such as quarterly public performance meeting between the CC and the PCC, holding the CC to account for the force's performance. There is also thematic inquiry sessions where the OPCC scrutinise the Forces' operational performance by focussing on key strategic areas in detail and look to seek assurance that adequate policies and processes are in place to meet the demands in that area.

The financial performance of the Force and OPCC is monitored through monthly budget out turn reports and refreshed Medium Term Financial Strategy (MTFS) updates, where variances and longer term gaps are identified and discussed at senior level meetings. Where there is movement away from budgeted income and expenditure, then there is focus on understanding where potential and actual differences in spend and income have arisen from and the implications for the budgets in place as part of good financial control and to understand the implications on a value for money basis, so to ensuring where appropriate, corrective plans are put in place so to either maximise or minimise the financial impact to the organisations.

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, through use of an Executive Performance Plan, which will detail the CC's accountabilities around strategic objectives, behaviours and competencies and Force operational performance. There will also be a Performance and Assurance Board meeting

structure which will be focussed around the use of a Balanced Scorecard tool, which will contain key performance indicators and outcomes for the Force, including metrics on issues such as visibility and crime, as well as milestones, satisfaction measures and outcomes from Audit, ETAP, HMIC etc.

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 his colleagues the performance of important regional and national collaborations between police forces; these include the Regional Organised Crime Unit (ROCU), the Central Motorway Police Group (CMPG), the National Police Air Service (NPAS) and the regional Counter Terrorism Unit (CTU). 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. 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.

To that end, the four PCCs have together, recruited to 2 FTE Regional Policy Officers who work with these specialist regional policing functions to ensure appropriate scrutiny and performance management. These are the first posts of their kind nationally and already in 2016/17 have added considerable value to the PCCs scrutiny of performance and value for money at the regional level

The OPCC recognises the recommendations from the Internal Audit process and the ‘Limited’ nature of some of the audit reports that examine Staffordshire Police’s service, business and financial arrangements. The PCC will be monitoring carefully the progress against outcomes/recommendations through established processes and also through the development of more robust performance management arrangements.

There will be 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.

Action: 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.

9. Defining and documenting the roles and responsibilities of leadership and management, with clear protocols for effective communication in respect of the organisations and partnership arrangements

Statutory officers carry out their stated functions and offer the appropriate advice and support on matters within their sphere of responsibility. The roles and responsibilities of the PCC, the Deputy PCC and OPCC officers are clearly set down and are regularly reviewed for effectiveness. The Governance Framework includes an agreed Scheme of Consent that details those matters

specifically reserved for the decision by the PCC. This Framework is updated to take account of relevant legislation and reviewed at least annually.

Joint working with the Force, partners and local communities to deliver against the priorities identified in the Safer, Fairer, United Communities Strategy, aims to drive improvements in both policing services and criminal justice services. The commissioning of services through partnership working is based on clear and understood arrangements for accountability, financial administration and performance.

The PCC has promoted partnership working as a key facet of delivering his strategy. This involves the OPCC working closely with a wide range of partners; local authorities, CJS agencies, NHS bodies, private and voluntary sector organisations etc.

As a key aspect of this, the OPCC has established and partakes in governance meetings that ensure an appropriate strategic, legal and regulatory appropriate approach. The Safer Staffordshire Strategic Board (SSSB) brings together all community safety partners at the most strategic level to provide direction and support, but also to be clear on individual agency constraints, such as those required by law or regulation. Other governance boards work under the auspices of the SSSB with the same approach.

At a regional policing level, PCC's, CC's and Chief Executives of the Office of the PCC meet on a quarterly basis to receive reports on and consider regional collaborations, supported by 2 FTE Regional Police Officers.

The OPCC has a commissioning team of 5.5 FTE (including agency 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 his strategy. This also ensures a voice in joint working arrangements and a mitigation of the risks that may arise.

Joint working with the Force is also part of the formal governance structure of the OPCC, This means that there is a monthly SEG, bringing together the senior teams from the OPCC and Police into a senior decision making forum.

Action: 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).

10. Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement of the Roles of the Chief Financial Officers in Policing and, where they do not, explain why and how they deliver the same impact

The organisation's financial governance and management arrangements are all based on the CIPFA Financial Management Code of Practice for the Police Service of England and Wales as presented to Parliament pursuant to Section 39A(5) of the Police Act 1996 and Section 17(6) of the Police Reform and Social Responsibility Act 2011. This identifies the roles and responsibilities of the CC and the CCs Chief Finance Officer separately from those of the PCC and the PCCs Chief Finance Officer.

