

# Annual Governance Statement 2016/2017

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For the Police and Crime Commissioner  
for North Yorkshire and the  
Chief Constable of North Yorkshire Police

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26 September 2017



## Corporate Governance

### Introduction

Welcome to our (AGS) Annual Governance Statement for 2016 / 2017. It is through our AGS that we provide an overview of the governance structures and processes that were in place during the year and outline the findings of our annual review of those arrangements.

### Welcome from the Commissioner and Chief Constable

We rely on our people to deliver our services to the public. We rely on our governance arrangements to make sure that this is done properly. We each have a responsibility for ensuring that our governance arrangements remain fit for purpose.

The governance arrangements that we had in place during 2016 / 2017 had developed over a number of years and provided us with a high level of assurance in our joint governance arrangements. Those decision making and scrutiny arrangements have enabled us to deliver the best possible service to our communities and in order to continue to do so we want to make sure that they mature along with our business practices.

As a result of the latest review of our joint governance arrangements and internal control environment we intend to make some changes. It is our shared aspiration that the changes that we implement during 2017 / 2018 will allow us to be more flexible in our decision making and empower our people to continue to deliver the best possible service.



**Julia Mulligan**  
Police and Crime Commissioner  
for North Yorkshire



**Dave Jones**  
Chief Constable  
North Yorkshire Police



As Commissioner and Chief Constable, we continuously look to improve and develop governance arrangements that make sure that:

- Decisions are ethical, open, honest, and evidence based
- Public money is safeguarded
- Risk is effectively managed
- Transparency comes as a matter of course
- Processes are continually improved

## Corporate Governance

### What is Corporate Governance

Corporate governance refers to the process by which organisations are directed, controlled, led and held to account. In other words, corporate governance is how we make sure we do things properly.

Each year we, the Commissioner and Chief Constable, are required to produce an AGS. The AGS is the formal mechanism we use to report on the effectiveness of our internal control and decision making systems. Our AGS complies with the reporting requirements contained in the CIPFA – Code of Practice on Local Authority Accounting and accompanies our accounts for the financial year. This is a document that describes how well our governance system has functioned during the year ended 31 March 2017 and sets out areas for development for the year ahead.



Good corporate governance helps us to put people first in everything we do. This gives us confidence that we are doing the right thing in the right way for those who we deliver services to, for and with.

In April 2016 CIPFA published an updated version of their “Delivering Good Governance in Local Government: Framework” which was followed by specific guidance notes for Policing Bodies. The 2016 Framework sets out seven principles of good governance which are taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) ('the International Framework') and interprets them for local government.

The seven principles are:

- A** – behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B** – ensuring openness and comprehensive stakeholder engagement
- C** – defining outcomes in terms of sustainable economic, social and environmental benefits
- D** – determining the interventions necessary to optimise the achievement of the intended outcomes
- E** – developing the entity's capacity, including the capability of its leadership and the individuals within it
- F** – managing risks and performance through robust internal control and strong public financial management
- G** – implementing good practices in transparency, reporting and audit to deliver effective accountability.

We have utilised the principles and guidance in our review of governance and in developing this AGS.

#### Code of Ethics

The Policing Code of Ethics is used on a day-to-day basis to guide behaviour and decision making. It sets out the principles that every member of the policing profession of England and Wales is expected to uphold and also defines the standards of behaviour they are expected to meet. As the framework to support policing professionals in making good decisions, it gives everyone the confidence to speak up when they feel decisions may not be made according to the principles.

