



# Annual Governance Statement

Position as at 31<sup>st</sup> March 2021 including plans for the financial year 2021/22.

## 1. Scope of Responsibility

- 1.1 The PCC is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The PCC also has a duty to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the PCC is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable of Cleveland Police to support the governance and risk management processes.
- 1.3 The PCC has an overarching code of corporate governance in place to ensure the governance arrangements are easily accessible with all of the key documents captured in one place. The code is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government and while under constant review to ensure it meets the needs of the organisation is it the subject of formal review and publication annually.
- 1.4 Copies of the Code of Corporate Governance are available on our website at [www.cleveland.pcc.police.uk](http://www.cleveland.pcc.police.uk).
- 1.5 This statement explains how the PCC has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control.
- 1.6 In drafting the PCC Annual Governance Statement reliance has been placed on the governance processes within Cleveland Police, as reflected in the Force's Annual Governance Statement which is published alongside the accounts of the PCC.
- 1.7 The two AGS's complement each other by:
  - outlining the key methods of assurance which operate in each body to ensure that, overall effective control is exercised
  - showing which key documents/reports of Cleveland Police are scrutinised by the PCC as part of wider accountability
  - demonstrating how the Police and Crime Plan is delivered by Cleveland Police and is underpinned by public consultation on the part of the PCC as part of wider accountability.

- 1.8 Both the PCC and Cleveland Police must produce separate accounts which are then consolidated into group accounts. This ensures that both individual and collective financial stewardship of public money is effective and is underpinned by annual external audit.

## **2. The Purpose of the Governance Framework**

- 2.1 The governance framework comprises both the culture and value, and systems and processes, by which the PCC is directed and controlled and their activity through which it accounts to and engages with the community. It enables the PCC to monitor the achievement of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.
- 2.2 Following the Government's decision to postpone local elections in light of the Covid-19 pandemic, the Police and Crime Commissioner elections took place in May 2021, which was a year later than previously planned.
- 2.3 As a result of this extended term of Office the Police and Crime Plan was also reviewed. The latest [plan](#) was set to provide a solid set of foundations for how we would help victim services, criminal justice agencies and the wider community recover from the Covid-19 crisis. Also, it would help to ensure our innovative partnership work continues to make Cleveland a safer place.
- 2.4 The extended plan confirmed the following objectives:
- Investing in Our Police
  - A Better Deal for Victims and Witnesses
  - Tackling Offending and Re-Offending
  - Working Together to make Cleveland Safer
  - Securing the Future of our Communities
- 2.5 These objectives help shape the governance framework of the OPCC.
- 2.6 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PCC's 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.
- 2.7 While the overall governance framework has been in place at the PCC for Cleveland for the year ended 31 March 2021, and up to the date of the approval of the financial statements, there have been a number of significant aspects of the PCC Governance arrangements that have seen significant change during this period.
- 2.8 On the 8th September 2020 the previously elected PCC, Barry Coppinger, resigned with immediate effect. Due to the restrictions in place in relation to holding elections, then alternative arrangements had to be put in place in line with the legal framework that determines what must happen in this scenario:
- Section 62 of the Police Reform and Social Responsibility Act 2011 (the Act) requires the Police and Crime Panel to appoint an Acting Police and Crime Commissioner (Acting Commissioner) in such circumstances.
  - The Act provides that the Panel may only appoint a person to the office of Acting Commissioner if that person is a member of the Police and Crime Commissioner's staff at the time of the appointment.

