

**Report of the PCC's Chief Finance Officer to the Chair and Members of the Joint Audit Committee
27th March 2025**

**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 2023/24 AGS which was reviewed by the Committee in June 2024 and agreed by the Committee in February 2025 alongside the Final Statement of Accounts for 2023/24.

2. Recommendations

Members are asked to:

- 2.1 Note the current progress against the issues and action points raised in the 2023/24 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 2024/25 AGS, as needed, which will be brought to this Committee at its meeting in June.

3. Reasons

- 3.1 Members agreed the Final 2023/24 AGS at its meeting in February 2025 for sign off by the PCC. This statement included no items that were deemed to be Significant Governance Issues and 4 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 2024/25 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 when discussing the draft 2023/24 AGS, this was the first AGS with no Significant Governance Issues since the PCC model was implemented in 2012 and reflects the significant progress that has been made over the last few areas.
- 3.4 In terms of the 4 areas for continued focus during 2024/25 the appendix to this report shows that good progress has been made across all of the actions during 2024/25 in line with the agreed action plan.
- 3.5 This progress will be reflected in the development of the 2024/25 AGS, while work will also continue on these actions as needed.

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

APPENDIX A

Areas which require further/continued focus	Action	Owner	Target Date	Update
Defining outcomes in terms of sustainable economic, social and environmental benefits	<p>In relation to Commissioning within the OPCC - In 2022/23 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. All of the actions resulting from this report have been implemented and a further review is planned for 2024/25</p> <p>ACTION: Continue to embed the Commissioning Policy within the OPCC, and prepare for, and engage with Internal Audit to ensure that the the OPCC can evidence that the revised processes, procedures and policies are being adhered to and are now embedded.</p>	Chief Finance Officer	31st March 2025	Significant progress has been made in this area and the Internal Audit work undertaken in 2024/25 has provided Reasonable Assurance that the controls that the organisation relies upon to manage the risks in this area are suitably designed, consistently applied and effective. While there are some actions from the new audit that need to be addressed this area is now no longer viewed as a significant governance issue and this action has been addressed
Managing risks and performance through robust internal control and strong public financial management	<p>The review reflected that in both 2022/23 and 2023/24 there were unexpected financial impacts from costs relating to legal and insurance claims with the Force, that only materialised at the end of each financial year.</p> <p>ACTION: To ensure that a system of strong financial management is maintained a paper should be provided to the Joint Strategic Board setting out how the Force plan to manage the financial aspects of legal and insurance claims against the Force going forward so that there are no financial surprises as the end of the financial year and that there is full oversight, and authorisation, within the Force of all of the costs being incurred in this area.</p>	Chief Finance Officer	30th September 2024	<p>The Force have put in place new authorisation processes in relation to the settlement of legal and insurance claims. From the 1st July 2024 as well as the appropriate approval from Legal Services, all Legal Settlement Payments up to £40,000 MUST also be specifically authorised by the Force Director of Finance and Assets in writing and the record retained on file. All payments £40,000 and over MUST be specifically authorised by the Force Director of Finance and Assets AND the PCC CFO in writing and the records retained on file.</p> <p>Finance staff arranging payment through payroll or treasury MUST ensure that they check that the written authority is in place.</p> <p>In addition to this the Force provide the PCC CFO with a monthly report and update on all insurance and legal movements, plus an assessment of any impact that this has in relation to current levels of reserves and provisions.</p> <p>This action will be further review as part of the 2024/25 year end close down to provide the final assurances that the processes and improvements have been made and that there are no surprises.</p>

Areas which require further/continued focus	Action	Owner	Target Date	Update
Ensuring openness and comprehensive stakeholder engagement	<p>The Police Reform and Social Responsibility Act 2011 stipulates that PCCs create Police and Crime Plans and publish Annual Reports. The SPR 2023 legislation requires PCCs to provide evidence of the requirement to pay due regard to the SPR and the threat types within both documents.</p> <p>ACTION: Enhance the PCC’s scrutiny and accountability programme ensuring due regard to the Strategic Policing Requirement and evidencing that the Force is fulfilling its national responsibilities for tackling national threats at a local level – to inform the development of assurance statement for inclusion in the PCC’s annual report.</p> <p>ACTION: Ensure the Strategic Policing Requirement is fully considered and referenced in development of a new Police and Crime Plan.</p>	Chief Executive	30th June 2024 30th September 2024	<p>The Force's ability to respond to the Strategic Policing Requirement is an annual topic within the PCC's scrutiny work programme. In receiving information on the SPR, the PCC</p> <ul style="list-style-type: none"> • Held the Chief Constable to account for the delivery of functions associated with the SPR; • Sought assurance that the Force has an effective and proportionate response to each of the national threats; and • Used the information received to formulate the Police and Crime Plan and the Annual Report <p>In developing the Police and Crime Plan for 2024-2029 the SPR was fully considered and referenced in the final document.</p>
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>The Angiolini Inquiry recommendations were published in February 2024 with the National Police Chiefs Council establishing a three-tier governance structure to deliver against the recommendations and both the College of Policing and Home Office have agreed to report on progress through this single governance route and will have representation at every level.</p> <p>ACTION: Monitoring the effective local implementation of the Angiolini recommendations through the PCC scrutiny programme.</p>	Chief Executive	31st March 2025	<p>Details on the Force's progress against recommendations were sought at the PCC's Violence Against Women and Girls (VAWG) Scrutiny Meeting on 16 January 2025. The Force confirmed they were providing monthly updates, as part of a national update, to the NPCC. VAWG (and the Angiolini Recommendations) is an annual topic on the PCC's scrutiny work programme.</p>