



Annual Governance Statement

Position as at 31st March 2023 including plans for the financial year 2023/24.

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.
- 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 The [Police and Crime Plan](#), which sets the blueprint for policing and community safety in Cleveland was in place throughout 2022/23. The Plan aims to:
- Put the pride back into Cleveland Police
 - Make Cleveland a safe place for those who live and work here.
- 2.3 The Plan acts as a strategic direction for Cleveland Police, who will be measured on their performance against the plan on a regular basis.
- 2.4 The PCC worked closely with criminal justice agencies, local partners and victim organisations in developing his three-year plan. He also consulted widely with Cleveland's communities, to ensure the Plan best met the needs of our communities.
- 2.5 The Plan has ten key objectives to help reduce crime and support victims in Cleveland.
- 2.6 Whilst all ten objectives are of equal importance, following consultation with Cleveland's communities, they have been listed in order of importance to them.
- 2.7 They are:
- Bringing offenders to justice.
 - Getting tough on drugs and gangs.
 - Tackling anti-social behaviour head-on.
 - Helping to provide an effective police and criminal justice system.
 - Preventing, reducing and tackling serious violence.
 - Putting more police on the streets.
 - Tackling violence against women and girls.
 - Building confidence in Cleveland's communities.
 - Providing effective, quality support for victims and witnesses.
 - Using technology to combat crime.
- 2.8 These objectives help shape the governance framework of the OPCC.
- 2.9 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.
- 2.10 The overall governance framework has been in place at the PCC for Cleveland for the year ended 31 March 2023, and up to the date of the approval of the financial statements.

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.
- 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

The review was pleased to see that HMICFRS inspectors reported that '*The force has significantly improved its culture in respect of ethics and workforce understanding of expected behaviours*'.

And that '*Since our last inspection, the force has made significant improvements in this area. It has established an effective ethics and standards board which provides a safe environment for officers and staff to raise ethical dilemmas.*'

Last year's review included 2 actions for this which were not completed during 2022/23 and have therefore been added to the action list for 2023/24, with specific timelines for completion, the actions were as follows:

- To hold to account and scrutinise the Force for the delivery of the 2 Area for Improvements from the HMICFRS that are outstanding in this area.
- Scrutinise the Force against delivery of the 5 management actions that were raised within the review of Whistleblowing by Internal 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

This review recognises this area continues to be a key priority for the PCC, alongside the Police and Crime Plan for 2021-24 sits a [Consultation and Engagement](#) Strategy covering the same period.

The review noted that formal consultations and surveys on areas such as Rural Crime, Community Trigger and Precept sit alongside the move to hold 'surgeries' across the Cleveland area for the PCC to attend and meet with members of the public.

The review also noted the ability for the public to 'Raise a Community Concern' via the OPCC website and the COPA reporting app.

The review did recognise that the relationship between the Police and Crime Panel and the PCC has continued to be challenging. This has not however impacted on the statutory functions of either body.

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 in overall terms and the organisation continues to operate within the financial constraints that exist. The medium-term financial plan however continues to be only balanced for a 2-year period, after which there is a gap that needs to be closed.

The plans continue to be regularly reviewed and the financial performance continues to be robustly managed and scrutinised.

Despite this HMICFRS reports that 'The force lacks a detailed financial plan that shows it can meet future demands' and continues to conclude that the Force continues to be inadequate in terms of Strategic planning, organisational management and value for money.'

The review recognises that the OPCC has worked closely with the Force to set out details of the resources that it needs to be able to meet demand however these have been captured in a bid to the Home Office, as the required level of resources is unaffordable within the current level of funding available to the PCC.

The review therefore suggests that the financial implications of the resources needed to meet demand are incorporated into the future financial plans so that this link is clear. The financial plans will then need to clearly set out what demand is being left unmet in order to balance the budget.

During 2022/23 Internal Audit undertook a review of the Commissioning process within the OPCC, the Audit concluded that minimal assurance could be taken that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective and that urgent action is needed to strengthen the control framework to manage the identified risk.

Given these significant findings this area has been raised as a significant Governance Issue within the action plan for this Annual Governance Statement.

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 (e.g. 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, 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.

While the PCC is yet to receive the Value for Money conclusion in relation to 2021/22 it is expected that the external auditor will be considering the latest HMICFRS report, and this is expected to reflect the improvements that have been recognised by HMICFRS and are referred to below.

There is no specific action within the action plan to address this Adverse Value for Money conclusion as these relate specifically to the HMICFRS concerns and addressing these concerns will also address this issue.

The review was pleased to see that HMICFRS reported, as part of their Police effectiveness, efficiency and legitimacy 2021/22 report that 'only' 2 Causes of Concern remain in place for the Force, which is down from 6 that were reported in the 2018/19 report.

The 2 remaining Causes of Concern, as updated by HMICFRS in the 2021/22 report are as follows:

- The force hasn't fully addressed the cause of concern about preventing crime and antisocial behaviour identified in the 2019 PEEL inspection.
- The force hasn't fully addressed the cause of concern relating to strategic planning, organisational management and value for money identified in its 2019 PEEL inspection.

While the review recognises that the PCC cannot address the Causes of Concern directly the review welcomes the continued scrutiny by the PCC of the Force, and he will continue to hold the Chief Constable to account for the rectification and resolution of those issues raised by HMICFRS through his Scrutiny and Accountability Programme during 2023/24.

Given that these 2 Causes of Concern have yet to be fully addressed that 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 PCC appointed a new Chief Constable at the start of the 2022/23 financial year, with Mark Webster taking up post of the 4th April. Subsequent to this the Chief Constable has appointed a new Deputy Chief Constable, 2 Assistant Chief Constables and a Director of Finance and Assets.