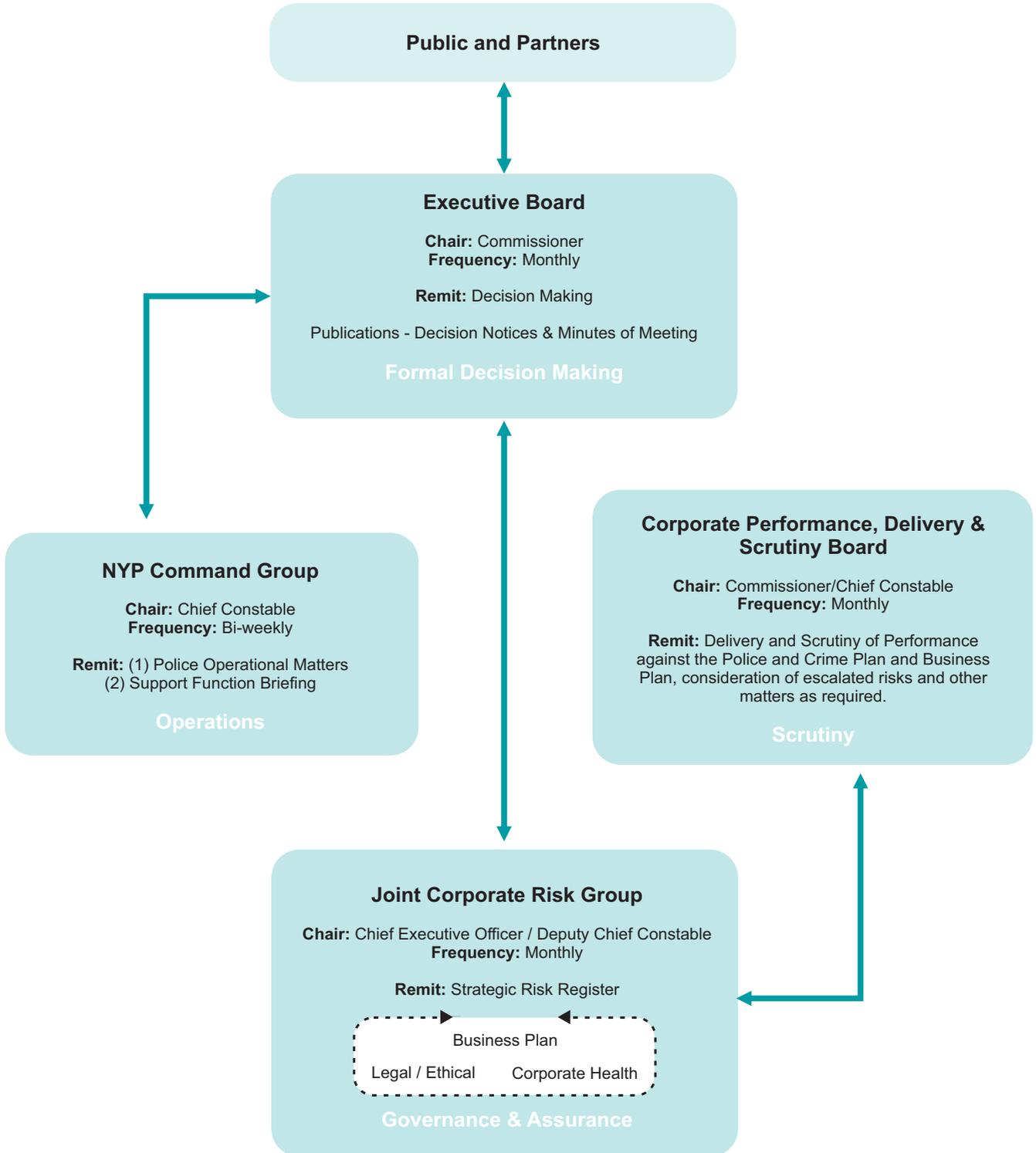
The Policing Code of Ethics.  
Link to website:



# How we managed our business in 2016/17

## Our Corporate Governance Arrangements in practice

### Decision Making and Scrutiny Arrangements



## How we managed our business in 2016/17

### The Executive Board

The Executive Board chaired by the Commissioner was the forum for discussion on strategic matters. If decisions of significant public interest were made, the minutes and decisions would be published in line with our commitment to openness and transparency.