Weaknesses had been identified early in 2016/17 in the strategic reporting of financial monitoring to key governance groups that have been addressed; the improvements that have taken place during 2016/17 will be built on further in 2017/18, particularly as ICT system improvements that are timetabled begin to take effect.

Internal Audit is utilised to help provide assurance and compliance. Reports are reported to senior management (Director of Finance and Performance) and to ETAP 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.

Action: The Director of Finance and Performance and the CC CFO will develop the systems and processes that are necessary to evidence full compliance with all financial frameworks.

11. Ensuring effective arrangements are in place for discharging of the monitoring officer function

The Chief Executive holds the role of Monitoring Officer as required by section 5 of the Local Government and Housing Act 1989 and amended by the Police Reform and Social Responsibility Act 2011. The 2011 Act and its regulations set out the main legal and statutory requirements, supplemented by other policing and local government Acts.

The key duties can be summarised as ensuring that the PCC, or anyone acting on the PCCs behalf acts lawfully and in such a way as not to constitute maladministration.

In undertaking the role, guidance from the Association of Police Authority Chief Executives (APACE) Group is utilised to provide clarity as the scope and extent of the Monitoring Officer responsibilities and the detailed legal and statutory obligations that exist.

Specifically, the Monitoring Officer: -

- Ensures that legal advice is obtained when required;
- Attends or is represented at all meetings that result in decisions that bind the PCC;
- Has direct access to the audit committee (ETAP and its sub-committee);
- Has direct access to legal advice can be obtained from the Head of Legal Services, who operates on behalf of the PCC and the CC. She will ensure separation of the route for advice when required;
- Has ensured a Governance Framework is in place and is overseen by the work of a joint Police / OPCC governance forum;
- Has unqualified access to all non-operational information produced by the police service;
- Has ensured that key roles in the OPCC team are recruited to appropriately and filled.

During 2016/17 the Head of Policy, Performance and Assurance in the OPCC is the Deputy Monitoring Officer and takes leadership on certain areas on behalf of the Monitoring Officer and acts as the Monitoring Officer in his absence. Following a restructure within the office this statutory function now lies with the Governance Manager.

12. Ensuring effective arrangements are in place for the discharge of the head of paid service function

The Chief Executive is the designated 'Head of Paid Service' as well as the MO 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 this means taking responsibility for the coordination and discharge of the PCC's functions and managing the office and the PCC's staff.

There is a team of 21 FTE officers in the Office of the PCC, working within a structure and job descriptions / person specifications that both assure legal and statutory obligations and 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: -

- Chief Financial Officer (Director of Finance and Performance)
- Head of Policy, Performance and Assurance (and Deputy Monitoring Officer)
- Head of Commissioning and Partnerships
- Head of Transformation
- Communications and Engagement Manager
- Executive Assistant (PA's, Complaints and Correspondence)

Structural arrangements detailed above were reviewed during 2016/17 and new arrangements have been put in place for 2017/18; these have included strengthening strategic development work, commissioning capacity and governance capacity and introducing new roles on community engagement and volunteering.

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.

13. Providing induction and identifying the development needs of leadership and senior officers in relation to their strategic roles, supported by appropriate training

The statutory posts within the OPCC by the Chief Executive are continuously developed 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.

All staff have access to learning and development opportunities, supported by a norm of one to one supervision and team meetings.

14. Reviewing the effectiveness of the framework for identifying and managing risks and for performance, demonstrating clear accountability

It is the ambition of the PCC for Staffordshire to have the most robust system of public accountability. To this end, he has established open and transparent lines of accountability including 'live' webcasts of the Public Performance meetings, publication of decisions on the OPCC website and ETAP meetings held in public. He has also established eleven SNPs – one for each Local Policing Team (LPT) area – made up of members of the public, who scrutinise the local police commander and local performance with an aim to improve outcomes for the public. Consequently, he is committed to the most effective methods of community engagement. Scrutiny will always be undertaken in public unless there are good reasons for confidentiality. Arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the PCC including the innovative use of the website and social media.

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;
- An OPCC Risk Register and the use of risk management techniques in programmes and projects;
- Financial risks identified 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.
- The use of the Internal Audit function (as outsourced to Staffordshire County Council) 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 to scrutinise the Financial and Operational performance of the Force and OPCC activity areas.
- External reviews and inspections including thematic reviews by HMIC 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, at least annually, 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 environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

15. Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained

The Office of the PCC has a published Anti-Fraud and Corruption Policy. This applies to the PCC, the 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 Office of the PCC 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 Office of the PCC and with Staffordshire Police senior officers, the Chief Executive and Chief

Financial Officer 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.

Staff are able to report matters in a number of different ways, as may be appropriate and these include external reporting e.g. to Internal Audit.