The review welcomes that the Force now has a substantive and complete Chief Officer Team in place for the first time in many years and looks forward to the progress that they will make against delivering against the Police and Crime Plan and the wider organisational plans during 2023/24.

The overall structure of the OPCC has remained largely unchanged despite legislative changes (Policing and Crime Act 2017, Police (Complaints and Misconduct) Regulations 2020 and Specified Information Order 2021) which has introduced new duties and powers upon PCCs. Individual posts have taken on additional responsibilities to ensure duties are discharged but it was recognised that this was a sub-optimal model that had limited management breadth, delivery depth and resilience.

As a result, the OPCC has undergone and concluded a review of its staffing structure during 2022/23. The review welcomes this move to develop the capacity and capabilities within the OPCC and looks forward to seeing all of the roles within the structure recruited to during 2023/24 and the required training and development plans put in place so that this investment can be maximised.

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 is satisfied that the vast majority of the areas covered by this principle continue to be well covered by the OPCC and well embedded.

The review notes that the Joint Strategic Board started during 2022/23, which includes senior leaders from both the OPCC and Force. The review thinks this strengthens many areas of organisational governance and leadership and looks forward to seeing this develop further during 2023/24.

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.

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 most 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 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 2022/23 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 2023, 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 Auditor's Annual report providing comment on financial sustainability, governance and economy, efficiency and effectiveness
- 5.10 In relation to the previous financial year 2021/22, and the current financial year 2022/23, our External Auditors, Mazars, are reporting that:
- 5.11 **Audit opinion – 2021/22**
- 5.12 'We reported to the Audit Committee on 15 December 2022 that we were unable to complete our audit of the 2021/22 financial statements and issue our audit opinion because we had not received the pension fund assurance letter from the auditor of the Teesside Pension Fund. Unfortunately, we have still not received the assurance letter. As a result of this delay, another issue has now arisen in relation to pension fund disclosures. The outcome of this is unclear and we will be able to update Members of the Committee at the meeting on 30 March 2023.'
- 5.13 **Value for Money (VFM) arrangements – 2021/22**
- 5.14 'We advised the Audit Committee on 15 December 2022 that we would await the reporting of the latest HMICFRS report before issuing our commentary on VFM arrangements.'
- 5.15 The HMICFRS report was published on 17 March 2023 however the VFM commentary has yet to be received at the time of writing this draft statement.
- 5.16 **Audit Opinion – 2022/23**
- 5.17 **TO BE COMPLETED ONCE THE 2022/23 AUDIT HAS CONCLUDED**

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. The scrutiny work has continued to be progressed during 2022/23 and 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 the year and delivery on all aspects of the PCC work, including oversight, scrutiny and governance has been developed and embedded throughout the year.
- 6.4 However there continues to be a few significant Governance issues, linked directly to the Force, and these have been set out in the section below.

7 Governance Issues:

Action Plan for 2023/24 to set out below.

- 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.

Significant Governance Issues	Action	Owner	Target Implementation Date
Defining outcomes in terms of sustainable economic, social and environmental benefits	In relation to Commissioning within the OPCC - Internal Audit concluded that minimal assurance could be taken that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied or effective and that urgent action is needed to strengthen the control framework to manage the identified risk. ACTION: Oversee the implementation of the 10 actions raised by Internal Audit by September 2023 and ensure that the revised processes, procedures and policies are adhered to and followed going forward.	Chief Finance Officer	30th September 2023
Determining the interventions necessary to optimise the achievement of the intended outcomes	While the review recognises that the PCC cannot address the Causes of Concern directly the review welcomes the continued scrutiny by the PCC of the Force, and he will continue to hold the Chief Constable to account for the rectification and resolution of those issues raised by HMICFRS through his Scrutiny Programme during 2023/24. ACTION: Ensure that findings from the recent Integrated PEEL inspection, published in March 2023, are programmed into the scrutiny work programme for 2023-24 and the PCC will also continue to closely monitor recommendations arising from all HMICFRS Inspections.	Chief Executive and Monitoring Officer	Assurance around progress on the 2 causes of concerns (Preventing Crime and Anti-Social Behaviour and Strategic Planning) will be reviewed in April-24. Monitoring of all HMICFRS recommendations will continue throughout 2023/24.
Areas which require further/continued focus	Action	Owner	Target Implementation Date
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Last year's review included 2 actions for this which were not completed during 2022/23 and have therefore been added to the action list for 2023/24, with specific timelines for completion, the actions were as follows: ACTION: 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, including an annual review of complaints themes and trends. ACTION: Scrutinise the Force against delivery of the 5 management actions that were raised within the review of Whistleblowing by Internal Audit.	Chief Executive and Monitoring Officer	Complaints review will take place between Nov-23 and Feb-24. The Whistleblowing review will take place by Sept-23.
Determining the interventions necessary to optimise the achievement of the intended outcomes	The OPCC has worked closely with the Force to set out details of the resources that it needs to be able to meet demand however these have been captured in a bid to the Home Office, as the required level of resources is unaffordable within the current level of funding available to the PCC. ACTION: The financial implications of the resources needed to meet demand are incorporated into the future financial plans so that this link is clear. The financial plans will then need to clearly set out what demand is being left unmet in order to balance the budget.	Chief Finance Officer	To be included within the Feb-24 MTFP.

Signed:

Steve Turner
Police and Crime Commissioner for Cleveland

Lisa Oldroyd
Chief Executive and Monitoring Officer

Michael Porter
PCC Chief Finance Officer

Date: