

**Report of the PCC's Chief Finance Officer to the Chair and Members of the Joint Audit Committee**  
**28th March 2024**

**Executive and Presenting Officer: Michael Porter, CFO**  
**Status: For Information**

**PCC's Annual Governance Statement – Actions Update**

**1. Purpose**

- 1.1 Authorities, including Police and Crime Commissioners, are required to prepare an Annual Governance Statement (AGS). The report is about all corporate controls and not confined to financial issues and therefore is no longer published within the Statement of Accounts. Guidance from CIPFA envisages that the statement is reviewed by a Member group during the year (rather than just at year end) as an integral and indeed critical component of the review process.
- 1.2 The Joint Audit Committee has been tasked with 'Considering the Annual Governance Statement for publication with the annual accounts, together with associated action plans for addressing areas of improvement and advising the PCC as appropriate'.
- 1.3 The purpose of this report is to update the Committee on the progress against the issues raised in the PCC's 2022/23 AGS which was agreed by this Committee in September 2023.

**2. Recommendations**

Members are asked to:

- 2.1 Note the current progress against the issues and action points raised in the 2022/23 Annual Governance Statement.
- 2.2 Note that any outstanding actions will continue to be worked on over the coming months and reflected in the draft of the 2023/24 AGS, as needed, which will be brought to this Committee at its meeting in June.

### **3. Reasons**

- 3.1 Members agreed the 2022/23 AGS at its meeting in September 2023 for sign off by the PCC. This statement included 2 items that were deemed to be Significant Governance Issues and 2 further items that required further and/or continued focus from the PCC. This report provides an update on all of those items so that Members can see the progress made to date and also so that they can take these items into account when the AGS for 2023/24 is developed.
- 3.2 The schedule that contained the actions within the Annual Governance Statement has been attached to this report along with updates against the actions.
- 3.3 As referred to in the attachment, significant progress has been made over the last 12 months, and in the case of the HMICFRS Causes of Concern, over a number of years, to address all one of the actions that were raised within the 2022/23 Annual Governance Statement.
- 3.4 This progress will be reflected in the development of the 2023/24 AGS, while work will also continue on these actions as needed.
- 3.5 It is perhaps worth reflecting, as we begin the process for the 2023/24 AGS, that there has always been at least one Significant Governance issue reported within the PCC AGS since the PCC model was implemented in 2012.

### **4. Risks**

- 4.1 Publication and approval of the Annual Governance Statement is a mandatory requirement. Failure to therefore address actions arising from this process in a timely manner would undermine the PCC's progress in promoting corporate governance and driving up performance.

### **5 Conclusion**

- 5.1 Addressing issues raised as part of the AGS process is a vital part of this process to demonstrate and ensure that improvements are being made within the organisation and good progress has been made in several actions included within the Annual Governance Statement, with further work in progress to continue this development.

Michael Porter  
PCC Chief Finance Officer

Significant Governance Issues	Action	Owner	Target Implementation Date	Update
Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>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.</p> <p><b>ACTION:</b> 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.</p>	Chief Finance Officer	30th September 2023	<p>8 of the 10 actions were reported as complete to the Audit Committee in December-23. The final 2 actions, as with all of the previously complete 8 actions have been incorporated into the Commissioning Policy which is on the agenda for the March-24 Audit Committee. Subject to any comments and feedback from Members this will then finalised.</p> <p>Audit actions will be discussed at the OPCC monthly Senior Management Team meeting going forward.</p>
Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>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.</p> <p><b>ACTION:</b> 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.</p>	Chief Executive and Monitoring Officer	<p>Assurance around progress on the 2 causes of concerns (Preventing Crime and Anti-Social Behaviour and Strategic Planning) will be reviewed in April-23.</p> <p>Monitoring of all HMICFRS recommendations will continue throughout 2023/24.</p>	The PCC has continued to monitor recommendations arising from HMICFRS inspections. This will be made easier with a refreshed HMICFRS monitoring portal which is due to be launched on 11 March. The PCC has held the force to account in relation to performance and continuous improvement by undertaking an annual review of the Force's Delivery Model which took place in February 2024. The PCC was assured by the work taking place.
Areas which require further/continued focus	Action	Owner	Target Implementation Date	Update
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>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:</p> <p><b>ACTION:</b> 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.</p> <p><b>ACTION:</b> Scrutinise the Force against delivery of the 5 management actions that were raised within the review of Whistleblowing by Internal Audit.</p>	Chief Executive and Monitoring Officer	<p>Complaints review will take place between Nov-23 and Feb-24.</p> <p>The Whistleblowing review will take place by Sept-23.</p>	<p>The OPCC closely monitored the HMICFRS Peel causes of concern from the 2019 report, through regular meetings with HMICFRS's force liaison offers. This included the 4 Ethics and Culture causes of concern which were signed off in two stages in August 21 and June 23 respectively. The OPCC took on Model 3 in January 2022 and are now responsible for the initial handling of complaints, service recovery and updating complainants. The internal audit of the complaints process was due to take place in February 2024 and will now take place in May 2024. It was recognised by the Force that there were further opportunities to bring learning from complaints into the Force, a member of the OPCC now sits on the Local Confidence Board and will bring themes and trends to that meeting for discussion.</p> <p>The Chief Executive and Head of Standards, Scrutiny and Accountability have met with the Department of Standards and Ethics Superintendent Miller to ensure the 5 management actions had been signed off which they had.</p>
Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>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.</p> <p><b>ACTION:</b> 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.</p>	Chief Finance Officer	To be included within the Feb-24 MTFP.	The bid to the Home Office for recurring additional funding was unfortunately not successful. It continues to be the case that the current assessment of Police Officer resources required to meet demand in Cleveland is significantly above the level set out within the current financial plans. The PCC has however provided the Force with additional funding in 2024/25 that provides the Force with the capacity to address all of the Police Officer resources highlighted within the Force Management Statement process that were assessed by the Force as needed as they posed a Substantial Risk to either the Force or Public