

For Decision	
Public/Non Public*	Public
Report to:	Joint Audit and Scrutiny Panel
Date of Meeting:	30th May 2018
Report of:	Chief Finance Officer
Report Author:	Charlotte Radford
Other Contacts:	Mark Kimberley, Pamela Taylor, Amanda Froggatt
Agenda Item:	8

DRAFT STATEMENT OF ACCOUNTS AND ANNUAL GOVERNANCE STATEMENTS FOR 2017-18

1. Purpose of the Report

- 1.1 To provide members with a copy of the unaudited statement of accounts and annual governance statements for 2017-18.

2. Recommendations

- 2.1 Members are requested to:
- Review the tabled draft documents and provide any feedback on items which should be amended or included in the Statements of accounts for the Chief Constable and the Commissioner
 - Review the draft Annual Governance Statements provided and provide any feedback for the Chief Constable and the Commissioner

This feedback should be provided before the final draft statements are signed by the Chief Finance Officers and made available to the external auditors.

3. Reasons for Recommendations

- 3.1 This complies with the Accounts and Audit regulations and good financial governance.

4. Summary of Key Points

- 4.1 The attached statements provide a fair view of the financial position of the Chief Constable, Police & Crime Commissioner and group as a whole.
- 4.2 The statements of the Chief Constable show the cost of policing and provision of services to deliver the Police & Crime Plan.
- 4.3 The Group accounts also include the financial statement relating to the Office of the Police & Crime Commissioner.
- 4.4 These accounts represent fairly the financial position of the Group and its individual entities.

5. Financial Implications and Budget Provision

5.1 None as a direct result of this report.

6. Human Resources Implications

6.1 None as a direct result of this report.

7. Equality Implications

7.1 None as a direct result of this report.

8. Risk Management

8.1 None as a direct result of this report.

9. Policy Implications and links to the Police and Crime Plan Priorities

9.1 This complies with the Financial Regulations which underpin the achievement of all Police & Crime Plan priorities.

10. Changes in Legislation or other Legal Considerations

10.1 This complies with the current Accounts and Audit Regulations.

11. Details of outcome of consultation

11.1 The draft accounts were made available for public inspection and published on the websites for comment.

12. Appendices

A – The Chief Constables Statement of Accounts 2017-18 – TO FOLLOW

B – The Group Statement of Accounts 2017-18 – TO FOLLOW

C - The Chief Constables Annual Governance Statement 2017-18

D – The PCC's Annual Governance Statement 2017-18

Appendix A – The Chief Constables Statement of Accounts 2017-18 – TO FOLLOW

Appendix B – The Group Statement of Accounts 2017-18 – TO FOLLOW

Nottinghamshire Police Annual Governance Statement 2017/18

Table of contents

1.1	Scope of Responsibility	3
1.2	The purpose of the governance framework	3
2.0	The governance framework	3
2.1	Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law	4
2.2	Principle B: Ensuring openness and comprehensive stakeholder engagement	5
2.3	Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits	6
2.4	Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes	6
2.5	Principle E: The Force's meeting structure is reviewed annually to ensure it is fit for purpose and that the governance mechanisms are providing an effective decision making framework	7
2.6	Principle F: Managing risks and performance through robust internal control and strong public financial management	7
2.7	Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability	8
3.0	Chief Finance Officer Role	9
4.0	Review of effectiveness	9
5.0	Improvement Actions	11
APPENDIX A		13
Improvement actions for 2017/18		13

1.0 Introduction

1.1 Scope of responsibility

Nottinghamshire Police is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Force has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised.

In discharging this overall responsibility, Nottinghamshire Police (hereafter referred to as the Force) is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Chief Constable of Nottinghamshire Police and the Police and Crime Commissioner (PCC) for Nottinghamshire have adopted a Joint Code of Corporate Governance, which is consistent with the principles of the CIPFA 2016 Edition Framework 'Delivering Good Governance in Local Government'. A copy of the Code of Governance can be obtained from the Nottinghamshire Office of Police and Crime Commissioner (NOPCC) website at <http://www.nottinghamshire.pcc.police.uk>.

