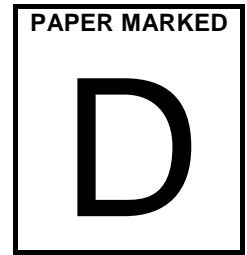


# **LEICESTERSHIRE POLICE AUTHORITY**



Meeting       **AUDIT COMMITTEE**

Date           **THURSDAY 20 MAY 2010 – 10.00 A.M.**

Report of      **TREASURER / CHIEF EXECUTIVE / CHIEF CONSTABLE**

Subject        **CODE OF CORPORATE GOVERNANCE**

## **Purpose of Report**

1. To present a review of the Code of Corporate Governance for the Leicestershire Police Authority.

## **Background**

2. Historically, Regulation 4(2) of the Accounts and Audit Regulations 2003 (as subsequently amended by the 2006 Regulations) required that the Authority:-
  - a) Shall be responsible for ensuring that the financial management of the authority is adequate and effective, and that it has a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.
  - b) Shall conduct a review at least once in a year of the effectiveness of its system of internal control.
  - c) Shall include a statement on internal control in its annual published accounts.
3. However, with effect from the financial year 2007/08, following the publication of the CIPFA document "Delivering Good Governance in Local Government: The Framework" detailed below, a revised statement is required that will subsume the requirements of Regulation 4(2) and which explores the wider governance arrangements. This is the Annual Governance Statement, details of which are described below, and which is required together with the Code of Corporate Governance. Regulation 4(4) requires that the Annual Governance Statement be included with the Authority's statement of accounts.
4. On 18 March 2008 the Finance and General Purposes Committee resolved that the Audit Committee should take responsibility for the preparation and review of a Code of Corporate Governance.

## **The Code of Corporate Governance**

9. Good governance is important, particularly in a policing context. It is about how police authorities ensure they are doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, and engages with, the community.

10. The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have published "Delivering Good Governance in Local Government: The Framework". The Framework document is intended to be followed as best practice for developing and maintaining a local code of governance and for discharging accountability for the proper conduct of public business, through the publication of an Annual Governance Statement that will make the adopted practice open and explicit.
11. Alongside that document, in recognition of the fact that policing is different to other local government structures (police authorities are largely bodies of governance, not delivery), CIPFA, the APA and ACPO have published "Delivering Good Governance in Local Government – Interim Guidance Note for Police Authorities and Forces".
12. The guidance suggests that police authorities, assisted by their forces where appropriate, should
  - (a) consider how they might go about reviewing their corporate governance arrangements,
  - (b) develop and update their own local codes of governance,
  - (c) demonstrate compliance with the principles of good governance.
13. Police authorities have a dual responsibility: for ensuring they have robust governance arrangements as an organisation in their own right; but also ensuring good governance arrangements are in place in the police force, which will cover a range of aspects from finance to ethical standards that authorities are responsible for overseeing.
14. The second annual review of the Code of Corporate Governance has now been carried out by officers. A minor amendment to para 3.10 has been made. However, it is suggested that the Code be presented to the Standards Committee on 22 June for their observations. The Code is appended to this report.

## **Recommendations**

The Committee is recommended to:

- (i) re-adopt the Code of Corporate Governance for the Leicestershire Police Authority, subject to any comments received from the Standards Committee, and
- (ii) note that an Annual Governance Statement will be included in the Statement of Accounts for 2009-10 to be presented to the Police Authority on 28 June 2010, and that the outstanding actions contained in the Statement will be subject to monitoring by this Committee at future meetings.

## **Background Papers**

See paras 10 and 11.

