

## **ANNUAL STATEMENT OF ACCOUNTS 2008/09**

## **ANNUAL GOVERNANCE STATEMENT 2008 - 09**

**Position as at 31 March 2009 including plans for the financial year 2009/10**

### **INTRODUCTION**

1. Derbyshire Police Authority approved and adopted a Code of Corporate Governance at its meeting on 28 May 2009 which is consistent with the principles of the CIPFA/SOLACE Framework: *Delivering Good Governance in Local Government*. A copy can be obtained from the Chief Executive, Derbyshire Police Authority, Butterley Hall, Ripley, Derbyshire, DE5 3RS. It is also available on the Authority website [www.derbyshire.police.uk/policeauthority](http://www.derbyshire.police.uk/policeauthority)

2. This statement explains how the Authority has complied with the code and also meets the requirements of Regulation 4[2] of the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

### **SCOPE AND RESPONSIBILITY**

3. Derbyshire Police Authority and the Chief Constable are responsible for ensuring that business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

4. Derbyshire Police Authority is responsible under the Police Act 1996 to secure an efficient and effective police force for Derbyshire. The Police Authority also has a duty under the Local Government Act 1999 to arrange to secure continuous improvement in the way in which its functions are exercised, having regards to a combination of economy, efficiency and effectiveness.

5. In discharging this overall responsibility, Derbyshire Police Authority 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.

### **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

6. The governance framework has been in place at Derbyshire Police Authority for the year ending 31<sup>st</sup> March 2008 and is up to the date of the approval of the Statement of Accounts 2008/09.

7. The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled, and its activities through which it accounts to and engages with the community. It enables the

Authority 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.

8. 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 Authority'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.

9. Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of the Force, the Authority is required to hold him/her to account for the exercise of those functions and those of the persons under his/her direction and control. It therefore follows that the Authority must satisfy itself that the Force has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice.

### **THE INTERNAL CONTROL ENVIRONMENT**

10. The following documents establish the policies, aims and objectives at a high level:

- The Policing Plan reflecting local and national priorities
- The Authority's Business Plan
- The Medium Term Financial Plan
- Strategic Risk Registers (Force and Authority)
- The Authority's Code of Corporate Governance

11. These documents and other strategies, which incorporate best practice, demonstrate that the Authority operates a good system of internal control and is detailed further in the following key elements of the Internal Control environment.

12. The Internal Control environment supports the Police Authority in establishing, implementing and monitoring policies and objectives. The Police Authority, in consultation with the Chief Constable, approves the annual policing objectives linked to the three-year Strategic Policing Plan, the Medium Term Financial Plan and the Risk Registers. The Policing Plan takes into account the views of local partnerships, the local community and fully supports the direction set by Government in the National Policing Plan. These objectives are used to direct resources and manage activity and risk. Priorities for Derbyshire Police Authority for 2008/09 were: -

**a. National Priorities**

- **Increase Public Confidence** – particularly through the roll out of the National Policing Pledge and the introduction of a single performance measure based on public confidence in policing.
- **Reduce overall crime** – serious violence (particularly involving the use of guns, knives, gangs and sexual offences) and anti-social behaviour
- **Criminal Justice** – working in partnership to deliver more effective, transparent and responsive system to victims
- **Work Jointly** – to increase capacity and address serious organised crime and other protective services
- **Counter Terrorism** – and violent extremism
- **Improve use of Resources** – delivering real efficiency savings by more effective deployment of the workforce and realising the benefits of new technology.

**b. Local Priorities**

- Neighbourhood Policing – to minimise community harm.
- Maintain low levels of Acquisitive Crime – to minimise volume crime.
- Reduce Violent Crime – to reduce threats from major crime and dangerous offenders, particularly towards vulnerable people.
- Maintain high detection rates – to minimise volume crime.
- Terrorism and Serious Organised Crime – to deal with organised crime and the criminality of those involved in terrorism or extremism.
- Public Confidence and Satisfaction – to ensure continued trust in the organisation.
- Manage our resources efficiently and effectively – to sustain organisational performance.

13. The activities of the Force are further governed by the vision, corporate values, principles and behaviours that have been agreed by Derbyshire Police Authority and the Force.

14. The Police Authority receives regular reports from the Chief Constable, Chief Executive and the Treasurer on the implementation of these objectives, financial

management and emerging issues. This is supplemented by a range of policies and processes to support the operation of the Authority, including schemes of delegation to officers, standing orders relating to the business of the Authority, and a code of conduct for members.

15. The financial management of the Police Authority is integrated with and influenced by many of the above processes, and includes processes for forward planning of expenditure and resources; budget consultation, setting and monitoring; and completion of final accounts, all aimed to be accurate, informative and timely. The Police Authority also has in place financial regulations designed to support sound financial management policies and procedures, and adherence thereto, and to reflect the Police Authority's current political and management structure and business activities.

16. In order to ensure compliance with policies, procedures and statutory requirements, the Police Authority has a range of controls and processes in place, as set out below. These processes also assist the Authority to ensure the economical, effective and efficient use of resources, and to secure continuous improvement in exercising its functions, providing for an effective performance management and reporting process.

17. Members of the Authority sit on groups at all levels within the Force and the Force regularly provides the Authority with information on performance, finance and risk management. There are direct links between the Force Project Boards and the Authority Panels, including the fact that Members from the Panel sit on the Board that most closely links with that Panel.