- Once appointed the Acting Commissioner can exercise all of the functions of the Police and Crime Commissioner except the issuing or variation of the Police and Crime Plan.
  - The appointment of the Acting Commissioner will continue until a new Police and Crime Commissioner is elected or the appointment is terminated by the panel or the acting commissioner.
- 2.9 At that time the Assistant Chief Executive of the Office of the Police and Crime Commissioner, Lisa Oldroyd, indicated a willingness to be considered for the role of Acting Commissioner and was duly appointed.
- 2.10 Lisa Oldroyd undertook the role of Acting Commissioner until the 12<sup>th</sup> May 2021 and then the newly elected PCC, Steve Turner, took up Office from the 13<sup>th</sup> May 2021.
- 2.11 In addition to alternative arrangements being in place for the PCC, it was also necessary to enact business continuity arrangements for the role of the Chief Executive for a significant period of time during the timeframe covered by this statement.
- 2.12 From the 3<sup>rd</sup> November 2020 through to the 13<sup>th</sup> May 2021, covering a period of sickness and a phased return to work, the PCC operated with the Acting PCC, the Chief Finance Officer and Deputy Chief Executive, and the Acting Assistant Chief Executive and Deputy Monitoring Officer working together to deliver the role of the Chief Executive.
- 2.13 From the 13<sup>th</sup> May 2021 the former Chief Executive, Simon Dennis, left the OPCC and the newly elected PCC appointed Lisa Oldroyd as the Acting Chief Executive.
- 2.14 These significant changes to the Governance mechanisms within the organisation also coincided with significant changes to the working arrangements for staff within the OPCC. Throughout 2020/21 the OPCC staff have almost exclusively worked from Home, in line with Government guidelines/direction. The Governance of the organisation has however continued to operate in line with the Framework in place with the organisation and in line with the Code of Corporate Governance. Almost all aspects of work have continued throughout the period, the governance and decision-making functions have continued to work well and the scrutiny of the Force has continued throughout this period.

### **3. The Governance Framework**

- 3.1 In April 2016 CIPFA published an updated version of their "Delivering Good Governance in Local Government: Framework" which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government.
- 3.2 The seven principles (A to G) are considered below and have been utilised in our review of governance and in developing this AGS.
- 3.3 One of the significant governance issues raised in the 2018/19 AGS and that was maintained in 2019/20 was that significant doubt had been raised on the extent to which the PCC can place reliance on the governance processes within Cleveland Police, with particular emphasis on the assurance around operational performance and the information subsequently provided.
- 3.4 In response to this the PCC set out a clear Strategic Direction for the Chief Constable covering 3 broad areas:
- An initial Strategic Assessment of the current state of Cleveland Police as an employer, organisation and service provider across several strategic areas, including an assessment of the improvements required across all of those areas, and his plans for delivering those improvements in the short, medium and longer term and the measures against which

progress will be assessed. After this initial Strategic Assessment and an Annual Assessment was then to be produced.

- A Joint Commitment to the delivery of key programmes to support improvement, including:
  - A refreshed commitment to openness and transparency, including information sharing between the Force and OPCC
  - A joint strategic planning regime
  - Developing Community Engagement
  - A revised and refreshed Everyone Matter Programme
  - A suitable successor programme to Transforming Professional Standards
- A recognition for the need for scrutiny to a supportive and robust process to confirm areas for improvement, recognise best practice and clearly demonstrate value for money. The focus of this would be through the establishment of a Joint Executive Board and a thematic approach to a deeper and enhanced scrutiny and holding to account process.

3.5 In addition to this significant Governance Issue and the 2019/20 AGS continued to highlight a Significant Governance Issue, that has been on the AGS for the last 3 years, which was:

- To Oversee and hold to account the Force for the Professional Standards and Ethics within the Force and the implementation of the actions resulting from all reviews in this area. It is also now felt that the awareness, mechanisms, processes and comfort for people to raise concerns within the Force should also be reviewed to ensure that they are fit for purpose. The specific area will therefore be looked at within the Internal Audit programme as part of the review of Whistleblowing.

