

West Mercia Joint Audit and Standards Committee

30 March 2021

Joint Corporate Governance Framework Review

1.0 Introduction

- 1.1 The Joint Corporate Governance Framework, which includes the Financial Regulations, has been in existence since the inception of Police and Crime Commissioners and the creation of Chief Constables as separate legal entities in 2012. The Corporate Governance Framework has been reviewed each year in accordance with established good practice.
- 1.2 In accordance with that good practice, the Framework has again been reviewed by the Chief Executive, Treasurer, Chief Finance Officer and Head of Legal Services.
- 1.3 There are three significant changes that required amendments to the Corporate Governance Framework:
 - 1.3.1 the creation of an insourced Estates Services function under the Chief Executive which requires clarity of role, function and authority between the various post holders
 - 1.3.2 the creation and regulation of transformation project funding to enable effective management of contingencies to facilitate efficient implementation of approved projects
 - 1.3.3 improving transparency and financial control of departmental budgets and contract authorisation
- 1.4 The PCC and Chief Constable both recognise the critical function good financial control plays in enabling effective service delivery. The aims of the changes proposed are to:
 - 1.4.1 improve the effectiveness, efficiency and value for money of both procurement and services
 - 1.4.2 ensure the Police and Crime Commissioner is aware of all matters the public would expect him to know of – improve transparency
 - 1.4.3 improve financial control
- 1.5 To improve financial control, levels of authorisation and reporting are clarified.
- 1.6 To improve effectiveness, efficiency, value for money and transparency there will be increased reporting of contractual and procurement activity at the critical stages of specification-setting and at final approval. This quarterly reporting can be used by both the Force and PCC to assess sensitivity prior to procurement activity starting. A process for dealing

with procurements by exception outside of predicted activity is incorporated.

- 1.7 Quarterly reporting of fleet management activity is introduced, as is quarterly reporting of significant virements.
- 1.8 The following paper outlines the changes proposed to the Corporate Governance Framework as a result of that review. The full Corporate Governance Framework is attached at Appendix A.
- 1.9 The West Mercia Governance Board considered the changes to the Corporate Governance Framework on 23 December 2020. The Police and Crime Commissioner and Chief Constable approved the revised Corporate Governance Framework at that meeting.

2. Changes

- 2.1 The following parts of the Scheme of Corporate Governance have been changed:

- *Delegations regarding the management of land and buildings are more clearly set out, and the differentiation of responsibilities between the Chief Executive and the Director of Business Services (paragraphs 3.4.12, 3.4.16 to 17 and 3.7.1).*
- *Delegations regarding the creation and management of a contingency fund for the Transformation Capital Programme are introduced with consequent re-numbering (paragraph 3.8).*

- 2.2 The following parts of the Financial Regulations have been changed:

- *Introduction of new sections on Financial Reporting (paragraph 5.5 and 11.1.11)*
- *Clarifications to Financial Planning (section 6.1) and Budgetary Control (section 6.2) arising from established good practice*
- *Introduction of quarterly reporting of virements (paragraph 6.2.15(j))*
- *Delegations regarding the management of land and buildings are more clearly set out, and the differentiation of responsibilities between the Chief Executive and the Director of Business Services (paragraphs 6.3 and 7.5).*
- *Clarifications to Maintenance of Balances, Reserves and Provisions (section 6.4)*

- *Clarification of the responsibilities of the Head of Commercial Services and Head of Audit, Risk and Compliance) relating to Audit Requirements arising from established good practice (section 7.3)*
- *Clarifications to Treasury Management and Banking Arrangements (section 7.6), the handling of Income (section 8.2) and Taxation (section 8.5) arising from established good practice*
- *Responsibilities relating to Key Controls (section 9.3), Purchasing Procedures and Thresholds (Section 9.5) and Acceptance of Tenders (section 9.10) within Contract Regulations to give effect to the aims relating to financial control outlined above*
- *Responsibilities of all managers in relation to External Funding set out in a new section 10.2.9*

3. Recommendation

That the Joint Audit and Standards Committee consider and review the revised Corporate Governance Framework including the Financial Regulations.

Andy Champness, Chief Executive

Liz Hall, Treasurer

Richard Muirhead, Head of Commercial Services

Mary Wallace, Head of Legal Services