### NYP Command Group

Chaired by the Chief Constable this group had a focus on operational topics. It provided an opportunity to discuss key priorities and risks and make operational decisions as required.

### Joint Corporate Risk Group

The Joint Corporate Risk Group was jointly chaired by the Commissioner's Chief Executive Officer and the Deputy Chief Constable. This meeting was the forum for discussing our joint risk management activity. This included:- strategic risk register; business continuity matters; organisational learning; annual governance statement; policies and procedures; final HMIC/Internal Audit reports and overall force assurance and compliance activity.

### Corporate Performance, Delivery & Scrutiny Board

The Corporate Performance, Delivery and Scrutiny Board was jointly chaired by the Commissioner and Chief Constable. This meeting provided a mechanism by which the Commissioner held the Chief Constable to account for delivery and performance.

However, it also adopted a collaborative approach in which senior managers were held to account for organisational performance against the Police and Crime Plan.

### Joint Independent Audit Committee

Chaired independently, the Commissioner and Chief Constable operate a Joint Independent Audit Committee. The role of the Committee is to provide independent assurance on the adequacy of corporate governance and risk management arrangements which the Commissioner and Chief Constable have put in place.

Whilst undertaking a general review and refresh of governance arrangements the efficiency and effectiveness of the JIAC was also assessed. At the same time the Commissioner undertook discussions with current and past members of the JIAC. As a result of this work, a small number of risks were highlighted and identified in partnership with the Chair and members of the JIAC.

As a consequence of this review there will be further revisions to the JIAC terms of reference. In addition there shall be maximum terms of office for the Chair and members. The committee has struggled to be quorate throughout this year however activity is in hand to recruit additional members to increase the resilience of the committee.

For further details please view the Terms of Reference here: <http://www.northyorkshirepcc.gov.uk/taking-action/governance-andaudit/joint-audit-committee/>.

Joint Independent Audit Committee  
Link to website:



### External Inspection Bodies

Her Majesty's Inspectorate of Constabulary (HMIC) independently assesses police forces and policing activity in the public interest, ranging from neighbourhood teams through to serious crime and the fight against terrorism. In preparing their reports, they ask the questions which the public would ask and publish the answers in an accessible form. HMIC provide the information to allow the public to compare the performance of their force against others and their evidence is used to drive improvements in the service to the public.

## How we managed our business in 2016/17



The overall "good" HMIC PEEL (Police Efficiency, Effectiveness and Legitimacy) assessment for North Yorkshire Police in 2016 is something that everyone connected to the force is proud of as we strive to deliver the best possible service to our communities. Our dedicated officers, PCSOs, Special Constables, police staff and volunteers, all play an important part. The three strands of the assessment, focusing on effectiveness, efficiency and legitimacy ensure that local policing is sustainable and delivered to very high operational and ethical standards. We are determined to keep improving as a service and we will continue to work hard alongside our partners to maintain North Yorkshire's status as one of the very safest and lowest crime areas of the country.

HMIC PEEL  
Link to website:



The overall "good" is a positive outcome. It is relevant to make reference to the assessment in the AGS. The HMIC Inspection process provides an additional source of assurance that business is being conducted properly.

### Information Commissioner's Office

The Information Commissioner's Office is an independent body set up to promote access to official information and to protect personal information. The Information Commissioner's Office ensures compliance by helping us understand what the Data Protection Act, Freedom of Information Act and related issues mean and advises us on how to protect personal information.

### Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Our Internal Audit Service was provided by RSM during 2016/17

The final reports from internal audit activity are reported to our Joint Independent Audit Committee and can be viewed in each agenda here:

Joint Independent Audit Committee  
Link to website:



### External Audit

External Auditors work independently of the organisation. They examine records, operating systems and financial accounts and provide assurance around compliance. Our external audit service is provided by Mazars. The appointment is made under the provisions of the Audit Commission Act 1998.