3.6 There was also the additional of 2 further Significant Governance Issues during 2019/20, these were:

- On the 8th September 2020 the directly elected Police and Crime Commissioner for Cleveland resigned with immediate effect. In most normal circumstances this would have triggered an election for a new PCC however as a result of Covid-19, 'The Coronavirus Act' was passed which postponed all elections, resulting in no PCC elections, in any circumstances, until 7th May 2021. The Scheme of Delegation in place within the OPCC provides for most areas of day-to-day business to be delegated to Officers within the OPCC to ensure short term business continuity can be maintained during normal absences and holidays. There are however a number of areas that can't, by law, be delegated and as such an Acting PCC will need to be appointed, by the Police and Crime Panel, from within the staff employed by the PCC, to Steward the organisation through to the election in May 2021 and ensure the statutory functions of the organisation are maintained and performed until a new PCC is elected. The Senior Management Team within the OPCC will therefore need to work closely together with the Acting PCC to Steward the organisation through the next 8 months and ensure that there is clarity of roles, responsibilities and workload during this period.
- In seeking to satisfy themselves that the PCC for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the External Auditors have considered the reports issued by HMICFRS in relation to Cleveland Police as relevant to their considerations given the role of the PCC to hold the CC to account for the performance of the force's officers and staff and for the exercise of the functions of the office of Chief Constable and the functions of the persons under the direction and control of the Chief Constable. The External Auditors were not able to satisfy themselves that these arrangements were in place and have therefore provided an Adverse Value for Money Conclusion. Further work needs to be undertaken that makes it more explicit what processes are in place to monitor efficiency and value for money, including benchmarking of performance and costs, within the organisation, this should also include development of benefits realisation assessments as needed.

3.7 This year's review takes into account progress in relation to all of these areas and are combined with the 7 principles below, which are discussed further in section 4:

- Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values, and respecting the rule of law.
- Ensuring Openness and Comprehensive Stakeholder Engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

#### **4 PRINCIPLE A: BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

The PCC is accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

##### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The Policing Protocol 2011 requires all parties to abide by the 7 Nolan Principles, these will be central to the behaviour of everyone in the organisation. It also highlights the expectation that the relationship between all parties will be based on the principles of goodwill, professionalism, openness and trust
- The Financial Management Code of Practice requires the PCC to ensure that the good governance principles are embedded within the way that the organisations operate
- The PCC has set out their values in the respective corporate and strategic plans
- The 2014 Code of Ethics for Policing

##### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law

In reviewing this area it continued to be felt that the on-going work, within the Force, around Professional Standards and Ethics, the implementation of the previous actions and learning from Employment Tribunals and the continued receipt of new complaints/cases and Employment Tribunals impact significantly on the Governance of the organisation and the focus needs to be maintained at the highest level. Last year it was also identified that the awareness, mechanisms, processes and comfort for people to raise concerns within the Force should also be reviewed to ensure that they are fit for purpose. A review of Whistleblowing was moved from the internal audit programme from 2020/21, into 2021/22, and it is therefore vital that this work takes place during 2021/22 and that any learning and actions are implemented from the Audit.

## **PRINCIPLE B: ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

Public Services, including the Police, are run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PCC is accountable to local people and draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable, taking into account the Strategic Policing Requirement.
- The Police and Crime Plan clearly sets out what the strategic direction and objectives are to be and how they will be delivered.
- To complement this, the PCC's communication and engagement strategies set out how local people will be involved with the PCC to ensure they are part of decision making, accountability and future direction. This will be a mixture of being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.
- The PCC has developed arrangements for effective engagement with key stakeholders, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction
- The strength of the PCC's working relationship with the Police and Crime Panel, constituent local authorities and other relevant partners

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging stakeholders effectively, including individual citizens and service users

The PCC continues to engage widely with the public on an individual level and has maintained a Consultation and Engagement Strategy throughout the year. The new ways of working resulting from covid-19 have required a new approach to this consultation and the OPCC have adapted to this through further use of the OPCC website / social media while a revised Consultation and Engagement Strategy was been developed to cover the period 2020-24.

As part of the new Police and Crime Plan development a refreshed Consultation and Engagement Strategy will be produced to ensure communication with a diverse range of people across Cleveland. A further area for development will be in relation to ensuring outcomes are featured in the strategy going forward and that a mechanism is developed to ensure that the results of consultation and engagement are fed back to local communities as extensively as possible.

During 2020/21 Leaders Unlocked worked with the OPCC to develop a Cleveland Youth Commission model, as a structured system for enabling young people aged 14 to 25 to shape future policing and crime prevention in their areas, working in partnership with the PCCs and police force.