There are also other policies in place within the Office of the PCC and the Force in relation to identifying and responding to risks of fraud. These include the 'Bad Apple' reporting portal for whistle-blowing and anti-corruption.

The Office of the PCC and the Force 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 annual internal audit plan is prepared based on an assessment of current issues, key financial controls and the risks e.g. fraud, facing the Office of the PCC and the Force and controls and policies are reviewed on a regular basis. The organisation 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 PACCTS.

In furtherance of the PCC's strategy, the Office of the PCC makes available grants to organisations through the People Power Fund and the Proceeds of Crime Fund. The Office of the PCC has put in place strict application, award and vetting arrangements to ensure that monies that are awarded deliver the outcomes identified, has been able to identify potential risks of fraud and take action to mitigate this.

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.

16. Ensuring an effective scrutiny function is in place

The PCP scrutinise the performance of the PCC 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 his performance management, delivery of his Police and Crime Plan and post HMIC inspections.

The ETAP also contribute to there being an effective scrutiny function. ETAP which consists of members of the public, expanded the role of the Audit Committee and was launched in January 2014 by the PCC and the CC. ETAP's remit includes a statutory audit function and the scrutiny of a number of areas of operational policing including the use of Taser functions, stop search and the way police complaints are handled.

The SNPs act as 'local scrutiny panels', reviewing policing matters of concern as well as providing an additional layer of critical friend challenge and accountability for the PCC.

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

The annual Internal Audit Plan provides for a risk-assessed programme of work and assurance is provided through its presentation and discussion at the ETAP. The Audit reports will where appropriate provide further assurance on compliance. During 2016/17 areas for improvement were identified through the internal audit process and these have been reviewed and actions taken as appropriate. The force actions are tracked through the action planning system to monitor progress. HMIC also highlighted during this period a cause for concern around how the force was assessing risk around some vulnerable victims. The force has responded to the issues and the OPCC are able to oversee and scrutinise progress through the established processes.

The governance review that will be undertaken in 2017/18 will include analysis and review of the PCCs scrutiny arrangements and will look to identify areas where good principles of scrutiny can be embedded and good practice can be improved and delivered.

Action: The OPCC will strengthen its external scrutiny arrangements in 2017/18 in order to better support the PCC in fulfilling his 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.

17. Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit and, where they do not, explain why and how they deliver the same impact

The organisation's financial governance and management arrangements are all based on the CIPFA Financial Management Code of Practice for the Police Service of England and Wales as presented to Parliament pursuant to Section 39A(5) of the Police Act 1996 and Section 17(6) of the Police Reform and Social Responsibility Act 2011. This identifies the roles and responsibilities of the CC and the CCs Chief Finance Officer separately from those of the PCC and the PCCs Chief Finance Officer.

The Internal Audit Service is contracted out to Staffordshire County Council and 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 ensures that there is an annual strategy and plan and that these are developed on a risk assessed basis with the involvement of both the OPCC and the Force. Audit outcomes are presented to management and to ETAP, the latter through the Audit Sub-Group and in the full ETAP forum, which is open to the public. Areas for improvement identified in 2016/17 audits have been reviewed with action taken, reported to management and to ETAP. Whilst there are actions that still require implementation, such as those linked to changes in information technology systems, these will be addressed as soon as possible in the 2017/18 financial year.

18. Undertaking the core functions of an audit committee, as identified in the CIPFA statement: Audit Committees: Practical Guidance for Local Authorities and Police Bodies

ETAP undertakes the core 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 audit issues and is chaired by another member of ETAP, rather than the chair of ETAP, providing for a dual focus at different meetings.

This panel continues to advise the PCC and the CC according to good governance principles, including the monitoring of the strategic risk framework, the approval of the AGS and the statement of accounts as well as putting decisions made by the PCC and Staffordshire Police under the spotlight.

Since 31 March 2016 and in line with best practice, an Effectiveness Review has been carried out on ETAP with support from the OPCC's Internal Auditors. The review followed the CIPFA's publication on Practical Guidance. The review produced an action plan which will inform future training sessions for the panel.

19. Ensuring that the organisations provide timely support, information, and responses to external auditors, and properly consider audit findings and recommendations

The OPCC's and Staffordshire Police's external auditors, (Ernst and Young LLP), provide regular reports at ETAP's formal panel meetings. At these meetings, ETAP panel 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.

The external auditor management letter for 2015/2016 identified a number of recommendations for improvement in the internal control environment and improvements in the provision of information to external audit for preparation and completion of the external audit process. All of these recommendations were accepted by the organisations and significant improvements have been made in this area. Ernst and Young have during 2016/2017 been present at ETAP meetings and reported positively on the improvements that have been made.

