

# **GWENT POLICE AUTHORITY**

## **ANNUAL GOVERNANCE STATEMENT 2008/09**

### **1. INTRODUCTION**

1.1 Governance is about how police authorities ensure they are doing the right things, in the right way for the right people, in a timely, inclusive, open and accurate manner. It comprises the systems, processes, culture and values, by which the Authority is directed and controlled and also the activities through which it accounts to and engages with, the community it serves. This joint Annual Governance Statement by Gwent Police Authority and Force describes how the Authority can show it has discharged its two overarching statutory duties during 2008-09:

- (i) to secure an effective and efficient local police service; and
- (ii) to hold to account the Chief Constable for the exercise of his functions and those of the people under his direction and control.

The Statement also demonstrates the assurances the Chief Constable relies upon to control, direct and deliver effective and efficient operational policing services.

### **2. SCOPE OF RESPONSIBILITY**

2.1 Gwent Police Authority is responsible for ensuring that its business is conducted in accordance with both the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Authority also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, again having regard to a combination of economy, efficiency and effectiveness.

2.2 In discharging its responsibilities, the 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.

2.3 The Authority has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government. A copy of the Code is on our website at [www.gwentpa.police.uk/publications](http://www.gwentpa.police.uk/publications) or can be obtained from the Chief Executive, Gwent Police Authority, Police Headquarters, Croesyceiliog, Cwmbran, Gwent NP44 2XJ. 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 (Wales) Regulations 2005 in relation to the publication of a statement on internal control.

### **3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 3.1 The governance framework comprises the systems and processes, and culture and values through which the Authority manages its activities. Through it the Authority is able to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of an appropriate, cost-effective service, including achieving value for money.
- 3.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable 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. The system is also designed to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them economically, efficiently and effectively.
- 3.3 The governance framework has been in place at Gwent Police Authority for the year ended 31st March 2009 and up to the date of approval of the Statement of Accounts 2008/09.

### **4. THE GOVERNANCE FRAMEWORK**

- 4.1 The Code of Corporate Governance sets out the Authority's position and aspirations in relation to governance issues. Whilst the Chief Constable is responsible for operational policing matters and the direction and control of police personnel, the Police Authority must hold him to account for the exercise of those functions. It follows that the Authority must satisfy itself that there are appropriate control mechanisms in place within the Force for the maintenance of good governance and that these operate in practice.
- 4.2 A framework of governance and internal control is in place to ensure that the aspirations set out in the Code of Corporate Governance are delivered. The remainder of this section of the Annual Governance Statement addresses the key elements of the systems and processes that comprise the governance arrangements.

#### ***Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users.***

- 4.3 The principal statutory responsibility placed on the Police Authority is to secure an efficient and effective police service for the area. To achieve this the Authority appoints a Chief Constable, determines an appropriate budget and holds the Chief Constable to account for providing the level of service required within allocated resources. The Police Authority sets local policing priorities that take into account public opinion, gathered from consultation, and monitors performance against defined targets.

4.4 The Police Authority's vision is to make Gwent a safer place and it aims to achieve this by:

- increasing community confidence, trust and reassurance in policing in Gwent;
- engaging local communities to ensure their views are considered;
- monitoring performance against agreed priorities and targets; and
- ensuring that the force has effective leadership.

The Authority's vision appears on its website and was last reviewed and revised in April 2009. The Authority's vision is compatible with and complemented by the Force's vision of public confidence and reassurance and implementing the policing pledge.

***Setting and monitoring of objectives and targets.***

4.5 The Police Reform Act 2002, requires the Authority to produce a rolling 3-year strategy. This strategy is consistent with the National Community Safety Plan and incorporates medium to long term priorities, of both a local and national nature. The Authority has a statutory duty to consult with the public in relation to policing issues in general and also in relation to specifics such as the level of precept. The Chief Constable is also required to engage with local communities on policing issues to ensure that the Authority's strategic aims are aligned to the needs of those communities.

4.6 The Authority is required to produce a 3 year rolling Policing Strategy, supported by annual Local Policing Plans (LPP), which set out the key priorities. The LPP also reflects any guidance issued by the Home Secretary, the views of the local communities and takes into account the plans of other relevant bodies, such as Community Safety Partnerships (CSP's) and the Local Criminal Justice Board (LCJB). Whilst detailing the targets to be achieved, the LPP identifies a number of performance indicators, ranging from Government set Public Service Agreements (PSAs), Key Performance Indicators (KPIs), Statutory Performance Indicators (SPIs), through to locally set indicators. The resources required to deliver the LPP and the performance management regime designed to monitor its progress are also included.