Following the closure of the Audit Commission on 31 March 2015 an independent company created by the Local Government Association, called Public Sector Audit Appointments Limited (PSAA) has been responsible for overseeing the Audit Commission's current external audit contracts with audit firms from 1 April 2015 until December 2017 or up to 2020. It manages the contracts and exercises statutory powers to appoint auditors and set and determine fees.

## How we managed our business in 2016/17

The PSAA has confirmed the extension of our contracts with Mazars LLP for one year to enable them to audit the accounts for 2017/18. At the conclusion of this audit the contract with Mazars will expire.

PSAA invited us to opt in to the national appointment arrangements that they are developing. We duly did in March 2017 and PSAA will procure a number of contracts with appropriately qualified audit firms and appoint a suitable firm to be our External Auditor from 2018/19.

More info is available here

External Audit  
Link to website:



## Protocols that Support Our Governance Arrangements

### Chief Finance Officer (CFO) Protocol

Our Chief Finance Officer protocol is designed to recognise our commitment to the Home Office Financial Management Code of Practice for the Police Service in England and Wales. The Chief Finance Officer arrangements have also considered the CIPFA Code of Practice recommendation that the Commissioner's Chief Finance Officer reports directly to the Commissioner. If different arrangements are adopted the reasons should be publicly reported in the Annual Governance Statement.

The Commissioner's Chief Finance Officer reports via the Chief Executive Officer to the Commissioner. This provides an effective solution for him to engage on all material matters via a dedicated line manager. The Commissioner's Chief Finance Officer also has direct access to the Commissioner as well as the Chair of the Joint Independent Audit Committee. The Commissioner's Chief Finance Officer remains satisfied that these arrangements enable him to effectively deliver the statutory functions of his role.

The role of Commissioner's Chief Finance Officer is provided by way of a collaborative arrangement with the Police and Crime Commissioner for Cleveland.

Chief Finance Officer Protocol  
Link to document:



#### Joint testimonial from CFOs

Part of our role as CFO's is to ensure that public funds are spent in a way that represents efficiency and value for money. The arrangements that we use to maximise value from our available resources are contained in the CFO protocol. These arrangements include the work of the Internal Auditors.

The opinion issued by the Internal Auditors contributes to our confidence in the effectiveness of the arrangements in place for risk management, governance and internal control.

*- Michael Porter and Jane Palmer, Police and Crime Commissioner's CFO and Chief Constable's CFO*

### Monitoring Officer Protocol

Our Monitoring Officer Protocol explains how the function of statutory Monitoring Officer operates within the substantive working arrangements we have put in place. These arrangements persisted during 2016/2017 whilst an Interim Chief Executive and Monitoring Officer has been appointed however there has been less need for reliance on the Force Solicitor and Head of Legal Services for legal compliance checking purposes.

The protocol recognises the need to fulfil this statutory role during Monitoring Officer absence or other circumstances that may mean that they are unable to act in certain cases. We have prepared for such circumstances by making arrangements for a Deputy Monitoring Officer.

Monitoring Officer Protocol  
Link to document:



## Protocols that Support Our Governance Arrangements

### Joint Scheme of Delegation and Consent

The Police Reform and Social Responsibility Act 2011 (the Act) sets out the functions of a Police and Crime Commissioner. The Act also allows for the Commissioner to make arrangements for other people to exercise those functions, or in other words, to delegate certain functions.

Together we have agreed and adopted a Joint Corporate Scheme of Delegation and Consent. This brings to life the arrangements we have designed for the exercise of our respective statutory functions within the parameters of the Act.

We refreshed the arrangements during 2014/15 to recognise changes to the delegations to the Force Solicitor. The arrangements we have agreed are designed to work hand in hand with the other arrangements that have been explained previously, as well as the other rules we have designed and put in place through our Financial Regulations, our Contract regulations and our Property Procedure Rules.