This Statement has been prepared following an assessment of the key elements of the governance framework, including the role of those responsible for the development and maintenance of the governance environment. The statement explains how the Force has complied with the Code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

1.2 The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the Force is directed and controlled and the activities through which, it accounts to and engages with the community. It enables the Force to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.0 The governance framework

The principles which form the basis of the governance framework and how they are applied within the Force are described in the following sections. The Chief Constable And Chief Finance Officer (Head of Finance) have put in place management and reporting arrangements to enable them to be satisfied that the approach to the corporate governance arrangements have been effective and supports the aims of the OPCC, these include;

- The Governance Framework and the principals included within this
- A Risk Management Strategy and arrangements to embed this within the organisation
- The Scheme of Delegation
- The Financial Regulations
- Contract Standing Orders
- The PROUD values

This list is not exhaustive but covers the main documents that set the culture of the method of operation of governance within the organisation.

2.1 Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law

- The Force has retained the PROUD values which are explicitly linked to the Code of Ethics.
- The Code of Ethics sits at the centre of the National Decision Model, so is explicitly referenced and considered in any decision making situation.
- There are also clear processes in place around confidential reporting 'whistleblowing' outlined in the Professional Standards Reporting Procedure. Staff are also able to report breaches confidentially to PSD confidentially.
- In the 2017 HMICFRS PEEL Legitimacy Inspection Nottinghamshire Police received a grading of good for ensuring that its workforce behaves ethically and lawfully.
- Standards are governed by the quarterly Organisation Risk, Learning and Ethics Board, chaired by the Deputy Chief Constable (DCC).
- Bi-annually, a report on IOPC investigations is presented at the NOPCC's Audit and Scrutiny Panel to inform the OPCC of the Force's application of the IOPC Statutory Guidance.
- There are robust mechanisms in place with respect to the governance of complaints in Force. Complaints are managed in accordance with statutory guidance provided by the IOPC.
- In an effort to ensure consistency and fair practice, the Professional Standards Department are now responsible for monitoring staff conduct. This allows parity on how cases are assessed; ensuring staff and officers are treated fairly and respectfully.
- All gross misconduct hearings are now held in public and the outcomes are published on the force website.
- The Force has dedicated local resolution sergeants, embedded within local policing. Their purpose is to deliver learning from complaints back to the workforce thus creating a learning culture rather than a punitive one.
- Business Interests, Additional Employment and Notifiable Associations are reviewed annually within the Integrity Health check.
- A redacted version of the Register of Approved Business Interests is published on the Force website annually; any changes are reported on a monthly basis to the Organisational Risk, Learning and Ethics Board.
- The Force work to the Contract Standing Orders Procedure Rules to ensure fairness and consistency of approach in line with sound commercial practice for strategic procurement managed by the East Midlands Strategic Commercial Unit (EMSCU).
- The HMICFRS PEEL Legitimacy Inspection 2017 found that Nottinghamshire Police is good at ensuring that its workforce behaves ethically and lawfully. Leaders are positive ethical role models. Members of the workforce have a good understanding of the Code of Ethics and are guided by ethics and values in their decision making. The force clarifies and reinforces expected standards of behaviour.
- The Force is compliant with the CIPFA statement on the Role of the Chief Financial Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable (2012), as per the ACO Finance job description (Head of Finance with effect from 1st April 2018)
- The Counter Corruption Unit policy clearly sets out the procedures to be operated that are designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent or corrupt practices and behaviour.

2.2 Principle B: Ensuring openness and comprehensive stakeholder engagement

- Nottinghamshire Police meets its legal responsibility as a public authority to respond to Freedom of Information Act (FOIA) and Data Protection Subject Access Requests (DPSARs) within legislative deadlines.
- Publication scheme monitoring, review and assurance is reported to the Joint Audit and Scrutiny Panel on an annual basis, this again, is also reported to the Information Assurance Board which is held bi-monthly
- There are a number of Information Sharing Agreements (ISAs) in place with partners and other agencies which are reviewed on an ad hoc basis.
- In accordance with the Freedom of Information Act, our website is updated proactively with force information. This ensures transparency and encourages increased confidence from and accountability to the public and stakeholders.
- The Force is committed to working in partnership to deliver its priorities and provide the best service to its communities.
- There are strong governance processes in place for the City partnerships. Each of the partnerships under the One Nottingham umbrella, including the Crime Drugs Partnership (CDP), have clear terms of reference including a defined purpose, arrangements for information sharing, community engagement and governance and finance.
- The CDP Plan 2015-20 sets out the overall aims and delivery and performance framework of the partnership to deliver the 'safer' agenda of the 'Nottingham Plan to 2020'. The Partnership Plan has been developed with regard to the priorities of the Police and Crime Commissioner.
- There is a robust governance framework in place to oversee the delivery of the Plan. This is directed by the Partnership Board, which provides strategic governance of the partnership.
- The three statutory CSPs are responsible for the delivery of local community safety strategies and action plans. The SNB Delivery Groups support the SNB and CSPs to implement the community safety strategies.
- Each of the three Community Safety Partnership's in the County produces performance information on a monthly basis. This includes reporting on current performance against targets, comparison against most similar force peers and performance of Partnership Plus areas. The SNB Performance Group brings together the CSP Chairs to discuss performance risks and highlights.
- Section 22A of the Police Act 1996 provides for a collaboration agreement to be made between police and crime commissioners or between commissioners and chief officers from more than one force area. There are a range of established collaborations in place for a number of specialist front line policing operations that provide services across the Midlands region, including Nottinghamshire. These arrangements are reviewed on a regular basis by respective Chief Constables and Police & Crime Commissioners.
- The Chief Constable reports with the PCC to the Nottinghamshire Members of Parliament on an annual basis.
- The Force is working towards a bespoke neighbourhood engagement plan for every neighbourhood, including measures for breaking down engagement barriers (such as social exclusion, accessibility issues and concerns over privacy) and engaging with young people.
- Formal engagement mechanisms delivered in the community include Victim Satisfaction Surveys, Neighbourhood Watch Meetings, Neighbourhood priority surveys, Locality Boards, Neighbourhood engagement meetings, Key Individual Networks and Independent Advisory Groups.

- The Force has a strategic Independent Advisory Group (IAG) which represents different community groups across Nottinghamshire. They provide an invaluable service to the Force in three core areas; critical incidents, building trust and confidence and advising on strategies, policies and procedures. The Force has a many systems in place for the collection of local survey information that is used to shape the direction of service delivery.

2.3 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

- The local direction and priorities for the Force vision are set in the Police and Crime Commissioner's Police and Crime Plan, created following a comprehensive multi-agency strategic assessment.
- At a national level, the Force work to the Strategic Policing Requirement (SPR) which is issued by the Home Office to articulate current national threats and the appropriate national policing capabilities required to counter those threats.
- Requests for investment are directed to the Priority Plan Programme Board (PPPB). The PPPB governs activity throughout its lifecycle, supporting continuous improvement and enabling it to meet its future performance and financial challenges. Following approval at PPPB business cases are submitted to the Force Executive Board (FEB), and then the OPCC where appropriate, for final approval. The purpose of the FEB is to direct, set and oversee the strategic development of Nottinghamshire Police.

2.4 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- Decision making is recorded as part of minutes, action plans and decision logs. Key decisions from FEB are published on the Force Intranet under 'News'. This ensures the force's decision making processes are clear, transparent and robust.
- The Force's meeting structure is reviewed annually to ensure it is fit for purpose and that the governance mechanisms are providing an effective decision making framework.
- During 2016/17 the Force reviewed its approach to business planning and introduced a Priority Plan programme in order to achieve the Chief Constable's vision and strategic priorities
- The Force produces an annual strategic intelligence assessment which outlines the capacity and capability to meet its greatest threats including those outlined in the strategic policing requirements.
- An enhanced policing establishment is currently being worked towards with a sustainable financial picture to support and deliver this. The Medium Term Operational Financial Plan remains a live document to facilitate the demands and changes that can occur within the Police so that we can remain operationally on the front foot. The budgeting and long term planning process is intrinsically linked to the Priority Plan business planning cycle to create a joined up approach identifying opportunities and risks that are present, and, on the horizon.
- As part of the Priority Plan process in 2017 Heads of Department completed Annual Departmental Assessments which included proposals for business change and key expected benefits..

2.5 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

- Opportunities for collaboration continue to be explored with an established supporting governance structure
- In December 2016 the first phase of the strategic review of transactional services and systems provision (MFSS/ Fusion) was completed by Grant Thornton. The force is working closely with MFSS and partner organisations to ensure the implementation of Fusion is delivered and alongside this is internally exploring business process to better exploit the opportunities offered through the new system. This programme of work is expected to continue throughout 2018/19.
- The NOPCC and Force operate under a comprehensive 'Working Together Agreement' which comprises of the scheme of consent, the Joint Code of Corporate Governance, Financial Regulations and Contract Standing Orders.
- Any changes to financial legislation are monitored through professional network subscriptions, such as CIPFA. Potential changes are discussed by the Finance Team and action taken as appropriate.
- Learning and development is delivered collaboratively by EMCHRS L&D. Each force within the collaboration holds quarterly Training Priority Panels (TPP) which set the learning and development priorities. Training priorities are based on consideration of risk and forthcoming legislative changes; they are informed by both emerging national issues and local priorities.
- Individual training and development needs are assessed as part of the PDR process.
- The Strategic Workforce Planning Group, chaired by the ACC manages the career pathways, secondments and identifies resources risks recognising the need for succession planning.