4.7 The Chief Constable drafts the 3-year Strategic Plan and jointly with the Chief Executive prepares the LPP for consideration and approval by the Authority. The agreed LPP targets and improvements are delivered by the Chief Constable and the Force via Local Policing Units and Departments.

4.8 The progress against LPP targets and performance indicators is monitored at a number of levels. Performance is monitored daily at local policing unit and departmental management meetings, and then monthly with the respective Chief Officer, who has responsibility for that particular Unit/Department. Further monthly monitoring is undertaken within the Force at performance meetings and Chief Officer Meeting (COM). In terms of the Authority,

objectives within the LPP are monitored every two months by both the full meeting of the Authority, and in greater detail by the Strategic Planning and Performance Committee (SPPC). Any areas of concern are then referred to the relevant subject committee for further consideration and action if appropriate.

***Measuring the quality of services for users, to ensure they are delivered in accordance with the Authority's objectives and represent the best use of resources.***

- 4.9 Performance against LPP targets and performance indicators are monitored at a number of levels and the Performance Section of the Service Delivery Department oversees the production of performance management information for Authority Members and managers across the organisation in consultation with the Authority's Chief Executive and Performance Manager.
- 4.10 The mandatory system for Performance Development Review (PDR) for each officer and member of police staff provides for the cascading of and targeting of key objectives which appear in the LPP and for the identification of any local objectives within LPU's and Departments. The PDR system provides a robust, evidential process for the active management of staff performance. The system also identifies where individuals may need role specific training to enable them to carry out their duties and/or where general personal development is required. Police Authority Members and secretariat staff are also subject to a PDR system.

***Risk Management Process by which key risks are identified and mitigated.***

- 4.11 A Risk Management Strategy has been approved by the Authority and a Strategic Risk Management Group (SRMG) created within the Force's Corporate Governance Framework. The Chair of the SPCC and the Chief Executive are members of the SRMG.
- 4.12 Risks are identified throughout the organisation and recorded on a corporate risk register. These are then scored for probability and impact and allocated both a strategic and operational risk owner, for mitigation and monitoring. Additionally, the identification of risk is a standing item on agendas of all strategic meetings within the Force and all decision making meetings of the Authority. The risks identified at these meetings are then considered at the SRMG. The SRMG regularly monitors and reviews the risk register and the Authority monitors the risk register at the Strategic Planning and Performance Committee.
- 4.13 Part of the approach to risk management involves the purchasing of insurance cover to protect assets and liabilities where it is either required or cost effective to do so. The Authority is proactive in self-insuring some elements of the overall insurance package, especially where external insurance costs are high. The Authority maintains an insurance provision, which is reviewed annually, to help meet claims.

***Defining and documenting the roles and responsibilities of the Authority and Force and the senior members and officers and ensuring the economical, effective and efficient use of resources***

- 4.14 The primary means of ensuring the economic, effective and efficient utilisation of resources, is achieved through the Corporate Governance Framework which is supported by specialist departments such as Finance, Service Development and Human Resources. Through this Framework, the Authority and the Force ensures that a link between the resources utilised and the performance outcomes is established.
- 4.15 There are also numerous processes in place to assist in the management of resources including, but not limited to – the LPP, medium-term financial plan, annual budget setting process (including the efficiency plan), internal control framework (including the Budgetary Control framework and Financial Procedures), resource allocation models, policies and procedures and a process of inspections, audits and reviews.
- 4.16 In conjunction with the Authority, the Chief Constable implements a programme of Service Improvement Reviews based on the principles of best value, to facilitate continuous improvements in service delivery. The programme of Service Improvement Reviews is risk-assessed annually by the Business Tasking and Coordination Group (BTCG). This assessment, plus the progress in implementing previously approved reviews are reported to the Authority's Strategic Planning Committee every other month.
- 4.17 HMIC assesses police performance and the extent to which Service Improvement is being achieved, through regular inspections. The Wales Audit Office (WAO) also reviews the Service Improvement performance element of the LPP and certifies our compliance (or otherwise) with the statutory requirements.
- 4.18 Police authorities are required to produce efficiency and productivity improvements. In 2007/08 efficiency improvements were required to save 3% of the net revenue expenditure of the Authority. The latest efficiency improvement target is 10.3% of 2007-08 gross revenue expenditure over the three years to 31 March 2011. This process is monitored by the Authority and the Home Office, with support from the WAO. The efficiency plan is integrated into the budgeting process and details how efficiency savings are either realised or recycled into front line policing.
- 4.19 Performance targets and indicators (PSAs, KPIs, SPIs etc.) identified in the LPP are used by the Home Office, HMIC and the Authority to assess and compare performance.
- 4.20 The statutory responsibilities of the Treasurer to the Authority are set out in sections 112 and 114 of the Local Government Finance Act 1988. The Treasurer is the Authority's professional advisor on financial matters.