Joint Scheme of Delegation and Consent  
Link to document:



### Anti-Fraud and Anti-Corruption Arrangements

Our joint Anti-Fraud, Anti-Corruption and Confidential Reporting (Whistleblowing) arrangements are set out in our procedure.

The procedure highlights various routes through which officers, staff and volunteers can report concerns relating to internal fraud or corruption. We recognise the importance of these mechanisms and take the opportunity to raise awareness where possible.

Joint Anti-Fraud, Anti-Corruption  
Link to website:



### PCC/CC Memorandum of Understanding (MOU)

We have adopted practical working approaches that enable a joint focus on delivery of the Police and Crime Plan and for the Commissioner to discharge the scrutiny role. Our arrangements are explained in key documentation which recognise and respect our statutory roles.

Our Memorandum of Understanding sets out the key working arrangements between the Commissioner and the Chief Constable. This builds on the foundations of the original MOU and continues to underpin our vision of a collegiate approach to decision making and scrutiny.

The MOU sets out:-

- Our approach to certain services operating on a joint corporate basis
- Our refreshed definition of 'Significant Public Interest' recognising the importance we place on decisions including innovation, investment, income and public interest
- Our high level information sharing arrangement
- Our recognition of the importance of the functions of statutory officers (our Monitoring Officer Protocol and our Chief Finance Officer Protocol)
- Our shared commitment to transparency

Memorandum of Understanding link to website:



## What we said we would develop in 2016/17

### Significant Governance Issue

The 2015/2016 AGS recorded one significant governance issue. This identified the need to improve the processes for management and implementation of change in relation to Information Technology. Significant progress and investment has been made in relation to this area. In addition to the work of the Information and Communications Technology (ICT) to modernise the technology infrastructure, we engaged the Police ICT Company to provide advice on the best way to progress.

As a consequence we were able to gather information to develop a much more detailed picture of the scale of demand on our ICT resources. This helped us to understand and manage the key risks within the IT arena. It also helped us to recognise that it will take longer for us to bring some of the many projects to fruition. We have made the decision that it is better to set realistic objectives than to try to tackle too much and spread resources too thinly. As a result of ICT engagement with their stakeholders throughout the year there is a clear way forward for ICT.

We also appointed a Richard Jones as Chief Digital Information Officer and whilst it is acknowledged that there is work still to do we are confident that we have the correct foundations on which to support the sustainable development of the technology infrastructure.

In addition to the significant governance issue there were four key areas for development (AFD) identified last year. A brief summary on progress in each AFD is included under the headings that follow.

1. Streamline meeting processes to ensure an appropriate flow of information between corporate meetings and their supporting structures.
2. Increase awareness of the requirement for compliance checking of decision making material and the timescales for that process.

As part of the Internal Audit Plan for 2015/16 RSM undertook a review titled "Governance – Structure, Reporting, Challenge and Decision Making". This was reported to the JIAC in September 2016 and the agreed recommendations taken forward. Measures to increase awareness amongst senior colleagues of decision making processes were implemented during the year. There was also a comprehensive review of the current Governance Arrangements, led by Acting CEO Fraser Sampson, supported by senior colleagues from both corporations sole. The outcome of this review in some respects supercedes these areas for development. There is further information at the review section of this AGS.

3. Design processes to provide assurance relating to the service and value for money from Partnerships, Commissioning and Collaboration in light of developments in national/regional capabilities and commissioning and grants processes.

As anticipated the Policing and Crime Bill which is viewed as an enabler for further emergency service collaboration received Royal Assent in early 2017. Preparatory activity is under way to develop suitable assurance mechanisms for additional responsibilities and to ensure effective use of resources.

## What we said we would develop in 2016/17

Our existing collaborative activity continued to be actively monitored. From an assurance perspective in addition to regular oversight meetings there are Internal Audit protocols in place for those functions that are provided from a collaborative service from either of the Yorkshire and Humber region or with our counterparts in the Evolve programme (Cleveland and Durham). Oversight arrangements for collaborative initiatives within the wider North East region will be developed in line with the collaboration agreement signed in March 2016.