The Youth Commission established a set of five priorities defined by the members:

- Hate Crime and Online Crime
- Drugs and Alcohol Issues
- Young People and their Relationship with the Police
- Youth Activates and Preventing Offending
- Mental Health Awareness

Through engagement over 1200 young people gave their views on the priority themes as part of the 'Big Conversation'. The results were then pulled together into a recommendations report which was presented to the OPCC.

During 2021/22 the Youth Commission project will be developed across a number of key areas as part of the establishment of a sustainable, structured system for young people aged 14 to 25 to influence decisions about policing and crime in Cleveland.

The Youth Commission will work with the OPCC, Cleveland Police and community safety partners to take forward the recommendations of the 'Big Conversation' report. Continued engagement and involvement of the wider population of young people across Cleveland will be a key element of this work which will culminate with a conference to showcase progress made against implementing the 'Big Conversation' recommendations.

## **PRINCIPLE C: DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS**

The long term nature and impact of many of the PCC's responsibilities mean that they should seek to define and plan outcomes and that these should be sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The Act requires the PCC to issue a Police and Crime plan, which defines the police and crime objectives (outcomes) and the strategic direction for Policing. Each corporation sole must have regard to the plan, and the PCC must have regard to the priorities of the responsible authorities during its development.
- Each organisation will have a corporate/strategic plan which sets out how it will operate to support achievement of these outcomes
- Collaboration agreements will set out those areas of business to be undertaken jointly with other forces, local policing bodies and other emergency services, in order to reduce cost, increase capability, and/or increase resilience to protect local people.
- A medium term financial strategy will be jointly developed and thereafter reviewed regularly to support delivery of these plans. Joint protocols will ensure proper arrangements for financial management
- A commissioning and award of grants framework will be developed by PCCs, incorporating commissioning intentions and priorities.
- A complaints protocol will be jointly agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be organisational or individual failures. This will complement other statutory arrangements.



## **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Defining outcomes
- Sustainable economic, social and environmental benefits

The PCC continues to ensure the finances of the PCC and Force are well managed, it was an area that was commented on positively from the HMICFRS perspective during the last inspection process. This strength, in terms of financial management, has enabled the PCC to set a balanced financial plan for the period 2021/22 – 2024/25 based on current projections of both income and expenditure. The well managed finances have continued to enable the PCC to challenge the Force to accelerate the recruitment of Police Officers and also go beyond the Government funded targets – meaning that the Force will reach the Government targets a year earlier than required.

The PCC has also been able to put a financial plan in place that will support the Force to recruit all of the Police Officers, that they have identified that they need, as part of their demand analysis work, across the medium term financial plan. An area for continued focus during 2021/22 is for the Chief Constable to show how these resources will deliver improvements in services, especially against those areas for improvement raised in the police plan and by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services.

The role of the OPCC in the Police Complaints process continued throughout 2020/21 including greater involvement in role of independent complaints adjudicator. The scope to expand the role of the PCC in this area was recently increased by additional legislative powers. This increased role is expected to be key part of the development of the new Police and Crime Plan

## **PRINCIPLE D: DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

Local Government, including the Police, achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

## **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The PCC and the Chief Constable will maintain a medium term financial strategy which will form the basis of the annual budgets, and provide a framework for evaluating future proposals
- There will be a comprehensive process of analysis and evaluation of plans, which will normally include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes, and benefits realisation
- Processes will be in place to monitor efficiency and value for money, including benchmarking of performance and costs
- The PCC and the Force should maintain effective workforce development and asset management plans (eg Estate; ICT)

## **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes

In seeking to satisfy themselves that the PCC for Cleveland has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, the External Auditors, in 2019/20, considered the reports issued by HMICFRS in relation to Cleveland Police as relevant to their considerations, given the role of the PCC to hold the CC to account for the performance of the force's officers and staff and for the exercise of the functions of the office of Chief Constable and the functions of the persons under the direction and control of the Chief Constable.

The External Auditors were not able to satisfy themselves that these arrangements were in place and therefore provided an Adverse Value for Money Conclusion.

During 2020/21 the Inspectorate expressed the view that the Force had made progress in most areas relating to the protection of vulnerable people, but it needs to continue to improve to achieve a good standard of service.