- 4.21 Through the Scheme of Delegation, the Chief Constable delegates to the Director of Finance and Administration (DFA) responsibility for all financial activities undertaken within the Force. The DFA is a key member of the Chief Constable's management team (COM). The Treasurer and the DFA work closely together throughout the year to ensure that the Authority's financial strategy, plans and principles are delivered in the most effective manner. The roles and responsibilities of both officers are set out in the statutory Code of Financial Practice for Police Financial Administration.
- 4.22 In addition to the Authority's Treasurer and the DFA, professionally qualified and experienced staff provide financial advice and information to managers across the organisation.
- 4.23 Effective financial management requires an internal control framework which ensures that all resources are used as economically, efficiently and effectively as possible, to attain the Authority's overall objectives and targets. This framework is in place to minimise the risk of loss, unlawful expenditure, poor value for money and to maximise the use of the Authority's assets and resources. The key elements of the Authority's internal control framework are set out below:
- Standing Orders, a comprehensive system of delegation and accountability (SoD), a Budgetary Control Framework (BCF) and detailed financial procedures provide a control structure and guidance for managers across the organisation.
  - A linked budgetary and operational planning process, resulting in the setting of robust and balanced revenue and capital budgets, which are approved by the Authority in February of each year.
  - In accordance with the Prudential Code and best accounting practice, the Authority produces a medium term financial strategy and associated medium term financial plan, which is informed by other interdependent strategies and plans (HR, IS, Procurement Estates etc.)
  - The Authority has adopted the CIPFA Code of Practice on Treasury Management. In so doing, it approves an annual treasury management strategy.
  - The maintenance of adequate provisions and reserves.
  - A robust framework of budget monitoring and accountability across all levels of the Force and Authority. Individual budget managers and Service Area Management Teams receive detailed monthly budget monitoring information, facilitated by the attendance at their monthly Senior Management Teams meetings of their Principal Management Accountant. Maintaining the Force focus, the performance meeting and COM receive monthly financial monitoring reports (including progress against the efficiency plan), that highlight major variances, plus the corrective action underway or proposed. In terms of the Authority, the secretariat receive detailed monthly budget monitoring information, with regard to their costs, whilst the Authority's Audit and

Resources Committee (ARC) receive similar reports to those presented to the Performance Meeting and COM. The Chair of SPCC and the Chief Executive are members of the Performance Meeting.

***Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members, officers and staff.***

- 4.24 The Authority has developed and includes on its website a Code of Conduct for Members and a Member / Officer Protocol.

***Reviewing and updating Standing Orders, Financial Regulations and the Scheme of Delegation.***

- 4.25 The Authority's Standing Orders govern the decision making processes for the organisation. The Scheme of Delegation (SoD) from the Authority to the Chief Executive, Treasurer and Chief Constable sets out the parameters for policy and decision making and also facilitates further delegation to individuals and groups within the organisation.

- 4.26 Although the Authority sets the strategic direction for the Force, policy setting and decision making are carried out within the Force through a number of groups, which operate within the Force's Corporate Governance Structure, for example, Operations Policy Group, Personnel Requisition Group, Business Tasking and Co-ordination Group and the Strategic Planning Group. Through the application of the SoD, approval for policies rests with FSMT. Policy maintenance and review is undertaken on a formalised basis through a risk-based approach as detailed above, however, regular facilitated workshops for Authority members are arranged to identify and discuss issues which affect policing delivery. Additionally, the Force's Strategic Leaders' Forum meets on a quarterly basis to address key strategic issues facing the Force.