## **Implications**

Financial: none. Legal: both the Code and the Annual Governance Statement are a legal requirement. Diversity: none. Risk management: the existence of the Code is part of an adequate control framework

## **Officers to Contact**

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**LEICESTERSHIRE POLICE AUTHORITY**

**CODE OF CORPORATE GOVERNANCE**

**Introduction**

- 1.1 Governance is about how police authorities ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. It comprises the systems, processes, culture and values by which the Authority is directed and controlled, and through which it accounts to, engages with and, where appropriate, leads the community.
- 1.2 This Code of Corporate Governance describes how Leicestershire Police Authority discharges its responsibilities in this respect, and particularly its two overarching statutory responsibilities:
- To secure an efficient and effective local police service; and
  - To hold to account the Chief Constable of Leicestershire Constabulary for the exercise of his functions and those of persons under his direction and control.
- 1.3 The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services.
- 1.4 The CIPFA/SOLACE Framework *“Delivering Good Governance in Local Government”* sets out six core principles on which effective governance should be built. These also reflect the objectives of the Authority, as set out in the Business Plan:-
- Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a Vision for the local area;
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles;
  - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
  - Developing the capacity and capability of Members and Officers to be effective; and
  - Engaging with local people and other stakeholders to ensure robust public accountability.
- 1.5 To achieve this, a framework has been formulated locally which ensures that these principles are fully integrated in the conduct of the Authority’s business as well as establishing a means of demonstrating compliance.
- 1.6 The Authority can also demonstrate that the systems and processes in place are:-
- Monitored for their effectiveness in practice;
  - Subject to annual review to ensure they remain up to date.

## The Code of Corporate Governance

2.1 Accordingly, the Authority has developed this Code of Corporate Governance which incorporates the core good governance principles, develops these in a local context, and sets out the arrangements for reviewing their effectiveness.

2.2 The way in which each of the core principles of good governance is put into practice by the Authority is set out below:-

2.2.1 The Authority aims to focus on its purpose and on outcomes for the community to create and implement a vision for the local area.

To achieve this, the Authority will:-

- promote the organisational mission, vision and values;
- ensure that the work the Authority and Constabulary undertake in partnership with others is underpinned by a common vision of their work and is understood by all parties;
- decide how the quality of service for users is to be measured and ensure that the information needed to review service quality effectively and regularly is available;
- ensure that the information needed to review performance in achieving value for money effectively and regularly is available;
- consider the environmental impact of policies, plans and decisions; and
- put in place effective arrangements to ensure the Constabulary performs to a high standard and to identify and deal with failure in service delivery.

2.2.2 The Authority aims to ensure Members and Officers work together to achieve a common purpose with clearly defined functions and roles.

To achieve this, the Authority will:-

- ensure there is a clear understanding of the respective roles and responsibilities of the Authority, its members and officers and regularly review the effectiveness of these roles and responsibilities;
- maintain a scheme of delegation of powers given to officers by the Authority, and terms of reference of committees and panels, updated and monitored regularly within the members' handbook, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation;
- work with the Constabulary as well as its stakeholders and communities to develop and deliver against clearly defined strategic plans, priorities and targets to drive improvements in policing services; and
- ensure when working in partnership that the arrangements for governance and accountability for performance and financial administration are clearly articulated and disseminated.

2.2.3 The Authority aims to promote its values and demonstrate the values of good governance through upholding high standards of conduct and behaviour.

To achieve this, the Authority will:-

- ensure that Members and Officers of the Authority carry out their respective roles in a climate of openness, support and respect;
- ensure that standards of conduct and personal behaviour expected between Members, Authority staff and staff and officers of the Constabulary are defined and communicated through appropriate codes of conduct and protocols; and
- put in place arrangements to ensure that the Authority and Constabulary's systems and processes are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.

2.2.4 The Authority aims to take informed and transparent decisions which are subject to effective scrutiny and risk management arrangements.

To achieve this, the Authority will:-

- develop and maintain effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based;
- develop and maintain effective arrangements to challenge and scrutinise the Constabulary's performance and compliance with other requirements;
- ensure that it works with the Constabulary to obtain objective and timely information which is necessary to take balanced and informed decisions;
- ensure that risk management is embedded both within the Authority and Constabulary and is used effectively to inform and focus its decision making, scrutiny and monitoring work; and
- ensure that both the Authority and Constabulary have effective, transparent and accessible arrangements in place for dealing with complaints.