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.

The OPCC commissioned an external consultancy resource in November 2016 to undertake a full finance function review and provide recommendations to supplement the external audit findings. The results of the review provided a number of recommendations covering systems, processes and people that are being addressed as part of the Force Transformation Programme.

Also in response to the 2015/16 findings, risk identification and management capabilities have improved following training for both the OPCC management team with Force representation, as well as for ETAP members.

20. Incorporating good governance arrangements in respect of partnerships and other joint working, and ensuring they are reflected across the overall governance structures of the PCC and the Force.

The PCC has promoted partnership working as a key facet of delivering his strategy. This involves the OPCC working closely with a wide range of partners; local authorities, CJS agencies, NHS bodies, private and voluntary sector organisations etc.

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 is the 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 streamlining planning, commissioning and delivery whilst offering the opportunity for stakeholders to hold each other to account and challenge / address any deficits in actions / performance.

During 2016/17 the OPCC and Force have developed a Joint Governance Working Group whose terms of reference include a continual review of governance arrangements to ensure best practice.

Overall Level of Assurance

Through the action that has taken place in previous years to address areas of development and the actions identified through this year's AGS, 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.

Actions from 2015/16 AGS

Issue 1:

The OPCC and the Force both have a track record of achieving a balanced budget through effective change management. The MTFS identifies a budget gap of around £6 million up until 2019/2020 and although this is significantly less than in previous years, to continue to be efficient and to achieve the budget gap, efficiency savings will be needed through transforming services.

Action:

The transformation programme is moving into new governance arrangements and to achieve the budget gap, to continuously improve and achieve efficiencies the transformation programmes will need to release sufficient savings.

Updated action:

Updated MTFS reports were presented to the PCP in November 2016 and July 2017 and a Transformation Business case developed during 2016/17 to ensure that savings and resourcing levels through to 2021 are planned for appropriately.

Progress around the Transformation Change Plan (TCP) is monitored via the Transformation Board, which is chaired by the DCC with executive level representation from the OPCC. Internal Audit have reviewed the governance arrangements in place around the TCP and given a 'substantial assurance' judgment.

Issue 2:

A recent review has taken place on the internal audit service to Staffordshire Police and the OPCC. The review highlighted areas for improvement and these are being implemented alongside the effectiveness review of ETAP.

Action:

It was agreed that Staffordshire County Council will continue to offer this service with a further review in 12 months. Both the internal audit service and the improvement work on ETAP will be subject to further review later in 2016/17.

Updated action:

It is expected that the review of the service provided by the Staffordshire County Council for the Internal Audit work is planned for end of Quarter 2, 2017/18; this review will tie in with the Lead Auditor Outturn report for 2016/17 and will be carried out by the new Director of Finance and Performance (OPCC).

The ETAP follow up Effectiveness Review is arranged for 26th April 2017, which will be reported in the June 2017 ETAP meeting

Issue 3:

The governance arrangements of the OPCC come into sharp focus each year in order to produce the AGS. It is intended for 2016/2017 that this document will be used broadly across the force to evaluate how the organisation is achieving against its objectives.

Action:

The AGS will be elevated in status across the OPCC and be used as a 'living document' to highlight throughout the year what is working effectively and where there may be need for improvement.

Updated action:

During the year the Joint Governance Working Group (JGWG) was refreshed and relaunched with a new chair, now led by the OPCC's office. Governance arrangements have been refocused and the governance framework refreshed during the year. The framework has been formally signed off at the meeting of the Strategic Executive Group on the 4 April 2017 and the published on the OPCC website.

The JGWG will continue to review the framework during 2017/18 ensuring that it remains 'fit for purpose'

New for 2016/17 Annual Governance Statement

Summary of Actions

Issue 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.

Action:

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.

Issue 2:

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

Action:

The OPCC website will be reviewed over the next 12 months to ensure that it continues to develop and improve and reflects best practice.

Issue 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.

Action:

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.

Issue 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.

Action:

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.

Issue 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.

Action:

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.

Issue 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.

Action:

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).

Issue 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.

Action:

The Director of Finance and Performance and the CC CFO will develop the systems and processes that are necessary to evidence full compliance with all financial frameworks.

Issue 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.

Action:

The OPCC will strengthen its external scrutiny arrangements in 2017/18 in order to better support the PCC in fulfilling his 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.

Conclusion

The details given within this statement represents a realistic view of the governance arrangements that are in place for the OPCC and that for 2016/17 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 2017/18 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.

Matthew Ellis
Police and Crime Commissioner

Glynn Dixon
Chief Executive