***Undertaking the core functions of an Audit Committee.***

- 4.27 The responsibilities of the Authority's Audit and Resources Committee include those of an Audit Committee as set out in the CIPFA publication, "Audit Committee – Practical Guidance for Local Authorities".

***Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.***

- 4.28 The organisation has a robust Corporate Governance Framework that is supported with policies and procedures in all the key areas. The Chief Executive is the Authority's Monitoring Officer, whilst the Treasurer is the Authority's Section 112 Officer. Both are responsible for ensuring lawfulness and prudence in particular areas of the Authority's responsibilities.
- 4.29 Procedures exist to deal with complaints against Members, Police Officers and Police Staff as well as those complaints of an operational nature. Arrangements are also in place for Members and officers/staff to declare their pecuniary interests.

- 4.30 The Treasurer has responsibility for the legality of financial transactions and the role of senior finance staff is stated in full in the Authority's Financial Regulations and reflect the Home Office's Code of Financial Management.
- 4.31 HR procedures, supporting terms and conditions of employment for staff, are in place and cover all aspects of good employment. They are reviewed at regular intervals in consultation with staff associations. The Authority has an Equality and Human Resources Committee which receives regular reports on HR issues and monitors the Authority and Force Equality schemes.
- 4.32 A number of independent agencies such as Her Majesty's Inspectorate of Constabulary (HMIC), the Wales Audit Office and the Home Office monitor compliance through regular review programmes. Additionally, internal functions such as the Professional Standards Unit also undertakes compliance work.
- 4.33 Whilst managers are responsible for ensuring that the internal controls throughout the organisation are operating adequately, an independent Internal Audit service is provided by Monmouthshire County Council. Their role is to contribute to delivering the economic, efficient and effective use of resources, by providing the Audit and Resources Committee (ARC), Treasurer and Chief Constable with an assurance as to efficiency of the various systems of internal control.

***Whistle blowing and receiving and investigating complaints.***

- 4.34 The Authority and the Force have well established procedures for dealing with and investigating complaints, which are in line with national guidelines. Staff are encouraged to raise any concerns they have about improper conduct and assurances are given regarding confidentiality and protection against reprisals and victimisation.

***Determining the conditions of employment and remuneration of officers and staff.***

- 4.35 Gwent Police Authority uses nationally agreed pay scales for police officers, police staff and Authority staff. An approved job evaluation scheme is used as the basis of establishing pay grades for police staff. Where conditions of employment differ from those agreed nationally, consultation takes place with representative bodies.

***Identifying and addressing the development needs of members and senior officers.***

- 4.36 Shortly after appointment to the Authority all new members are required to attend a series of sessions of induction training. Further training takes place during development and awareness days arranged five or six times a year; topics covered relate to new responsibilities and initiatives, or to areas identified from skill audits or from annual personal development reviews conducted by the Chair of the Authority. Members also attend appropriate seminars organised by other bodies.

- 4.37 Authority and Force senior officers identify training and development needs through PDR's, the requirements of their various professional bodies and when new responsibilities and initiatives are introduced.

***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.***

- 4.38 The Authority and Force have dedicated staff working jointly and separately in communications and community engagement. The Authority's strategies on consultation and community engagement are published on its website.

***Incorporating good governance arrangements in respect of partnerships and reflecting these in the Authority's overall governance arrangements.***

- 4.39 Gwent Police Authority and Force recognise that partnership working has a significant part to play in protecting and reassuring our communities and the principles of good governance encompass our relationship with our partners. Considerable progress has been made by the Police Authority in partnership working to engage and consult people in order to ascertain the priorities and feelings of local communities in relation to police service provision across Gwent. This information is used to inform priority setting for the Force and monitored against the requirements of the Local Policing Plan. The Police Authority has a Partnership protocol and register in place and is currently devising a Neighbourhood Engagement protocol.