The recommendations arising from Internal Audit activity, one pertaining to Commissioning and a separate Collaboration review will be implemented in order to enhance the internal controls in these areas.

4. Develop scanning processes to create common awareness of impacting factors including NPCC / APCC / HMIC / Internal Audit / Home Office / Legislation to ensure related risks and opportunities are incorporated into business plans.

This AFD has been progressed in conjunction with the development of Nexus. As indicated Nexus is a developing initiative, it will draw on expertise from various functions within the organisations to support marginal improvements in service delivery. This will include scanning processes to ensure that we and our partners are prepared for changes that will shape future requirements for delivering services to the public.

## Governance Arrangements

### The review of our governance arrangements

Our review of the effectiveness of the joint governance arrangements in place 2016/17 was approached with an eye on our aspirations to make progress to develop as an "agile" organisation. Using our existing arrangements as the starting point the review was an attempt to revisit and apply the principles of good governance in order to identify areas where it is possible to increase flexibility and efficiency whilst ensuring a proportionate level of responsibility and accountability.

The findings indicated that the processes and procedures we rely on for decision making and scrutiny, although they provide a high degree of internal control and assurance they are not directly compatible with our aspirations for organisational development. In some respects the arrangements could be viewed as creating 'excessive control', slowing down decision making and devaluing the role of scrutiny. Furthermore the key governance instruments set what appear to be disproportionately low levels of delegation leading to disempowerment of senior post holders and an emphasis on process.

As a result we have begun to make changes to our model for governance, decision-making and delegation. We shall apply the principles of good governance throughout this process to ensure that the focus of energy for the organisation is on delivery whilst acting in the public interest at all times.

We have identified the areas for development detailed overleaf to enable us to continue to improve our governance, decision making and scrutiny arrangements and meet the recognised principles of good governance for public bodies.

The implementation of these shall be monitored and reported in our AGS for 2017/18.

We were pleased with the opinion of our internal auditors for the year ended March 2017. The auditors work on Data Quality and Collaborations provided an assessment of partial assurance in both cases. We shall monitor the progress of the recommendations arising from these pieces of work and we have asked internal audit to revisit the area of Data Quality within the 2017/18 audit plan.

## Summary

### Areas for Development for 2017/18

The key areas for development during 2017/18 are summarised below:-

Area for Development	Owner	Target date
1. Develop the Local Framework of Corporate Governance to consolidate the existing governance instruments and reflect the levels contained within the CIPFA Guidance notes for Policing Bodies on Delivering Good Governance. Make available to staff and stakeholders.	CEO	31 October 2017
2. Review and adjust where appropriate the current "scheme of delegation and consent" to reflect the introduction of a Deputy Police and Crime Commissioner. This will be renamed the "scheme of corporate governance" and made available to staff and stakeholders.	CEO	31 October 2017
3. Undertake a review of the Financial Regulations, Contract Regulations and Property Procedure rules and attendant protocols. Adjust where necessary to ensure proportionate levels of empowerment and responsibility. Refresh and make available to staff and stakeholders.	CFOs	31 December 2017
4. Ensure that internal meetings are timely, effective and reflect the responsibilities of delegates or those charged with specific functions.	CEO	31 March 2018



We hope that this document provides you with some helpful insight into how we decided to lead North Yorkshire Police, the systems we have put in place to ensure our decisions are open and accountable, and that your money is safeguarded.

**Julia Mulligan**  
Police and Crime  
Commissioner for  
North Yorkshire

**Dave Jones**  
Chief Constable  
North Yorkshire Police

**Fraser Sampson**  
Acting Chief Executive Officer

**Michael Porter**  
Commissioner's  
Chief Finance Officer

**Jane Palmer**  
Chief Constable's  
Chief Finance Officer

26 September 2017



Police and Crime  
Commissioner  
North Yorkshire

