

LINCOLNSHIRE POLICE AUTHORITY ANNUAL GOVERNANCE STATEMENT

Position as at 31 March 2008 including plans for the financial year 2008/09

1. SCOPE OF RESPONSIBILITIES

- 1.1 The Lincolnshire Police Authority is responsible for ensuring 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.
- 1.2 The Authority also 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, having regard to a combination of economy, efficiency and effectiveness.
- 1.3 In discharging this overall responsibility, 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. In exercising this responsibility the Authority places reliance on the Chief Officer of the Lincolnshire Police Force to support the governance and risk management processes.
- 1.4 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 is on our website at www.lincolnshire-pa.gov.uk or can be obtained from Ms Julie Flint, Treasurer to the Lincolnshire Police Authority, Police HQ, Deepdale Lane, Nettleham, Nr Lincoln LN2 23LT. Telephone 01522 558022 - Email police.authority@lincs.pnn.police.uk
- 1.5 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 Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.
- 1.6 A more detailed Statement of Assurance for the Force signed by the Chief Officer supports this overarching Governance Statement.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 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 those objectives have led to

the delivery of appropriate, cost-effective services, including achieving value for money.

- 2.2 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, to manage them effectively, efficiently and economically.
- 2.3 The governance framework has been in place at the Authority for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The key elements of the systems and processes that comprise the governance arrangements put in place for the Authority and Force are measures for:
- identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users;
 - reviewing the Authority's vision and its implications for governance arrangements;
 - measuring the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources;
 - defining and documenting the roles and responsibilities of the Authority and Force and the senior members and officers within each, setting out clear delegation arrangements and protocols for effective communication, and arrangements for challenging and scrutinizing Force activity;
 - developing, communicating and embedding codes of conduct, defining the standards of behaviour for members, officers and staff;
 - reviewing and updating standing orders, standing financial instructions, a scheme of delegation, contract/procurement regulations, and supporting procedure notes/ manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
 - undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities;
 - ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;

- whistle blowing and for receiving and investigating complaints from the public and handling citizen and other redress;
- identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;
- incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the Authority's overall governance arrangements.

4. REVIEW OF EFFECTIVENESS

- 4.1 The Authority has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including:
- the system of internal audit
 - the system of internal control.
- 4.2 This review has been informed by the work of the Chief Executive and the Treasurer, internal auditors, and also members of staff within the Authority Secretariat who have the responsibility for the development and maintenance of the governance environment. In addition, comments made by the external auditors and other review agencies and inspectorates have informed this review.
- 4.3 The Authority has overall responsibility for Corporate Governance, including adopting a Code of Corporate Governance. It is advised by the Scrutiny and Audit Committee on corporate governance and by the Standards Committee on ethical governance issues.
- 4.4 The Scrutiny and Audit Committee has received and considered reports from both Internal and External Audit and monitored the implementation of action plans drawn up to address identified internal control weaknesses. This Committee has also overseen the introduction of Corporate Governance reporting requirements introduced for the 2007/08 financial year. The Scrutiny and Audit Committee has received and considered reports on Force performance and compliance.
- 4.5 The Force has undertaken its own review of governance and the Annual Assurance Statement has informed and supports this Statement and is attached as an Annex.
- 4.6 Internal Audit have completed their programme of work for 2007/08 and reported the outcome of their work to the Scrutiny and Audit Committee.
- 4.7 We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Scrutiny and Audit Committee and the Standards Committee, and a plan to address

weaknesses and ensure continuous improvement of the system is in place.

5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 Our review identified that, whilst the key elements of the governance arrangements are in place, the Authority's systems and processes have been in place in their current form for some time. As a result, the Authority's systems and processes would benefit from a fundamental review in order to ensure that accepted best practice is being followed and that the Authority is operating effectively in the current context. To this end, a Working Group, led by the Chairman of the Scrutiny & Audit Committee, has been established. It is intended that this Group will report its findings to the Authority by the end of September 2008.
- 5.2 At the time of preparing this Statement, the Authority's Budget for 2008/09 is uncertain. The Local Government Minister announced on 27 March 2008, that the Authority had been designated for Council Tax Capping. The Authority resolved at its meeting on 28 March 2008, that it would challenge the Government's determination. The outcome of this process is unlikely to be known until late June/early July 2008. In the meantime the ability of the Force to adequately address operational risks is uncertain.
- 5.3 Financial standing remains an issue for the Authority. The Authority's General Reserve stands at only £1.2m and is below minimum guidelines. The Authority resolved at its meeting on 27 February 2008, that the Treasurer be tasked with preparing a plan to achieve a sustainable and more acceptable level of the General Reserve. The level of the General Reserve is clearly linked to the awaited decision on Council Tax Capping and in the meantime presents a risk to the Authority.
- 5.4 Partnership working has been identified as an area that would benefit from some further clarity in terms strategic planning and risk management. A Working Group has been formed to review current partnerships and to make recommendations for improvement.
- 5.5 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. These steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

SIGNED

A handwritten signature in black ink that reads "Angela Crowe". The letters are cursive and connected.

Angela Crowe JP
Chairman of Police Authority

A handwritten signature in black ink that reads "Deborah McGovern". The signature is highly stylized and cursive.

Deborah McGovern
Chief Executive of Police Authority

On behalf of the members and senior officers of the Lincolnshire Police Authority
and Lincolnshire Police Force