Given the significant areas of concern previously raised this area continues to be assessed as a Significant Governance issue for the organisation.

## **PRINCIPLE E: DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT**

The PCC and the Police Force need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A public organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Both the individuals involved and the environment in which the Police operates will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership in the Police service is strengthened by the participation of people with many different types of background, reflecting the structure and diversity of communities.

## **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The 'People' and personal development strategies of the Office of the PCC and the Force set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for members of staff.

## **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

The OPCC underwent a number of significant changes in Leadership during 2020/21, as referred to in section 2 of this statement, these will continue to need embedding during 2021/22, with a number of Acting arrangements currently in place. It will be essential to ensure that the individuals are provided with the necessary development opportunities to grow in these roles, with appropriate training and development provided to ensure they can deliver during a period of significant change.

## **PRINCIPLE F: MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

Public bodies need to ensure that the organisation's and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- The decision making protocol sets out principles for how decisions will be taken by the PCC and the standards to be adopted
- It requires a combined forward plan of decisions, which brings together the business planning cycles for the Police and Crime plan, the Office of the PCC, and the Force integrated business management process. This will ensure proper governance by bringing together the right information at the right time
- The scheme of governance highlights the parameters for decision making, including consents, financial limits for specific matters, and standing orders for contracts
- The risk management strategy establishes how risk is embedded throughout the various elements of corporate governance of the organisation
- The Communications and Engagement strategies demonstrate how the PCC and Chief Constable will ensure that local people are involved in decision making
- The information publication scheme ensures that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational or legal constraints exist
- The forward plan of decisions combined with open and transparent information schemes enables the Police and Crime Panel to be properly sighted on the decisions of the PCC

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Managing risk
- Managing performance
- Robust internal control
- Managing data
- Strong public financial management

The review didn't highlight any areas within this principle that were worthy of note within the Annual Governance Statement although the review did recognise the work to reconfigure the approach to risk management in terms of roles and responsibilities has been completed during 2020/21 which has led to risk being managed even more effectively in the OPCC.

## **PRINCIPLE G: IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

### **THE CORPORATE PROCESSES WHICH UNDERPIN THIS COMMITMENT**

- Legislation sets out the functions of the PCC and the Chief Constable. The Policing Protocol describes how these functions will be undertaken to achieve the outcomes of the Police and Crime Plan.
- The Police Reform and Social Responsibility Act requires the PCC to appoint a Chief Executive and a Chief Financial Officer. It prescribes that the Chief Executive will act as head of paid service and undertake the responsibilities of monitoring officer.
- The Act requires the Chief Constable to appoint a Chief Financial Officer
- The Financial Management Code of Practice sets out the responsibilities of the CFOs for both the PCC and the Chief Constable
- Internal audit, reflecting published guidance on standards
- The Scheme of corporate governance highlights the parameters for key roles in the organisation including consents from the PCC or Chief Constable, financial regulations and standing orders
- Officers, Police support staff and staff of the OPCC will operate within
  - OPCC or Force policies and procedures
  - The corporate governance framework
  - Disciplinary regulations
  - Codes of conduct
  - Code of Ethics
- A joint assurance protocol ensures effective monitoring of the organisations to ensure they are achieving their priorities
- A joint independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice

### **BEHAVIOURS AND OUTCOMES THAT DEMONSTRATE GOOD GOVERNANCE IN PRACTICE**

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

The review didn't highlight any areas within this principle that were worthy of note within the Annual Governance Statement although it did reflect on the benefits from a significantly wider scope of work across both traditional and non-traditional areas of internal audit work that had taken place to provide a wider assessment and understand of the risks that the OPCC and Force are currently managing. The review also recognised that this greater scope is set to continue in 2021/22 and thought this would add further to the governance arrangements.

## **5 Review of effectiveness**

5.1 The PCC has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:-

- The system of internal audit
- The system of internal control

5.2 The governance framework within the PCC has been reviewed, and continues to be reviewed for its effectiveness by both the PCCs Chief Executive and Monitoring Officer and Chief Finance Officer.