2.6 Principle F: Managing risks and performance through robust internal control and strong public financial management

- In October 2017 a decision was made to completely overhaul the Risk Management process and for the force to adopt a more sophisticated approach which links risks to our governance methods and internal audit processes. This approach will be signed off by Chief Officer Team and presented to the Joint Audit and Scrutiny Panel in May 2018 and on agreement will be cascaded and embedded into the force.
- The quarterly Organisational Risk and Learning Board has now been revised to include Ethics. This is a force-wide forum for thematic leads and heads of department to identify any emerging strategic opportunities and risks and discuss risk management and organisational learning.
- Performance against the OPCC themed indicators is reported to the Force Executive Board on a monthly basis.
- A Performance Scorecard is produced for Strategic Resources and Performance at every quarterly meeting. This is a public forum for the OPCC and his Deputy to scrutinise the performance of the Force.
- The Financial Performance and Insight Report, including revenue and capital budget monitoring are reported to the Force Executive Board on a monthly basis.
- The Financial Performance and Insight Report is also presented at the Strategic Resources and Performance quarterly meeting.
- In accordance with the Financial Management Code of Practice for the police service, issued by the Home Office, the PCC and the Chief Constable established a Joint Audit and Scrutiny Panel (the Panel) in 2013. The role of the Panel is to advise the PCC and Chief Constable on the adequacy of the corporate governance and risk management arrangements in place and the associated control

environment, advising according to good governance principles and proper practices.

- The Panel also assist the OPCC and the Chief Constable in fulfilling their responsibility for ensuring value for money and they oversee an annual programme of scrutiny of key areas of policing activity on behalf of the OPCC.
- In compliance with CIPFA guidance, the NOPCC and the Force have appointed a Head of Internal Audit. This role is contracted out to Mazars, who are responsible for the organisation's internal audit service, on behalf of the CFO, including drawing up the internal audit strategy and annual plan and giving the internal annual audit opinion.
- In relation to the General Data Protection Requirements (GDPR) a working group is in the process of completing a series of self-assessment gap analysis documents in order to assess our current compliance level. On completion, an implementation plan will be prepared in order to deliver the requirements.
- The force also has a Disclosure and Barring Service (DBS) which helps employers make safer recruitment decisions and prevent unsuitable people from working with vulnerable groups, including children.
- The Force's Financial Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their statutory officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
- The Annual Statement of Accounts is published on the website 'what we spend' and includes accounting policies and also the report of the auditors.
- The Annual Audit letter is report to the Joint Audit and Scrutiny Panel on an annual basis.
- The Treasury Management Strategy and annual report are reported annually to the Joint Audit and Scrutiny Panel.
- Internal Audit, Review and Inspection Monitoring and assurance and improvement outcomes are presented to the Joint Audit and Scrutiny Panel at every meeting.
- Budget monitoring reports are presented to the Strategic Resources and Performance meeting on a quarterly basis.

2.7 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- The Police and Crime Panel scrutinises the action and decision of the Police and Crime Commissioner and makes sure information is available for the public. The Force provides reports in accordance with the Police and Crime Panel work programme including specific focus on each of the seven Strategic Priority Themes included in the Police and Crime Plan.
- The Force has a robust process to capture HMICFRS recommendations and track through their lifecycle to formulate the Audit and Inspection Report
- The Force has an established reporting procedure for our response to HMICFRS recommendations to be received by the NOPCC in line with the timescales dictated in the Police and Crime Bill.
- Existing collaborations have an established supporting governance structure and formal Collaboration Agreements as per Section 22A of the Police Act 1996.