2.2.5 The Authority aims to develop the capacity and capability of Members and Officers to be effective in their roles.

To achieve this, the Authority will:-

- ensure, through effective planning, processes, procedures and appropriate allocation and use of funding, that members and officers have the resources and support necessary to perform effectively in their roles and functions;
- provide induction programmes tailored to individual needs as well as opportunities for members and officers to update their knowledge;
- regularly assess performance as well as the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively; and

- ensure there are effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority.

2.2.6 The Authority aims to engage with local people and other stakeholders to ensure robust public accountability.

To achieve this, the Authority will:-

- make clear to all employees, the community and stakeholders, what they are accountable for and to whom;
- ensure arrangements are in place to enable the Authority to engage effectively with partners, stakeholders and all sections of the community, recognising that different sections of the community have different priorities;
- ensure that processes for taking decisions about matters where there are competing demands from different sections of the community openly recognise and address those differences;
- hold meetings in public unless there are good reasons for confidentiality; and
- regularly publish information on the Authority and Constabulary's work, achievements and satisfaction of users.

## **ARRANGEMENTS FOR THE REVIEW OF GOVERNANCE**

3.1 The Authority has put in place the following arrangements to review the effectiveness of the Code of Corporate Governance.

### **The Police Authority**

3.2 The Police Authority will receive and approve the Annual Governance Statement (AGS) at the same meeting at which it approves the Annual Statement of Accounts. The AGS, which will include an improvement plan to rectify any significant areas of weakness in corporate governance, will be signed jointly by the Chairman of the Authority; the Chief Executive; and the Chief Constable.

### **The Constabulary**

3.3 The Chief Constable is responsible for corporate governance issues affecting the Constabulary, ensuring that appropriate reviews are carried out into key areas including:-

- Optimisation of operational delivery, with adequate service, governance and financial controls
- Professional standards and performance
- Management of information, including security and data protection
- Strategic co-ordination of service and financial planning, including risk management
- The processes for evaluation, and achievement of value for money

### **Audit Committee**

3.4 The Committee is responsible for approving this Code of Corporate Governance, for reviewing its effectiveness and monitoring progress of the improvement plan mentioned in paragraph 3.2 above.

## **Standards Committee**

- 3.5 The Committee's terms of reference include the following key requirements in respect of corporate governance:
- To promote and maintain high standards of conduct by members of the Authority.
  - To advise the Authority on the adoption or revision of the Code of Conduct.
  - To arrange training and development for members on all matters relating to standards, ethics probity and the Code of Conduct.

## **Internal Audit**

- 3.6 The primary role of internal audit is to give assurance to the Authority, through the Audit Committee, on the effectiveness of the controls in place to manage risks. To this end, the Internal Auditors report to the Committee on a quarterly basis, highlighting any major control weaknesses identified.
- 3.7 The review of both corporate governance and risk management arrangements periodically feature in the annual audit plan which are subject to approval by the Audit Committee. Corporate governance and risk management issues may arise through other reviews carried out by the Internal Auditors. In this case the issues will be raised through the relevant audit report.

## **External Audit**

- 3.8 The External Auditors audit the Authority's financial statements, Police Use of Resources assessment (PURE), Annual Governance Statement and performance management arrangements, as well as undertaking a number of thematic based reviews. The External Auditors' plans and reports, including the Annual Audit Letter, are considered by the Audit Committee at appropriate times in the annual cycle of meetings.

## **Her Majesty's Inspectorate of Constabulary**

- 3.9 The role of HMIC is to promote the efficiency and effectiveness of policing in England, Wales and Northern Ireland through inspection of police organisations and functions to ensure agreed standards are achieved and maintained; good practice is spread and performance is improved. It also provides advice and support to the tripartite partners (Home Secretary, police authorities and forces) and plays an important role in the development of future leaders.
- 3.10 HMIC reports are sent to the Chief Constable and Police Authority for consideration and appropriate action. HMIC and the Audit Commission are the joint inspectorate for Police Authorities.

Agreed by minute XX/10, Audit Committee, 20 May 2010.  
Review date: May 2011