18. The Corporate Governance Committee of the Police Authority is specifically charged with overseeing the corporate governance process. It reviews the full Annual Governance Statement and recommends an abridged version to the Finance Administration and Resources Committee for inclusion in the annual Statement of Accounts. Also as part of the years end process. An annual report for each committee is prepared which includes a review of the Committee Action Plan to determine a year-end position.

### **REVIEW OF THE CODE OF CORPORATE GOVERNANCE 2008/09**

19. In adopting its Code the Authority undertook to demonstrate compliance with the principles of corporate governance in each of the six dimensions of its business:

- a. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- b. Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- c. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- d. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- e. Developing the capacity and capability of members and officers to be effective.
- f. Engaging with local people and other stakeholders to ensure robust public accountability.

20. Attached at Appendix 1 to the report to the Corporate Governance Committee of 12 June 2009 is a review of these six areas with EOAS comment as to how these have been achieved. This review evaluates how well the Authority has met its own code in 2008/09, provides an update on delivery of improvements from 2007/08, and identifies what areas of work will be reviewed or improved upon in 2009/10.

### **DELIVERING THE GOVERNANCE FRAMEWORK**

21. The Authority and Force are committed to maintaining an effective governance framework.

22. The Corporate Governance Committee is responsible for all audit matters and receives reports on the full range of audit and inspection activity undertaken across the Authority and Force. This provides effective reassurance that governance arrangements are working effectively.

23. External Inspection activity includes HM Inspectorate of Constabulary and the Audit Commission, who have appointed the District Audit service as the Authority's external auditors. RSM Bentley Jennison provides the internal audit service.

24. The Standards Committee is responsible for promoting and maintaining high standards of conduct of Police Authority members by monitoring compliance with the Members' Code of Conduct.

25. The Professional Standards Panel oversees officer and employee standards across the Force as a whole and is supported by an effective Professional Standards Department. The Force has expanded this department in recent years with the creation of an anti-corruption unit. This demonstrates great commitment to maintaining high professional standards within the Force.

26. The Performance Monitoring and Targeting Panel has been established to enhance the role of Police Authority members in setting performance targets and monitoring delivery against those targets. A dedicated performance management officer has been recruited in 2008 and supports this function

27. The Force has made a significant commitment to risk management via the Strategic Risk Management Group and through its Strategic Risk Assessment. Over

the last year it has sought to bring together the assessment of organisational and operational risks. This process has engaged Police Authority Members and partners as well as senior force officers. This work is integral to setting service and financial priorities for the Force.

## **POLICE AUTHORITY INSPECTIONS**

28. In November 2008, Derbyshire Police Authority was selected to assist the Audit Commission and HMIC as the first pilot authority to undergo Police Authority inspection. An internal report (not publicly available) has assisted the Authority in gaining assurance that its activities are comprehensive and robust. An action plan (again internal at present) is being populated to deliver improvements.

29. The inspection framework is expected to begin in September 2009, with authority inspections taking place over the following 18 months. Formal inspection for Derbyshire Police Authority will take place in 2010/11.

## **REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL**

30. The Derbyshire Police Authority has responsibility for conducting, at least annually, the review of the effectiveness of the system of internal control. The review of effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within the Force and Authority who have responsibility for the development and maintenance of the internal control environment. It is also informed by the comments received from external auditors, inspectorates and other agencies.

31. There are a number of ongoing processes, which review effectiveness from several different perspectives, and these are explained at Appendix 2 to the report to the Corporate Governance Committee of 12 June 2009.

32. Management Assurance statements were provided to the Treasurer and Chief Executive by individual Senior Officers, Directors, Heads of Department and Business Managers to provide confirmation on the status of the internal control environment within their areas of responsibility. Action plans are in place, monitored by the Corporate Governance Committee, where areas need attention.

33. The Management Assurance Statements established that all Senior Officers, Directors and Heads of Department were confident that all significant internal control matters brought to their attention had been dealt with and no such matters remained unresolved. This process includes the Business Managers who have specific delegations in relation to managing resources.

34. Internal Audit also provide assurance statements for each audit they carry out during the year, being either Substantive, Adequate, or Limited.

35. The Internal Audit Annual Assurance Statement opinion regarding the adequacy and effectiveness of the arrangements for governance, risk management and control is classified as GREEN.

36. In addition to the above formal review, assurance is provided throughout the year through:

- The framework of regular management information.
- Internal audit reviews and progress reports.
- Performance monitoring arrangements.
- The role of the Professional Standards Department.
- Reviews by external agencies such as the Audit Commission and HMIC.

### **SIGNIFICANT INTERNAL CONTROL ISSUES**

37. **Significant Internal Control Issues from 2007/08**– There were no significant control issues identified and reported in the Statement of Accounts for 2007/08.

38. **Significant Internal Control Issues from 2008/09** – There were no significant control issues identified during the year. At the time of writing, the annual accounts for 2008/09 have not yet been audited. There are no known post balance sheet events. The system of Internal Control is considered to have operated adequately in 2008/09.

### **SUMMARY**

39. In 2008/2009 the new Audit providers for both internal and external audit services have provided both an opportunity and a challenge to the organisation, and in respect of the service provided by the Internal audit provider, the Corporate Governance Committee has expressed its satisfaction at the improved level of reporting and assurance that has been provided.