

**CORPORATE GOVERNANCE COMMITTEE – 25 MARCH 2010**

**DRAFT CODE OF CORPORATE GOVERNANCE**

**REPORT BY CHIEF EXECUTIVE, CHIEF CONSTABLE AND TREASURER**

**Introduction**

- 1.1 At its meeting on 19 December 2009 the Committee noted that as part of the preparation for the Annual Governance Statement a Code of Corporate governance would need to be considered by the Committee and that following approval by the Committee it then would need to be considered and adopted by the Authority.
- 1.2 The Association of Police Authorities (“APA”) in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA”) in 2007 issued an interim guidance for Police Authorities in England and Wales based on the frame work document entitled Delivering Good Governance in Local Government and includes in such document an example of a Code of Corporate Governance (“the Code”).
- 1.3 The Code is intended to contain the principles of good governance as set out in the framework, including arrangements for its ongoing application and effectiveness. It is intended that an annual assessment will be carried out to ascertain the extent to which the Authority has met its aspirations as set out in the Code, which will then be summarised in the Annual Governance Statement.
- 1.4 A draft Sussex Police Authority Code has been prepared for consideration by the meeting and is attached hereto as an appendix. It has been adapted from the example Code to take account of circumstances specific to Sussex.

**Recommended** – That the Committee consider the draft Code of Corporate Governance and recommend it for approval by the Authority in the attached form or as amended following discussion by the meeting.

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### DRAFT CODE OF CORPORATE GOVERNANCE

- 1.1 Corporate governance is about how Sussex Police Authority (“the Authority”) ensures that the business of the Authority is carried out in accordance with the laws, policies and customs that apply to its operations. The Authority seeks to exercise control over the systems, processes, culture and values arising from such laws, policies and customs in a timely, open and accountable manner for the benefit of the people of Sussex and its other stakeholders.
- 1.2 The Authority has developed a 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. This Code of Corporate Governance describes how the Authority discharges its responsibilities in this respect, and particularly its two overarching statutory responsibilities:
  - To secure an efficient and effective local police service by setting the strategic direction, scrutinizing performance, engaging with communities and providing Value for Money
  - To hold to account the Chief Constable of Sussex Police for the exercise of his functions and those persons under his direction and control.
- 1.3 The Chief Constable has a statutory responsibility for the control, direction and delivery of policing services.
- 1.4 The Authority has adopted the six core principles defined within the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”. These also reflect the objectives of the Authority, as set out in the Continuous Improvement Plan:
  - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area (engaging with communities)
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles (setting strategic direction)
  - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour (scrutinizing its performance)
  - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk (setting strategic direction)
  - Developing the capacity and capability of members and officers to be effective (value for money)
  - Engaging with local people and other stakeholders to ensure robust public accountability (engaging with communities)

- 1.5 The Authority's Continuous Improvement Plan 2010 sets out the more detailed objectives which underpin these overall objectives. It also sets out the detailed actions, the relevant Lead Member and Lead Officer together with review dates. Progress will be monitored by the Authority.
- 1.6 The systems and processes the Authority has in place and the achievement of its aspirations as set out in this Code are assessed as part of the preparation for the issue of the Authority's Annual Governance Statement which is audited by the Audit Commission.

## **The Code of Corporate Governance**

- 2.1 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 Engaging with Communities**

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 its vision, mission and values
- Ensure that the work the Authority and the Force undertake in partnership with others is underpinned by a common vision of their work that is understood and agreed by all parties;
- Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available; and
- Ensure that the information needed to review performance in achieving value for money effectively is available and regularly reported on.

### **2.3 Setting Strategic Direction**

The Authority aims to ensure members and officers working together to achieve a common purpose with clearly defined functions and roles.

To achieve this, the Authority will:-

- Set out a clear statement of the respective roles and responsibilities of the Authority and its members individually and the Authority's approach towards putting this into practice
- Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the Authority taking account of relevant legislation and ensuring that it is monitored and updated when required.

### **2.4 Scrutinizing Performance**

The Authority aims to promote its values and demonstrates the value 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 behaviour and expected between members, officers of the Authority and Force are defined and communicated through appropriate codes of conduct and protocols; and
- Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.

## 2.5 **Setting Strategic Direction**

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 decisions and recording the criteria, rationale and considerations;
- Oversee the Force handling of complaints, and manage complaints against chief officers.
- Operate an Independent Custody Visiting Scheme across the County, thereby reassuring the public that detainee handling facilities are of the highest standard. The Authority also operates an independent CCTV monitoring scheme based upon the same principles.

## 2.6 **Value for money**

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:-

- Review and develop its own Human Resources plan, including the review of training and induction processes for new members and officers and the design of a succession plan for SPA Executive Officers
- Ensure that effective arrangements are in place to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority

## 2.7 **Engaging with Communities**

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

To achieve this, the Authority will:-

- Champion continuous improvement in the delivery of policing in Sussex, ensuring that the public of Sussex receive an effective and efficient police service that has been shaped by the needs and expectations of the

- diverse communities of the county.
- Ensure that arrangements are in place to enable the Authority to engage effectively with partners, stakeholders and all sections of the community recognizing that different sections of the community have different priorities
- Make clear to all employees, the community and stakeholders, what they are accountable for and to whom
- Hold Authority meetings in public wherever possible; and
- Regularly publish information on the Authority's and Force's work, achievements and the 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.

### **Sussex Police Authority**

3.2 The Authority is responsible for approving its Code of Corporate Governance and for carrying out a review of its effectiveness annually. The Authority will receive and approve the Annual Governance Statement (AGS) at the same meeting at which it approves the Annual Statement of Accounts.

