

**OFFICE OF POLICE AND CRIME COMMISSIONER**

**OFFICE OF THE CHIEF CONSTABLE**

**TITLE:** Joint Audit Committee Value for Money Review for Terms of Reference

**DATE:** 13<sup>th</sup> September 2018

**TIMING:** Routine

**PURPOSE:** For decision

<b>1.</b>	<b><u>RECOMMENDATION</u></b> That the Joint Audit Committee (JAC) consider the information provided in relation to Value for Money (VfM) and confirm if they are satisfied with the suggested monitoring arrangements and to decide if the wording in relation to VfM within the Terms of Reference (ToR) needs to be amended.
<b>2.</b>	<b><u>INTRODUCTION &amp; BACKGROUND</u></b> As a result of the Self-Assessment process undertaken for the 2017/18 financial year, member of the JAC have agreed that they are not confident that they meet the requirement in relation to VfM contained within their ToR. At the meeting in July 2018, the HoAC offered to undertake an analysis of the wording contained in other JAC ToR's for further discussion by members.
<b>3.</b>	<b><u>ISSUES FOR CONSIDERATION</u></b> The Chartered Institute of Public Finance & Accountancy (CIPFA) have produced guidance for audit committees entitled "Audit Committees: Practical Guidance for Local Authorities and Police 2013 Edition". Within this document, a suggested ToR has been provided which includes the following references to VfM:  <i>Governance, Risk and Control</i> <i>Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.</i>  <i>External Audit</i> <i>Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory value for money.</i>  Current wording contained in the Gwent ToR is below:  <i>Financial Management</i> <i>Consider and comment upon the arrangements for delivery of Value for Money.</i>  It must be noted that whilst undertaking the review the majority of ToRs contained the same wording as that featured in the CIPFA guidance, although some did choose to take a different approach:

	<ul style="list-style-type: none"> <li>➤ Receipt of VfM Strategy;</li> <li>➤ Receipt of VfM specific reports;</li> <li>➤ One meeting per year concentrating on VfM;</li> <li>➤ ToR specifies how they monitor VfM;</li> <li>➤ Take account of VfM when providing challenge</li> <li>➤ Reports to include VfM information</li> </ul> <p>More information on the comparison can be found in appendix 1 and 2.</p>
4.	<p><b><u>NEXT STEPS</u></b></p> <p>The CIPFA guidance states that the Chief Constable (CC) has a statutory responsibility to secure VfM and that the Police and Crime Commissioner (PCC) must hold him to account for this duty; the role of the JAC is to support both the CC and PCC to fulfil these responsibilities. The role of the JAC also needs to be considered in line with the role other committee’s play such as the Strategy and Performance Board, Police and Crime Panel and the internal force governance framework, of which many of the meetings are attended by a representative of the PCC.</p> <p>The role of the JAC should focus on whether the overall approach to VfM is in line with governance objectives and to receive assurance on this in order to underpin the Annual Governance Statement.</p> <p>The JAC already receive a link to all decisions made by the PCC which also includes a link to the Strategy and Performance Board, this evidences how the PCC holds the CC to account. Detailed discussion is also had in relation to the Wales Audit Office review of the accounts which need to evidence that there are appropriate arrangements in place in the year to secure economy, efficiency and effectiveness (ie VfM) in their use of resources. The JAC also have sight of all Internal Audit detailed reports and have the option to request any of them to be added to the agenda (all ‘No’ or ‘Limited’ assurance reports are automatically added to the agenda for discussion). A deep dive on the Her Majesty’s Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) VfM Profiles is undertaken every December, this provides benchmarking information as to how expensive the force is compared to other across England and Wales; HMICFRS reports, where they are applicable to the JAC ToR are also provided.</p> <p>In order to further meet the requirements in the CIPFA guidance it is suggested that the JAC consider the following options in relation to VfM:</p> <ul style="list-style-type: none"> <li>➤ Circulation of the PCC Annual Report and Force Delivery Plan (sent for information as these are monitored by the PCC and subsequently the PCP)</li> <li>➤ Circulation of the force performance report to evidence the operational element of VfM (for information as this is monitored by the PCC and subsequently the PCP)</li> <li>➤ Asset Management Strategy – the JAC already receive the Asset management Strategy and also the Shared Resource Service (SRS) Annual Report (SRS provide our IT services). It is suggested that the JAC are also provided with the other Strategies and Outturn reports that sit within the Asset Management Strategy (Procurement and Fleet Management) in order to provide a holistic overview and to evidence</li> </ul>

	<p>how the PCC's physical assets provide VfM.</p> <p>If these options are agreed it is suggested that the current wording within the ToR remains the same.</p>
<b>5.</b>	<p><b><u>FINANCIAL CONSIDERATIONS</u></b></p> <p>Achieving VfM on all resources available to the CC and PCC is imperative within the current financial climate. Poor use of resources could result in increased costs to both organisations.</p>
<b>6.</b>	<p><b><u>PERSONNEL CONSIDERATIONS</u></b></p> <p>There are no known personnel implications as a result of this report.</p>
<b>7.</b>	<p><b><u>LEGAL IMPLICATIONS</u></b></p> <p>There is a statutory responsibility placed on the CC to secure VfM and for the PCC to hold him to account for this duty. The JAC have an important role in supporting both the CC and PCC to meet these responsibilities and as such it is important for members to feel confident that they are satisfying the VfM element of their ToR and are able to evidence compliance.</p>
<b>8.</b>	<p><b><u>EQUALITIES AND HUMAN RIGHTS CONSIDERATIONS</u></b></p> <p>This report has been considered against the general duty to promote equality, as stipulated under the Strategic Equality Plan and has been assessed not to discriminate against any particular group.</p> <p>Consideration has been given to requirements of the Articles contained in the European Convention on Human Rights and the Human Rights Act 1998 in preparing this report.</p>
<b>9.</b>	<p><b><u>RISK</u></b></p> <p>There is a legal and reputational risk to both organisations if there is limited evidence of VfM being achieved.</p>
<b>10.</b>	<p><b><u>PUBLIC INTEREST</u></b></p> <p>It is within the public's interest to be aware of how compliance with VfM requirements is achieved and monitored as it is imperative that all resources provided to the PCC and CC are used appropriately, especially when the public are being asked to contribute more to their policing service.</p>
<b>11.</b>	<p><b><u>CONTACT OFFICER</u></b></p> <p>Joanne Regan, Head of Assurance and Compliance, Office of the Police and Crime Commissioner.</p>

**12. ANNEXES**

Appendix 1 – overview of VfM comparison

Appendix 2 – detailed VfM comparison