5.3 The roles and processes applied in maintaining and reviewing the effectiveness of the governance framework are outlined below: -

### **PCC**

5.4 The PCC has overall responsibility for the discharge of all the powers and duties placed on it and has a statutory duty to 'maintain an efficient and effective police force'. The review and maintenance of the governance framework is the responsibility of the joint audit committee which will discuss the majority of governance issues, referring reports to the PCC when it is felt necessary. Given that the ultimate responsibility for Governance rests with the PCC and CC the Audit Committee requires a Member of the management team of each organisation to attend each Audit Committee meeting. This provides the Committee with a direct opportunity to engage at the right level in the organisation but also develop strong working relationships. In addition to this and to further strengthen their role the Audit Committee has direct access to both the PCC and CC if and when required.

### **Cleveland Police**

5.5 The Chief Constable has responsibility for conducting a review of the effectiveness of the governance framework within the Force at least annually. This review is informed by the work of the Chief Constable's Chief Finance Officer, Head of Internal Audit and the Risk and Assurance managers within the Force who have responsibility for the development and maintenance of the governance environment. In preparing the Annual Governance Statement for 2020/21 the officers of the PCC have placed reliance on this review and the Force's resulting Annual Governance Statement.

### **Joint Audit Committee**

5.6 Chaired independently, the PCC and Chief Constable operate a Joint Independent Audit Committee. The role of the Committee, in part, is to provide independent assurance on the adequacy and effectiveness of the internal control environment and risk management framework, advising the PCC and CC according to good governance principles and overseeing governance and monitoring of governance within the organisation.

5.7 The joint Audit Committee receives regular reports on governance issues. This includes the review of the Annual Governance Statement and update reports on progress made in addressing significant governance issues included in it.

### **Head of Internal Audit**

5.8 In maintaining and reviewing the governance framework, the PCC's Chief Finance Officer places reliance on the work undertaken by Internal Audit and in particular, the Head of Internal Audits independent opinion on the adequacy and effectiveness of the system of internal control. For the 12 months ended 31 March 2021, the Head of Internal Audit opinion for the Police and Crime Commissioner for Cleveland is as follows:

The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

### **External Audit**

- 5.9 External Audit are an essential element in ensuring public accountability and stewardship of public resources and the corporate governance of the PCC's services, with their annual completion report providing comment on financial aspects of corporate governance, performance management and other reports.
- 5.10 In relation to the 2020/21 financial year our External Auditors, Mazars, are yet to start the Audit process and therefore this section will be completed when the final annual governance statement is produced.

## **6 Evaluation**

- 6.1 Following this review, governance and decision making arrangements within the Office of the Police and Crime Commissioner (OPCC) continue to be regarded as fit for purpose, in accordance with the governance framework. This conclusion is broadly mirrored by the reviews, conclusions and opinions provided by Internal Audit.
- 6.2 The significant areas of concern, as highlighted previously by HMICFRS, within the Force have required a review of the way that work is undertaken within the OPCC to provide the PCC with the assurance that Governance and Assurance arrangements within the Force can be relied upon. This work has continued to be progressed during 2020/21 and despite the challenges of working in a new way during COVID, and the significant changes in Leadership, have continued to be improved and embedded.
- 6.3 The key roles and work of the PCC and the Office of the PCC has continued throughout both the pandemic and the significant Leadership changes and gaps during 2020/21. Everyone has adapted remarkably well to the new ways of working, with business continuity plans being implemented to allow all staff to work from home whilst still delivering on all aspects of the PCC work, including oversight, scrutiny and governance.
- 6.4 However there continues to be a number of significant Governance issues, linked directly to the Force, and these are set out within the Appendix to this document.

## **7 Governance Issues:**

**Action Plan for 2021/22 to address issues raised is attached as an appendix this report**

- 7.1 We propose over the coming year to take steps to address the above matters to enhance our governance arrangements further. We are satisfied that these steps will continue to address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

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Steve Turner  
Police and Crime Commissioner for Cleveland

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Lisa Oldroyd  
Acting Chief Executive and Monitoring Officer

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Michael Porter  
PCC Chief Finance Officer

Date: