CHIEF CONSTABLE OF CLEVELAND POLICE

Corporate Governance Framework

FINAL

Internal Audit Report: 17.15/16

18 May 2016

RSM

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1 EXECUTIVE SUMMARY

1.1 Background

Joint corporate governance arrangements have been in place between the Chief Constable and the PCC since November 2012. The foundation stone of these arrangements is the Joint Corporate Governance Framework (JCGF) which gives clarity to the way the two Corporations Sole, (the Police and Crime Commissioner and the Chief Constable), will be governed both jointly and separately, to do business in the right way, for the right reason, at the right time.

The Chief Finance Officer has commissioned a governance review to assess the following:

- A systematic review of the overall governance framework with recommendations for improvement to bring about a holistic framework that is greater than the sum of its parts.
- A governance map that sets out key controls, where and how they are discharged and their interdependencies.
- A communication plan to ensure that officers and staff have appropriate knowledge of the JCGF.
- Schemes of delegation are appropriate.

1.2 Conclusion

The review was advisory and has not resulted in a formal level of assurance.

The Force is in the process of implementing a holistic approach to their governance arrangements rather than the traditional hierarchy approach. This approach will allow information to flow freely between the groups/boards with the Management Board at the centre of the governance structure. Through interview and review of source documentation we have identified the Force has demonstrated good characteristics associated with good governance arrangements, such as, clear roles and responsibilities have been established and are understood by the Force Executive. This demonstrates a clear sense of purpose to develop strategies beyond the short term.

However, we have raised three management actions to improve and embed the Force's governance arrangements.

2 ACTION PLAN

The table below sets out the actions agreed by management to address the findings:

Ref	Findings summary	Actions for management	Implementation date	Responsible owner
3.1	The Joint Corporate Governance Framework did not reflect the responsibilities of the Head of HR or Head of Legal Services as benchmarked against other forces.	The Force will consider the benefits of further articulating the delegated functions of other staff including the Head of Legal Services and Head of Human Resources in-line with sector best practice.	End July	Chief Finance Officer
3.3	Delegated responsibilities below the Chief Constable, Deputy Chief Constable, Assistant Chief Constable and the Chief Finance Officer had not been formally communicated or documented.	The Force has achieved sector norm with regard to the documentation and communication of delegated responsibilities below the Chief Constable, Deputy Chief Constable and Chief Finance Officer. However, given the current and future changes in the sector the Force would explore the benefits from a more formalised approach to embed the Joint Corporate Governance Framework below the Executive. This could be achieved through the updating of the Annual Governance Assurance Statement return questionnaire to confirm the Heads of Service have communicated delegated roles and responsibilities appropriately.	End July	Chief Finance Officer
3.5	Key information from the Force's groups/boards had not been routinely communicated to the Management Board.	A process should be introduced to ensure consistent reporting back into the Management Board.	End July	Chief Finance Officer

3 DETAILED FINDINGS

Our internal audit findings and the resulting actions are shown below.

3.1 Corporate Governance Framework

The PCC and Chief Constable are established as two Corporations Sole. The organisations have a Joint Corporate Governance Framework in place that clarifies how the two organisations are governed both jointly and separately. The Framework is reviewed annually to ensure it is fit for purpose and amended when required to reflect organisational/legislative changes. We confirmed the Joint Corporate Governance Framework had been reported to the Joint Audit Committee on 26th March 2015. An update report was also received at the March 2016 Audit Committee.

Review of the Joint Corporate Governance Framework confirmed it set out the functions delegated by the Police and Crime Commissioner (PCC) to the Chief of Staff and the Chief Finance Officer. It also set out the Consents to the Chief Constable and delegations by the Chief Constable including embedded financial limits detailed in the Joint Contract Standing Orders and Financial Regulations. We compared the Joint Corporate Governance Framework against three other forces and confirmed a familiar approach had been adopted in collating all information (i.e. Financial Regulations and Standing Orders) into one repository document for ease of reference.

The functions delegated to the Chief of Staff, the Chief Finance Officer – PCC, Chief Constable, Deputy Chief Constable and the Chief Finance Officer – Cleveland Police are clearly articulated in the Joint Corporate Governance Framework. However, on review of the other forces' governance frameworks we confirmed additional delegated functions had been documented to include, but not limited to, the Head of Legal Services, Director of Human Resources and Director of Enabling Services.

Management Action
The Force will consider the benefits of further articulating the delegated functions of other staff including the Head of Legal Services and Head of Human Resources in-line with sector best practice.

3.2 Annual Governance Assurance Assessment

The PCC and Chief Constable have approved and adopted a Joint Corporate Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. Each corporation sole conducts an annual review of the effectiveness of its internal control systems and publishes the outcome in an Annual Governance Statement in accordance with Regulation 4(2) of the Accounts and Audit Regulations 2011.

The Heads of Service are responsible for contributing to the assessment of effectiveness of the governance framework on annual basis through completion of an Annual Governance Assurance Assessment. The Executive Staff Officer manages the process and the Heads of Service address 18 questions and confirm assurances are in place, are partially in place or not in place. Although, there is not a formal timetable in place for the process we confirmed through interview with Heads of Service that appropriate timescales were in place for completion.

We interviewed five Heads of Service and confirmed the following:

- Each Head of Service could articulate the assurances in place to manage their area. The degree of detail recorded by the Head of Service in their Annual Governance Assurance Assessment return varied greatly; however, through discussion each Head of Service provided sufficient comments on how compliance was maintained.

- In one case the Head of Service had not submitted an Annual Governance Assurance Assessment return for 2014/15; however, as detailed above sufficient comments where provided to demonstrate appropriate assurances where in place.

- The Heads of Service, where applicable, confirmed other staff had been consulted on the completion of the Annual Governance Assurance Statement to ensure the control framework was not reviewed in isolation.

3.3 Delegated Authority Limits including communication

Delegated responsibilities/limits beyond the individuals mentioned above are not formally documented but are embedded, in some cases, in the job descriptions and operational practices of the organisation e.g. built in financial limits built into the Force's finance system or through receipt of an individual's budget allocation. We have considered the sectors approach to delegated responsibilities below Chief Constable, Deputy Chief Constable and Chief Finance Officer and identified schemes of delegation do not attempt to list all matters which form part of everyday management responsibilities below this level, but expectations are captured in an individual's job description.

However, other sectors such as health, provide greater detail on delegated responsibilities beyond the management levels described above, and it is determined essential that all relevant staff involved are aware of their roles and responsibilities and they are appropriate for the duties delegated. Although, it is accepted that an individual's job description conveys their roles and responsibilities there is a risk due to staff movement and that job descriptions do not reflect their roles and responsibilities.

Management Action
The Force has achieved sector norm with regard to the documentation and communication of delegated responsibilities below the Chief Constable, Deputy Chief Constable and Chief Finance Officer. However, given the current and future changes in the sector the Force would explore the benefits from a more formalised approach to embed the Joint Corporate Governance Framework below the Executive. This could be achieved through the updating of the Annual Governance Assurance Statement return questionnaire to confirm the Heads of Service have communicated delegated roles and responsibilities appropriately.

3.4 Collaborative Arrangements

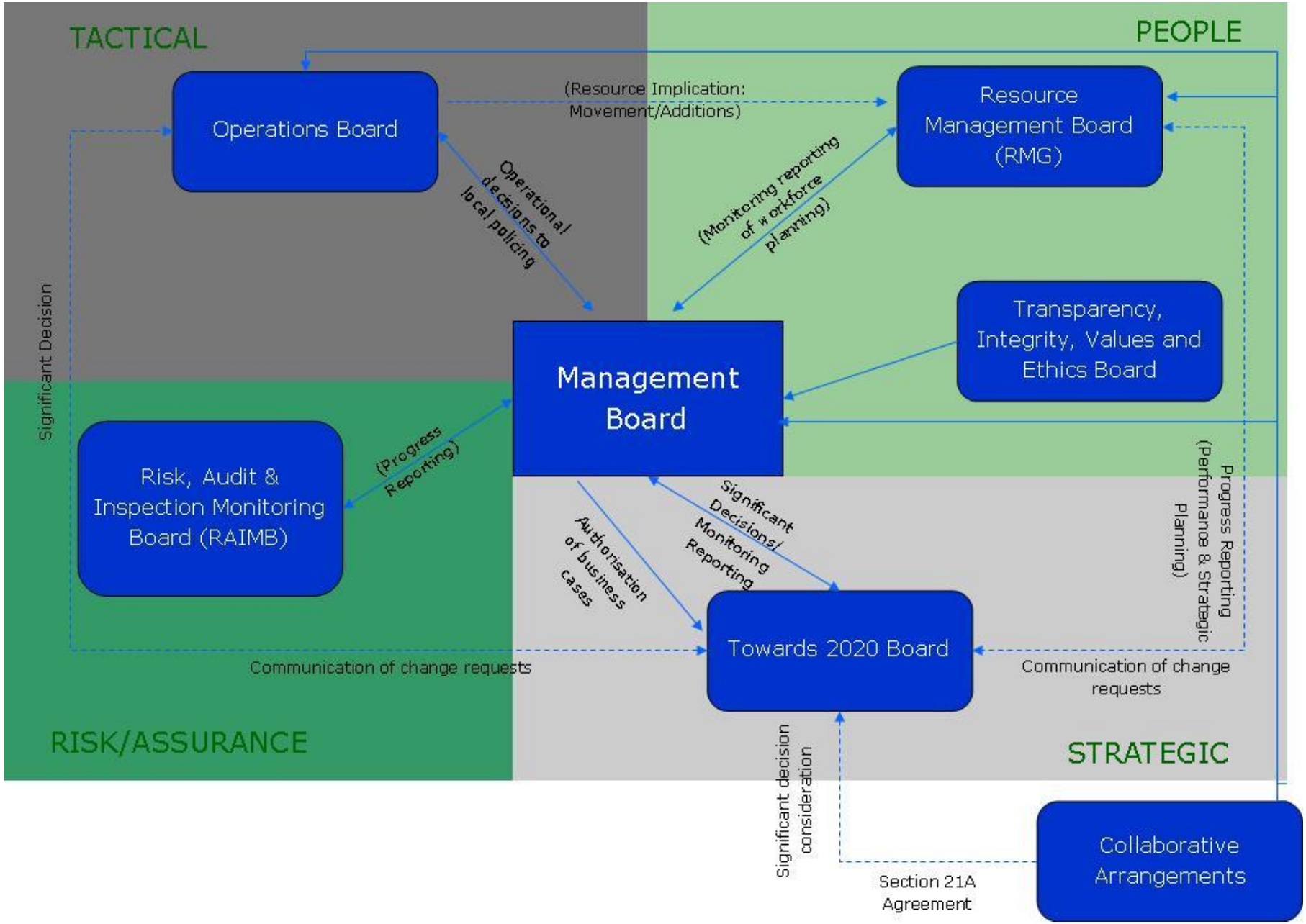
The Force is engaged in a number of collaborative arrangements with other police forces including, National Police Air Service (NPAS), Cleveland and Durham Specialist Operation Unit (CDSOU), North East Regional Specialist Operations Unit (NERSOU) and EVOLVE. Collaborative arrangements will increase in future years to allow for increased efficiencies and savings to be realised in the Police Service. In addition, partnership relationships will increase with bodies such as the health service to ensure national organisations provide a holistic approach to healthcare needs.

Governance arrangements with other forces are documented in Section 22a collaboration agreements with further oversight meetings held between respective Chief Constables, Police and Crime Commissioners, Deputy Chief Constables, Assistant Chief Constables and Superintendents.

The impact of the collaborative arrangements is reported through the Force's governance structure dependant on its decision/change required. We reviewed the actions of the Management Board (or Strategic Performance Group) from April 2015 to November 2016 and confirmed those individuals involved with collaborative arrangements including the Temporary ACC for Collaborations had attended the meeting. In addition, those extensively involved in collaborative arrangements attend the Force's Operations Board and Resources Management Group (RMG) to allow for the impact of operational activity/workforce management to be considered.

3.5 Governance structure (including discharged responsibilities)

At the time of audit, the Force's governance structure consists of the Management Board; Operations Board; Risk, Audit & Inspection Monitoring Board (RAIMB); Towards 2020 Change Board; Resource Management Group and Transparency, Integrity, Values & Ethics (TIVE) Board. We have documented the Force's governance structure including key responsibilities/controls below. However, we note that there have been some changes to the meeting structure since the time of the audit.


TACTICAL
PEOPLE
Operations Board
(Resource Implication: Movement/Additions)
Resource Management Board (RMG)
Operational decisions to local policing
(Monitoring reporting of workforce planning)
Significant Decision
Transparency, Integrity, Values and Ethics Board
Management Board
Risk, Audit & Inspection Monitoring Board (RAIMB)
(Progress Reporting)
Progress Reporting (Performance & Strategic Planning)
Significant Decisions/ Monitoring Reporting
Authorisation of business cases
Towards 2020 Board
Communication of change requests
Communication of change requests
RISK/ASSURANCE
STRATEGIC
Significant decision consideration
Section 21A Agreement
Collaborative Arrangements

The Transparency, Integrity, Values & Ethics (TIVE) Board was established by the previous Chief Constable in response to the HMIC report 'Without Fear or Favour' and its purpose was to ensure the Force's culture and leadership reflected the highest professional standards expected by the public. Discussions with the Temporary Chief Constable established the Board no longer met on a regular basis but had not been stood down and will meet on an as and when required basis.

Formal Reporting Relationships

The Management Board sits at the heart of the Force's governance structure and reviews/approves strategic delivery against the Corporate Plan including financial stewardship. In addition, the Management Board approve significant decisions that impact on the Force's current operational or future aspirations.

The Towards 2020 Change Board is a sub-group of the Management Board and is in place to ensure effective prioritisation of resources, communication of the change programme including approval and monitoring of the projects. The significant decisions identified by the Operations Board and RMG are reported to the Towards 2020 Change Board for consideration prior to a full business case being developed and reported to the Management Board. Decisions made by the Management Board are communicated to the relevant board/group prior to the commencement of activity.

The RMG (has responsibility for workforce planning and movement of staff) and the Operations Board directly report to the Management Board to allow for the impact on strategic and operational activities to be considered. In addition, the RAIMB reports to the Management Board. The RAIMB assesses emerging strategic and corporate risks, and risks identified by the Operations Board or RMG if it had a strategic impact on the Force.

Informal Reporting Relationships

There are a number of indirect reporting relationships between the groups/boards as follows:

- Operations Board and RMG
- Collaborative arrangements, Management Board, Operations Board, RMG and Towards 2020 Change Board.

We interviewed the Temporary Chief Constable, Temporary Deputy Chief Constable, Temporary Assistant Chief Constable and Chief Finance Officer who provided a detailed understanding of the roles and responsibilities of each of the boards/groups and the related interdependencies. However, reporting collectively on the actions of the groups/boards is not presented to the Management Board.

In addition, discussions with the Head of HR identified concern on what information required reporting to the Management Board and the Towards 2020 Change Board.

Management Action
A process should be introduced to ensure consistent reporting back into the Management Board

3.6 Interdependencies

The Force has progressively moved away from a hierarchical approach of reporting, has established the Management Board as its focal point to provide a holistic approach to their governance arrangements, and allows information to flow effectively between groups/boards including collaborative arrangements.

The mutual reliance between two or more of the Force' groups/boards is achieved through the membership attendance rather than being formally documented in the Terms of Reference of the Force's groups/boards.

In addition, as the Force record decisions and actions rather than verbatim minute meetings it is difficult to determine that information has been reported through the governance structure appropriately.

See management action 3.5

APPENDIX A: SCOPE

Scope of the review

To evaluate the adequacy of risk management and control within the system and the extent to which controls have been applied, with a view to providing an opinion. The scope was planned to provide assurance on the controls and mitigations in place relating to the following areas:

Objective of the area under review
The Joint Corporate Governance Framework provides sufficient and effective assurance to identify emerging risks to ensure it is escalated to the appropriate tier of the governance structure.

When planning the audit, the following areas for consideration and limitations were agreed:

Areas for consideration:

This audit reviewed the overall governance arrangements with recommendations for improvement to bring about a holistic framework. In particular, we considered the following:

- We mapped the Force's current governance structure to determine where and how responsibilities are discharged and their interdependencies. We considered independencies associated with collaborative arrangements.
- Review of the communication channels available to circulate the Corporate Governance Framework to Officers and staff. We considered the appropriateness of each method and its ability to engage the wider audience to allow for corporate governance arrangements to embed.
- An assessment of the Scheme of Delegation detailed in the Corporate Governance Framework and supporting policies, such as Contract Standing Orders, to confirm delegated authorities are in line with best practice. We will review delegated limits below Chief Constable, Deputy Chief Constable and the Chief Finance Officer and how these have been set and communicated.
- Review of the compilation of the Assurance Government Statement by Force to confirm this has been completed in an effective, efficient manner and reflects the views of key stakeholders.

This audit was undertaken on an advisory basis and a formal opinion will not be given.

Limitations to the scope of the audit assignment:

- Our work has not provided any guarantee on either organisations ability to have appropriate arrangements in place, or confirmation that the arrangements set up would meet the entire governance requirements of the Force.
- We have not provided an opinion on the actual / specific decisions and actions made / taken at the various group/ board meetings as part of this review.
- We have considered the existence of the corporate governance framework but will not test compliance with the code.
- We have not performed substantive testing or review the regularity of meetings as we performed a Governance review in 2014/15 that considered the reporting structure of the organisations.
- We have not confirmed that all risks have been identified and reported to the correct tier of the organisation.
- Our work does not provide absolute assurance that material errors, loss or fraud do not exist

APPENDIX B: FURTHER INFORMATION

Persons interviewed during the audit:

- Iain Spittal, Temporary Chief Constable
- Simon Nickless, Temporary Deputy Chief Constable
- Ciaron Irvine, Temporary Assistant Chief Constable
- Graeme Slaughter, Chief Finance Officer
- Denise Curtis-Haigh, Head of HR
- Gordon Lang, Head of Service – Neighbourhood & Partnership Policing Command
- Glenn Gudgeon, Head of Service – Tasking, Coordination, Performance & Operations Command
- Peter McPhillips, Head of Service – Crime & Justice Command
- Julia Hatton, Head of Service – Legal Service

Documentation reviewed during the audit:

- Joint Corporate Governance Framework
- Terms of Reference and minutes for this financial year.
- Annual Governance Assurance Assessment

FOR FURTHER INFORMATION CONTACT

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