3.0 Chief Finance Officer Role

- The role of Chief Financial Officer (CFO) was fulfilled by the Assistant Chief Officer for Finance and Resources for Nottinghamshire, Northamptonshire and Leicestershire for the whole of the financial year 2017-18, this responsibility now rests with the Head of Finance with effect from 1st April 2018.
- As a key member of the leadership team, the CFO helps to develop and implement strategy and resource and deliver the PCC's strategic objectives sustainably and in the public interest.
- The CFO is actively involved and able to bring influence to bear, on all business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the financial strategy.
- The CFO leads and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- The CFO and Chief Constable agree the Force's risk based Internal Audit Annual Plan for delivery each year and this is presented to the Joint Audit and Scrutiny Panel for comment. Delivery of the plan is via external engagement of an appropriately trained and experienced organisation, currently this is provided by Mazars. Award of the work was via a competitive tendering exercise.
- In respect of external audit, progress reports are provided to the Panel by KPMG to provide a summary of the work they plan to undertake for the audit year, together with a high level assessment of the risks that have been considered as part of the initial planning process.
- The CFO is required to maintain continuous professional development to ensure they maintain knowledge, skills and experience to enable them to fulfil the duties and statutory obligations of the post.

4.0 Review of effectiveness

Nottinghamshire Police has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework. The review of effectiveness is informed by the work of the Chief Officer Team, the Heads of Departments and other senior managers within the Force who have responsibility for the development and maintenance of the systems of internal control. It is also informed by the reports of the Force's internal auditors and external inspectorates, such as HMICFRS.

Where weaknesses in internal controls have been identified, improvement actions have been established, which will be addressed during the forthcoming financial year. Outcomes will be monitored by the FEB and the Joint Audit and Scrutiny Panel, on a quarterly basis.

The force was externally reviewed by KPMG in 2016/17. The key findings of the audit were published in September 2017. There were 5 recommendations raised (as detailed below) which have all been completed.

<p>Code Compliance</p> <p>Our review of the accounts this year identified that the PCC/Group accounts presented for audit were not code compliant.</p>	<p>This issue has since been resolved and will not be a problem next year.</p> <p>In relation to the notes this issue was picked up by the internal management review and was being addressed before the auditors identified it. One of the notes is actually more than required by the code and will be reviewed in the post audit review. It may be something that is kept as a working paper for the auditors, but removed from the statements as it adds no value to the reader of the statements.</p>
<p>Management Review of the Draft Statement of Accounts</p> <p>The initial draft accounts provided for audit contained numerous errors and had not been subject to a timely or robust management review prior to audit which would have identified these problems.</p>	<p>Casting errors arose where the functionality had not been turned on in the BRB.</p> <p>It should be emphasized that we were a PILOT for the BRB. We did not buy into something that was already fully developed and therefore we knew there would be issues. We also did not become a pilot until very late in the process. Until deciding to use the BRB and CIPFA agreeing to include us we had been making plans and initiating them for a period 11 cut off with period 12 estimates. The use of BRB allowed us to use actual data as at the end of the financial year, but it did concertina this years closedown process. As problems were identified we addressed these and CIPFA were on site or available to assist in turning functionality on. In an ideal world we would have had time to bring in the BRB check that everything in the previous year worked, before even starting this year's closedown. Due to CIPFAs timetable this was not possible.</p> <p>We have already proven that we did get the statements correct and code compliant by the fact that we have been issued with Unqualified Opinion. These statements will provide the template for next year.</p>
<p>Management Review of Working Papers and version control</p> <p>Our testing this year identified that working papers were once again not subject to a thorough management review. This led to delays and additional work.</p>	<p>The Management review of working papers did not take place this year. All effort was directed at getting the statements correct. With the exception of Officers Emoluments which was put through independent checks by staff and managers and different errors kept feeding through. Each time this identified it was amended.</p> <p>Next year a change in process will ensure a peer review has time to take place before the draft statements are issued to the auditors. As explained previously this was not possible this year.</p> <p>The planned post review of the accounts will ensure items that were not automated in BRB are for next year and all of the manual adjustments made are fully integrated into BRB. The one exception to this may be the rounding corrections that will be made at the very end.</p>

Staff Availability This year the audit was heavily reliant on one member of staff. During the two week audit period the staff member was often on leave or working from home which led to delays in progressing with audit queries.	During the original planned two week audit the key member of staff was absent for 1.5 days, but made herself available via email or telephone. However, due to absence of the senior External Auditor the audit went on beyond that planned two week period. These took the audit into the period of summer holidays and legitimate other absences for personal appointments.
Audit Advert and Publication of Accounts This year we identified that the accounts were advertised for 29 working days instead of the required 30.	The advert was indeed worded that the public inspection period would run from 14 June to 24 July, which does equate to 29 working days not 30. However, the advert was on the website from the 16th May (and remains there today) and if a member of public had made enquiry or request on either the 13 June or the 25 July we would have responded fully. Indeed if a request is made at any time we would respond. There were no public enquiries. In relation to providing audit evidence: The advert was shared with the Audit Director on the 16 May and following his reply that the dates were "ok" was made live on the website. This error will not be made next year.

5.0 Improvement actions

The review process to support the production of the Annual Governance Statement in 2017/18 identified a number of improvement actions, which are summarised below. These have been agreed with the respective Divisional and Departmental Heads to address weaknesses identified in the Force's systems of internal control. These issues are significant in that they cover a large proportion of the organisation's activities and/ or are key risk controls and therefore require a corporate solution.

Identified improvement action(s):	Lead Dept.	Update
1. The force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear	Supt Leona Scurr	
2. The force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them	ACC Cooper	

Chief Constable and Chief Finance Officer Declaration

We propose over the coming year to take steps to address the improvement actions identified in Appendix A to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation as part of our next annual review.

Signed

Signed

Date

Date

Craig Guildford
Chief Constable

Mark Kimberley
Chief Financial Officer

APPENDIX A

Improvement actions for 2017/18

The following improvement actions are identified for 2017/18, these are summarised according to the relevant governance principle.

Identified improvement action(s):	Lead Dept.	Update
3. The force should review its plan to ensure that by April 2018 it has achieved clearance for all those people that it is required to clear		
4. The force should continue to undertake appropriate activities to understand fully its leadership capacity and capability, in order to identify any gaps, and put plans in place to address them		

INTRODUCTION

Police and Crime Commissioner are designated as Local Authority for accounting purposes. As such they are required to annually review the Governance procedures in place for the Office of the Police and Crime Commissioner and the Group.

The preparation and production of the Annual Governance Statement is in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework). This Framework requires Commissioners to be responsible for ensuring that:

- Their business is conducted in accordance with all relevant laws and regulations
- Public money is safeguarded and properly accounted for
- Resources have been used economically, efficiently and effectively to achieve agreed priorities within the Police & Crime Plan

The Framework also expects that the Commissioners will put in place proper arrangements for the governance of their affairs, which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

The Commissioner is compliant with the CIPFA Statement on the Role of the Chief Finance Officer (particularly relating to Policing).

KEY ELEMENTS OF THE COMMISSIONER'S GOVERNANCE FRAMEWORK

Police & Crime Plan

- Sets the priorities for policing
- Sets the priorities for supporting victims
- Sets direction for the use of resources

Scrutiny & Review

- Public meetings – Strategic Resources and Performance to hold the Chief Constable to account
- Joint Audit & Scrutiny Panel – to challenge and review the governance and actions of the OPCC and Force
- Public Consultation and Stakeholder events – to seek public opinion on priorities, police activity and the budget

Police & Crime Panel

- Formalise the appointment of the Commissioner
- Independent body to review decisions of the Commissioner
- Challenge and support the aims of the Police & Crime Plan
- Review and agree the proposed level of precept
- Agree the appointment of the Chief Constable

Decision making

- Public meetings recorded
- Decision records published on the Commissioner's website
- Risk management reported to Audit & Scrutiny regularly

Effective Management Team

- Chief Executive is the Monitoring Officer responsible for governance
- Chief Finance Officer is the s151 Officer responsible for safeguarding the financial position of the group

HOW WE COMPLY WITH THE CIPFA SOLACE FRAMEWORK	PRINCIPLE A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	PRINCIPLE B Ensuring openness and comprehensive stakeholder engagement
<p>The Commissioner has approved and adopted:</p> <ul style="list-style-type: none"> • Code of Corporate Governance • The requirements of the CIPFA/SoLACE Framework: Delivering Good Governance in Local Government Framework • A number of specific strategies and processes for strengthening corporate governance <p>Set out below is how the Commissioner has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2017-18.</p>	<p>The Commissioner has endorsed the Code of Corporate Governance, which provides guidance on expected standards of behaviours to ensure integrity.</p> <p>The Commissioner has approved the Anti-Fraud, Bribery and Corruption policies. The Audit and Scrutiny Panel receives reports on how these arrangements have been applied during the year. There is a Whistle Blowing policy in place, which together with declaration of interests from the Commissioner, staff and police officers ensures ethical standards are being monitored and adhered to. Any whistle blowing activities notified are investigated by the Professional Standards Department and appropriate action is taken.</p> <p>The Section 151 Officer and Monitoring Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to the Commissioner and Audit and Scrutiny Panel or Police and Crime Panel.</p>	<p>All meetings of the Audit and Scrutiny Panel, Strategic Resources and Performance Panel and the Police and Crime Panel are open to the public. Papers, reports and decisions made by the Commissioner are published on the Commissioners website together with consultation and public surveys.</p> <p>The Commissioner has a public engagement consultation strategy which sets out how we engage with stakeholders, partners and the public, through a combination of collaborative working, representation on boards, stakeholder consultation meetings and attendance at public community events.</p>

PRINCIPLE C Defining outcomes in terms of sustainable, economic, social and environmental outcomes	PRINCIPLE D Determining the interventions necessary to optimise the achievement of intended outcomes	PRINCIPLE E Developing capacity and capability
<p>The Police and Crime Commissioner publishes a four year Police and Crime Plan which is refreshed annually. This is informed by the Strategic Policing Requirement, strategic assessments of the force and local partners combining into the Police and Crimes Needs assessment and reflective of emerging priorities for policing in Nottinghamshire.</p> <p>This plan is used to direct the resources of the Commissioner and Chief Constable. It informs the revenue budget on where resources are most needed and the Capital investment programme to identify the priority needs for investment.</p> <p>The Capital investment must meet the requirements of the prudential code in that they must be affordable. There are regular reports in compliance with the code during the year.</p>	<p>All new areas of business require a formal business case to be submitted. These business cases go through an internal approval process within the force before sign off by the Chief Constable or Commissioner depending on the value or public interest.</p> <p>The same is true of business cases relating to Regional collaborations. The approval process is slightly different in that groups of officers form layers of approval (e.g. Operation Group, Deputy Chief Constable Board, Chief Finance Officer Board, Chief Constable Board and Police and Crime Commissioner Board). The end result is the same with the Police and Crime Commissioners signing off the final business cases.</p>	<p>The Force works closely with the College of Policing to ensure we maximise our investment in officers and staff.</p> <p>This now includes the apprenticeship scheme for new recruits and further development of officers aspiring into senior ranks.</p> <p>Nottinghamshire is the first Force to recruit new officers on the national apprenticeship scheme.</p> <p>Internally, the Force and OPCC are identifying posts within the staffing structures that could be provided through the apprenticeship scheme.</p> <p>We have worked with local authority partners in the training and development of CIPFA qualified staff and will continue to identify other joint training schemes wherever possible.</p> <p>.</p>

PRINCIPLE F Managing risks and performance		PRINCIPLE G Implementing good practices in transparency, reporting and accountability.
<p>Performance is a key driver for the force. This year there has been a national focus on ensuring compliance with the National Crime Recording Standard. This resulted in a reported crime increase during the year (18.4% for Nottinghamshire's total crime for 2017-18). However, we were well ranked best for tackling most serious crime.</p> <p>The force continues to experience a significant reduction in the number of people held in custody with mental health issues; ensuring these people are now directed to the correct help at first point of contact.</p> <p>The Office of the Police & Crime Commissioner and the Force have a joint risk management strategy and monitor risks through the same system. The strategy has recently been reviewed and will be reported to the Audit & Scrutiny Panel in May 2018. These strategic risks are monitored reported to every meeting of the Joint Audit and Scrutiny Panel.</p> <p>The Office of the Police & Crime Commissioner will be developing a risk plan linked to the new Police & Crime Plan.</p>	<p>There are joint policies in place for Risk Management; Anti-fraud, corruption and bribery and together with the financial regulations set out expected processes and internal controls.</p> <p>We have a regional contract for the provision of Internal Audit. The Internal Audit team regularly provides reports on the effective operation of control and an annual report of the overall control environment.</p> <p>Lessons are learnt across forces through this shared contract.</p> <p>The Professional Standards department provides reports on actions within the disciplinary process and on lessons learnt nationally from the IPCC.</p> <p>An external community panel has been set up to review discrimination complaints.</p> <p>All recommendations from external and internal reviews (e.g. Audit and HMIC) are collated, reviewed and regularly reported on.</p>	<p>All decisions of the Commissioner are published on the website, together with any supporting information to explain why any particular option was taken.</p> <p>The Police and Crime plan together with financial strategies and internal policies are also published and reviewed regularly.</p> <p>Reporting of performance both operational and financial is undertaken on a regular basis. And the Commissioner meets with the Chief Constable on a weekly basis to challenge where the performance is slipping.</p> <p>The Police and Crime Panel meet regularly to hold the Commissioner to account for the decisions being taken. The minutes of this public meeting are published on the County Council website.</p> <p>In 2017-18 Nottinghamshire OPCC was awarded the "Transparency Quality Mark" by CoPaCC for the third year running.</p>