### **Sussex Police**

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

- Optimization 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

### **Risk Management Process**

3.4 The Authority and the Force have an established risk management strategy which sets the direction for risk management within both the Authority and the Force. The strategy identifies the framework within which all significant Authority and Force risks will be identified, owned, assessed, prioritised, mitigated, managed, monitored and reported upon, for ongoing oversight. Risks are managed through use of a shared intranet based computerised risk management system which provides for dynamic risk assessment, virtually instant communication of risk information and mutual monitoring of risks for the Authority and Force.

3.5 Alignment of meeting structures adopted by the Authority and Force ensure continuity and appropriate scrutiny of the management of risk, including the escalation of risk, in appropriate circumstances. It is acknowledged that all

risk cannot be eliminated and that a proportionate approach to the degree of risk identified is the reasoned response. The strategy of embedding risk management into the decision-taking processes and managing through a computerised risk management system provides for the following:-

Risk ownership by name, recording dates first logged and subsequently reviewed.

A defined risk appetite.

Additional controls with a named owner and a date to be achieved.

Transparency of risks across the Force and Authority.

A wide variety of specific reports and tailored reports available to all users of the risk system.

A life-cycle history of each risk from inception to archival. Thus, complete audit trail of actions.

A search facility for the risk system to minimise duplications

Linking of risks to the most appropriate meeting for ongoing oversight and reporting.

Risk ranking/prioritisation through assessment of impact and likelihood

Direction of travel for each risk to focus attention on emerging risks, or risks changing in character.

Supported by automated email communications to risk and control owners.

Risk management training and guidance for all users.

Risk Co-ordinators on every division and department to facilitate local risk management and escalation in appropriate circumstances."

### **Corporate Governance Committee**

3.6 The Committee's terms of reference include the following key requirements in respect of corporate governance:

- To scrutinise and approve an annual governance statement for publication with the Authority's annual accounts, together with associated action plans for addressing areas of improvement.
- To receive reports from the Treasurer, on behalf of the Police Authority, on the provision of internal audit services to meet the requirements under the current Accounts and Audit Regulations and Section 112 and Section 114 of the Local Government Finance Act 1988, to provide an adequate and effective internal audit of the accounts of the Authority.
- To approve the arrangements for internal and external audit.
- To receive reports on the internal and external audit work plan and to ensure appropriate action is taken to address recommendations.
- To review the Authority's annual accounts and to make recommendations as appropriate to the Authority.
- To receive reports as necessary from the Treasurer concerning all significant irregularities.
- To receive and consider, on behalf of the Police Authority, the external Auditor's Annual Audit Letter concerning the annual audit of the accounts of the Authority, and to recommend any appropriate action to the Authority.
- To approve, on behalf of the Police Authority, the Annual Statement of Accounts, income and expenditure and balance sheets, or records of payments and receipts as required under the Accounts and Audit

Regulations 2003 before the accounts are incorporated in the Annual Report.

- To exercise the powers and duties of the Police Authority under all employment legislation and associated codes of practice in relation to health and safety matters under Part 1 of the Health and Safety Work etc Act 1974.
- To consider the financial risks to which the Authority is exposed and to approve measures to reduce or eliminate them or to insure against them.
- To oversee the risk management process with the Authority and the Force.
- To approve the corporate risk management strategy and framework; ensuring that appropriate systems are in place for assessing and managing key risks to the Authority relating to Corporate Governance and Use of Resources.
- Approve changes on behalf of the Authority, to Standing Orders on contracts and financial regulations.
- To make recommendations to the Authority in relation to any proposed revisions to the Authority's scheme of financial regulations.
- To review and adjust delegations to Chief Officers.
- To exercise the responsibilities of the police Authority in respect of police forfeiture of pensions including the appointment of a sub-committee to deal with specific cases.
- To meet annually with the Standards Committee to discuss matters relating to the ethical standards of the Authority.
- To address areas of risk relevant to Corporate Governance.
- To report to the Authority such issues as the Committee considers appropriate.

### **Standards Committee**

3.7 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 and assists Members to observe the Authority's Code of Conduct.
- To advise the Authority on any adoption or revision of a local Code of Conduct and monitor and advise the Police Authority on the effective implementation of the Code, including arranging for the training of members on such issues as the treatment of personal interests, and on conduct matters more generally.
- To approve and keep under review "whistle blowing" procedures insofar as they relate to members.

### **Internal Audit**

3.8 The primary role of internal audit is to give assurance to the Authority, through the Corporate Governance Committee, on the effectiveness of the controls in place to manage its business. To this end, the Internal Auditor reports to the Committee on a quarterly basis, highlighting any major control weaknesses identified.

- 3.9 The review of both corporate governance and risk management arrangements periodically feature in the annual audit plan which are subject to approval by the Corporate Governance Committee. Corporate Governance and management control and compliance issues may arise through other reviews carried out by the Internal Audit team. Where this occurs the issues will be raised through the relevant audit report.

### **External Audit**

- 3.10 The external auditors, the Audit Commission, audit the Authority's financial statements, Police Use of Resources assessments (PURE), Annual Governance Statement and performance management arrangements. The Audit Commission's plans and reports, including the Annual Audit Letter, are considered by the Corporate Governance Committee at appropriate times in the annual cycle of meetings.

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

- 3.11 The role of HMIC is to promote the efficiency and effectiveness of policing in England, Wales and Northern Ireland through inspection of police organizations 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.