## **5. REVIEW OF EFFECTIVENESS**

- 5.1 The Code of Corporate Governance is reviewed annually and the outcome of the latest review was reported to the Authority on 29<sup>th</sup> May 2009.
- 5.2 Regulation 4 of the Accounts and Audit (Wales) Regulations 2005 imposes a responsibility on the Authority for conducting a review at least once a year of the effectiveness of its system of internal control and to include a statement on internal control, prepared in accordance with proper practices, with any statement of accounts. The Welsh Assembly Government are currently consulting on proposed amendments to the Accounts and Audit (Wales) Regulations which, if implemented, will require the inclusion of an Annual Governance Statement in the Statement of Accounts for 2009-10. All of the requirements of a Statement on Internal Control will be included in the Annual Governance Statement.
- 5.3 The review of the internal control elements of the Annual Governance Statement is informed by the work of the Internal Auditors and the Chief Officers of the Authority who have responsibility for the development and maintenance of the internal control environment and also by comments made by the External Auditors and other review agencies and inspectors. The roles of the various bodies are as follows:

### **Internal Audit**

- 5.4 Regulation 6 of the Accounts and Audit (Wales) Regulations 2005 makes provision in respect of the internal audit system that should be maintained in accordance with proper internal audit practices. The responsibility for the maintenance of an efficient internal audit function rests with the Police Authority. The role and standards of Internal Audit are defined in the CIPFA Code of Practice for Internal Audit in Local Government in the UK. A revised 2006 edition of the Code defines the way in which Internal Audit undertakes its function. The Code requires Internal Audit to provide essential assurance to members and officers on the adequacy and effectiveness of systems of internal control. They also provide assurance in relation to the management of financial and operational business risks, corporate governance and the entire control framework.
- 5.5 The audit work for the year is based on a risk based approach and focuses on significant financial and operational risks. The plan is agreed with the Treasurer, Director of Finance and Administration and the Wales Audit Office, as External Auditor and is presented to the Audit and Resources Committee for approval. Reports on the adequacy of controls in the systems audited are presented to meetings of the Committee.
- 5.6 The Wales Audit Office carries out a review of the effectiveness of Internal Audit against their professional standards and the CIPFA Code and expresses an opinion on the adequacy of internal audit work.
- 5.7 The Internal Audit Annual Report for 2008/09 will be considered by the Audit and Resources Committee on 25 June 2009. This report will consolidate into one document findings already reported to the Committee and whilst it will cover some areas of concern, the overall conclusion is that the main systems of internal control remain sound and may be relied upon to minimise the risk of loss and protect the integrity of the Authority.

#### **Wales Audit Office**

- 5.8 The Wales Audit Office in their annual audit letter comment on the financial aspects of corporate governance which includes the legality of financial transactions, financial standing, systems of internal financial control and standards of financial conduct, fraud and corruption. In addition, an annual Police Use of Resources Exercise (PURE) was instigated in 2005/06, to assess the performance of the Authority / Force over five areas. In 2005/06 the Authority received three scores of 3 and two of 2, with an overall score of 3 and in 2006-07 and 2007-08 Gwent achieved five scores of 3. The 2008-09 exercise is underway and will assess the Authority / Force across three themes.

#### **Her Majesty's Inspector of Constabulary (HMIC)**

- 5.9 HMIC provides a measure on the performance of the Force based on its response to the Baseline Assessment. Following pilot exercises in four areas, all police authorities are to undergo inspections carried out by HMIC and the Audit Commission / Wales Audit Office. Gwent's first inspection will take place in October 2009.

#### **Welsh Assembly Government and Home Office**

5.10 Both bodies require financial returns to monitor expenditure on revenue and capital. Grant returns are submitted for a number of grants received, but a number of grants require a Statement of Grant Expenditure to be submitted which is certified by the Chief Financial Officer of the Force and is not audited.

**6. Significant Governance Issues**

6.1 No significant internal control issues were raised by the internal auditor in his Annual Report for 2008-09. The report states that, "all of the systems reviewed were considered to be adequate, reflecting a gradual improvement in the internal control environment over the past three years. Nevertheless, there remains scope for further improvement and it is clear that the implementation of additional controls in accordance with agreed action plans will tighten procedures where weaknesses were noted and further improve the overall level of internal control. Internal Audit will continue to monitor the areas where important weaknesses were highlighted to ensure that the necessary improvements are made."

Signed

Chairman, Audit and Resources Committee,  
Gwent Police Authority

Chief Constable, Gwent Police

Treasurer, Gwent Police Authority

Chief Executive,  
Gwent Police Authority

On behalf of the members and senior officers of Gwent Police Authority and Gwent Police Force.