REVIEW OF EFFECTIVENESS

The Commissioner uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal Audit	
One of the key assurance statements that the Commissioner receives is the annual audit report and opinion of the Head of Internal Audit. During 2017-18, 11 areas including collaboration areas were reported on. Of which 9 were deemed to be satisfactory (83% of local recommendations and 100% of regional recommendations). All Key Financial Systems have been audited and considered satisfactory, during the year.	Of the remaining 2 areas reviewed none were core financial systems and 8 of 15 recommendations were identified as Priority 1 (fundamental). These are detailed within the published annual report and will be monitored and reviewed during 2018-19. The internal auditors opinion for 2017-18 is that in the areas audited this was generally adequate and effective risk management, control and governance processes were in place to manage the achievement of the organisations objectives.
Assurance from External Audit	
The External Auditor, KPMG, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing value for money.	The Annual Governance report (ISA 260) will be issued to the Audit and Scrutiny Panel with the final statements including this Annual Governance Statement.
Self-Assessment and Review of Key Performance Indicators	
The Chief Executive and Chief Finance Officer of the OPCC have undertaken a review to confirm that the arrangements described above have been in place throughout the year. Assurance questionnaires have been completed and signed to provide confirmation that Codes of Conduct, Financial Regulations and	other corporate governance processes, have been operating as intended throughout the year so far as they are aware. A number of key outcome indicators exist to assess the quality of governance arrangements. Performance is set out below:

Governance issues identified	Performance indicator
Formal Reports issued by the s151 or Monitoring Officer	None issued
Outcomes from Monitoring Officers Investigations	None issued
Proven frauds by members of staff or officers	One identified 2017-18 relating to external funds
Objections received from local electors	None
Ombudsman referrals upheld exceed national averages	None identified 2017-18
Limited assurance from Internal Audit Reports	2 out of 11 Internal Audit reports were issued with limited assurance.

Follow up of issues identified in 2016-17	
Issues identified	Action taken
Levels of Reserves were considered to be low but compared with the previous year this was improving significantly	The repayment of reserves has continued at a pace faster than estimated. This is now a good position and will allow investment in assets going forward.
Collaboration – Governance arrangements	S 22 agreement for MFSS has been signed.. The Chair of the Oversight Board has undertaken a review of Governance and suggested changes in the year. Terms of reference have all been reviewed.
Internal Audit – Limited assurance on Key Financial Systems	<p>None of the Key Financial Systems were considered to have limited assurance.</p> <p>The two audits with limited assurance were Seized Property and the Road Safety Partnership. These will be followed-up in 2018-19.</p> <p>Of the five audits with limited assurance in 2016-17: 2 have been reviewed and found to be satisfactory (Implementation of DMS and Procurement); 2 have been deferred to 2018-19 for follow-up (Data Protection Act Compliance and Risk Management) and 1 regional audit has been followed-up by Derbyshire during the year and found to be low risk. This report has now been provided to the Audit & Scrutiny Panel (EM Legal Services)</p>
Economic Outlook	<p>The settlement for 2018-19 and 2019-20 provides opportunity to deliver balanced budgets for the medium term. However, a funding formula review will take place probably post the next CSR and this provides some uncertainty.</p> <p>The public finances continue to be monitored in light of Brexit and the potential impact on police funding.</p>

CONCLUSION

The Commissioner is satisfied that the appropriate governance arrangements are in place, however he remains committed to maintaining and wherever possible improving these arrangements, in particular by:

- Addressing the issues identified by internal audit as requires improving
- Addressing the issues identified by HMIC as requiring improvement
- Continued dialogue with the public through the Engagement strategy and public meetings

SIGNED

Paddy Tipping
Nottinghamshire Police & Crime Commissioner
24th July 2018

Kevin Dennis
Chief Executive
24th July 2018

Charlotte Radford CPFA
Chief Finance Officer
24th July 2018

