

THE OFFICE OF THE POLICE OMBUDSMAN FOR NORTHERN IRELAND – CORPORATE GOVERNANCE ARRANGEMENTS

1. Purpose

- 1.1 This document sets out details of the corporate governance arrangements for the Office of the Police Ombudsman for Northern Ireland (“the Office”). It provides information on the arrangements which have been established to ensure proper and effective management of the Office’s affairs.

2. Definition

- 2.1 Corporate Governance refers to the way in which organisations are directed and controlled. The corporate governance framework refers to the system which ensures the effectiveness of the direction and control of the Office.
- 2.2 The effectiveness of direction and control of the Office can be linked to:
 - **Strategic Planning:** how the Office plans, sets, communicates and monitors its corporate objectives;
 - **Risk Management:** how the Office identifies, considers and manages the risk to the achievement of corporate objectives; and
 - **Internal Controls:** how the Office assures itself and its stakeholders that it is in control of its business and the risk to the achievement of its objectives.

3. Principles of Corporate Governance

- 3.1 The principles of corporate governance are:-
 - **Openness:** ensuring that stakeholders can have confidence in the decision-making processes and actions of the Office in the management of its activities, and in the individuals in the Office. Being open, through meaningful consultation with stakeholders and the communication of full, accurate and clear information can lead to effective and timely action, and helps to ensure that there is full scrutiny of activities.
 - **Integrity:** comprising both straightforward dealing and completeness. It is based upon honesty, selflessness and objectivity and high standards of propriety and probity in the stewardship of public funds and the management of the Office’s affairs. It derives from effectiveness of the control framework and on the personal standards and professionalism of the individuals within the Office. It is reflected in the Department’s decision-making procedures and in the quality of its financial and performance reporting.

- **Accountability:** the process whereby the Office and the individuals within it are responsible for their decisions and actions, including their stewardship of public funds and all aspects of performance, and submit themselves to appropriate external scrutiny. It is achieved by all parties having a clear understanding of those responsibilities, and having clearly defined roles through a robust structure.

3.2 All staff and office holders in the Office are required to adhere to the Seven Principles of Public Life which are set out at **Annex A**.

4. Organisational Roles and Responsibilities and Structure

4.1 The four key organisation roles and structures which support the delivery of effective corporate governance in the Office are:-

- The Police Ombudsman operating as Corporation Sole;
- Chief Executive / Accounting Officer;
- Senior Management Team; and the
- Audit Committee.

Police Ombudsman

4.2 The Police Ombudsman is responsible for setting the strategic and annual direction for the Office through the corporate and business planning processes. A corporate plan will be prepared every three years under the leadership of the Police Ombudsman and these will align with the Executive's Programme for Government and the Department of Justice's Corporate Plan and Budget. A more detailed business plan will be prepared on an annual basis. He has responsibility for holding the Chief Executive to account for how the Office plans, sets, communicates and monitors its corporate objectives. Day to day operational matters are the responsibility of the Chief Executive and the Senior Management Team.

4.3 The Police Ombudsman also has a quasi-judicial role in deciding on individual cases.

Chief Executive / Accounting Officer

4.4 As designated Accounting Officer, the Chief Executive is personally responsible for ensuring that the Office operates effectively and to a high standard of probity. Managing Public Money Northern Ireland states that public bodies such as the Office should:

Governance

- (i) Have a governance structure which transmits, delegates, implements and enforces decisions;
- (ii) Have trustworthy internal controls to safeguard, channel and record resources as intended;
- (iii) Operate with propriety and regularity in all its transactions;
- (iv) Treat its customers and business counterparties fairly and honestly;
- (v) Offer redress for failure to meet agreed customer standards where appropriate;
- (vi) Give timely, transparent and realistic accounts of its business, underpinning public confidence.

Decision Making

- (vii) Support the Ombudsman with clear, well reasoned, timely and impartial advice;
- (viii) Make all its decisions in line with the strategy, aims and objectives of the organisation set by the Ombudsman and/or in legislation;
- (ix) Meet DFP's requirements about limits on use of public resources;
- (x) Manage its staff fairly, with inclusive policies designed to promote and integrate diversity having regard to Section 75 of the Northern Ireland Act; and
- (xi) Communicate its decisions openly and transparently.

Financial Management

- (xii) Use its resources efficiently, economically and effectively, avoiding waste and extravagance;
- (xiii) Carry out procurement and project appraisal objectively and fairly, seeking good value for the public sector as a whole;
- (xiv) Use management information systems to secure assurance about value for money and the quality of delivery and so make timely adjustments;
- (xv) Avoid over defining detail and imposing undue compliance costs, either on its own staff or on its customers and stakeholders;
- (xvi) Have practical documented arrangements for working in partnership with other organisations; and
- (xvii) Use internal and external audit to improve its internal controls and performance.

4.5 The Accounting Officer must personally sign:

- The Office's Accounts
- The Annual report; and
- The Statement on Internal Control.

4.6 The Accounting Officer is also expected to take personal responsibility for:

- (i) Regularity and propriety, including seeking DFP approval for any expenditure outside the normal delegations or outside the subheads of estimates, and carried through with appropriate disclosures in the resource accounts;
- (ii) Selection and *appraisal* of programmes and projects: using the *Northern Ireland Guide to Economic Appraisal and Forecasting* to evaluate alternatives and good quality project and programme management techniques, such as Office of Government Commerce (OGC) Gateway™, to track and where necessary adjust progress;
- (iii) *Value for money*: ensuring that the organisation's procurement, projects and processes are systematically evaluated and assessed to provide confidence about suitability, effectiveness, prudence, quality, good value and avoidance of error and other waste, judged for the public sector as a whole, not just for the Accounting Officer's organisation;
- (iv) Management of *opportunity and risk* to achieve the right balance commensurate with the institution's business and risk appetite;
- (v) *Learning from experience*, both using internal feedback and from right across the public sector; and
- (vi) Accounting accurately for the organisation's *financial position and transactions*: to ensure that the government published financial information is transparent and up to date and that the organisation's efficiency in the use of resources is tracked and recorded.

4.7 The Accounting Office has ultimate responsibility for information security within the Office and is required to provide, in the annual Governance Statement, assurances that information risks are being controlled and managed and that the Office continues to be a trusted custodian of personal and business sensitive information.

Senior Management Team

4.8 The Senior Management Team reports to the Chief Executive and comprises the Directors of:

- Investigation (Current)
- Investigation (Historic)
- Legal Services
- Corporate Services
- Information
- Research and Performance

4.9 The SMT supports the Police Ombudsman by providing collective leadership and taking ownership of the Office's performance. SMT meetings are chaired by the Chief Executive. The Police Ombudsman may also be in attendance. The terms of reference for the SMT are included in Annex B.

4.10 The SMT operates as a collegiate forum under the leadership of the Chief Executive to manage the day to day running of the Office. The SMT oversees how the Office plans, sets, communicates and monitors its corporate objectives. It operates in an advisory and consultative capacity to the Police Ombudsman in respect of those matters for which the Police Ombudsman has specific statutory responsibility offering guidance when sought. In addition, each member of the SMT

- (i) Participates in strategic decision-making;
- (ii) Contributes to corporate governance arrangements within the Office;
- (iii) Supports the Police Ombudsman and Chief Executive in maintaining high standards of corporate governance; and
- (iv) Ensures progression of the business plan objectives within their functional and corporate responsibilities.

4.11 The objective of the SMT is to collectively provide collective leadership in the Office and:

- (i) take forward the Office's agreed strategic aims and objectives;
- (ii) Advise on the strategic allocation of its financial and human resources to achieve those aims;
- (iii) Strategically manage Office resources, and monitor and take action to ensure the achievement of objectives;
- (iv) Set the Office's standards and values;
- (v) Maintain a transparent system of prudent and effective controls (including internal controls);
- (vi) Assess and manage risk; and

- (vii) Lead and oversee organisational development to enhance the Office's capacity to discharge its functions efficiently and effectively.

4.12 In order to achieve these objectives, a formal schedule of matters for consideration by the SMT is maintained. Typically this will cover the activities of the Office and will include reports on:

- (i) Progress in relation to performance outputs and outcomes as outlined in the Annual Business Plan
- (ii) Financial performance against budgets and management accounting information;
- (iii) Human resource issues, including managing attendance; and
- (iv) The identification and management of risk.

4.13 Within the policy and resources framework set by the Ombudsman, the SMT will advise on the strategic and annual direction of the Office through the corporate and business planning process. A Corporate Plan will normally be prepared every three years and will align with the Executive's Programme for Government and Budget and the Department of Justice's Corporate Plan and Budget. A more detailed business plan will be prepared on an annual basis. The detailed stages of the corporate and business planning processes will be built into the SMT work programme.

4.14 The SMT is supported by a secretariat, which is responsible for maintenance of a register of interests. An agenda and papers are circulated to one week in advance of each meeting and a record of meeting is circulated to SMT members and posted on the Office's website after the following the meeting.

Audit Committee

4.15 The Police Ombudsman is supported in his role by the Audit Committee. The Audit Committee is chaired by an Independent Member. The role of the Audit committee is to support the Police Ombudsman and Chief Executive /Accounting Officer by advising on:

- (i) The strategic processes for risk, control and governance and the Statement on Internal Control;
- (ii) The accounting policies, the accounts, and the annual report of the organisation, including the processes for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors.
- (iii) The planned activity and results of both internal and external audit;
- (iv) The adequacy of management response to issues identified by

audit activity, including external audit's management letter;

- (v) Assurances relating to the corporate governance requirements for the organisation; and
- (vi) Anti-fraud policies, whistle blowing processes, and arrangements for special investigations.

4.16 The Audit Committee will also periodically review its own effectiveness and report the results of that review to the Police Ombudsman. . The Audit Committee's Terms of Reference are set out at **Annex C**.

4.17 The Audit Committee has two independent non executive members whose role is to provide:

- (i) Constructive challenge across the Office's business;
- (ii) A fresh, objective perspective and new ideas;
- (iii) Improved rigour to management processes;
- (iv) Specific expertise and experience;
- (v) A safe sounding board for new approaches; and
- (vi) A balance to the mix of skills and personalities on the Committee.

4.18 Independent Members should ensure all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. In particular, they should:

- (i) Be involved in the monitoring of performance and progress of the Office, including the use of human and financial resources;
- (ii) Maintain a critical overview of the Office's financial controls and procedures for assessing and managing risk, drawing on their wider experience; and
- (iii) Depending on the current and future responsibilities of the Office, challenge the quality of the policy formulation process.

5.0 Internal Control, Risk Management and Quarterly Assurance Statements

5.1 At the end of each financial year the Office's Annual Report and Accounts is laid before the Assembly in accordance with the s61(5)(a) and Schedule 3 paragraph 12(2) of the Police (Northern Ireland) Act 1998 as amended by the Northern Ireland Act 1998 (Devolution of

Policing and Justice Functions) Order 2010. On approval, the Annual Report and Accounts is published and made available on the Office website.

- 5.2 As part of the Annual Report and Accounts the Accounting Officer is required to sign a Statement on Internal Control. A robust governance framework including a risk management process involving a systematic approach, evaluation and control of risk is required to support the Accounting Officer in the delivery of his/her duties.
- 5.3 To assist in the risk management process, the Office has developed a Risk Management Framework which:
- Identifies the Office's high level risks; and
 - Analyses the risks that attach to each of the targets and outputs in the Annual Business Plan.

It also identifies the Corporate Risk Owner for each of these risks and reinforces the link between risk management and the business planning process. The Corporate Risk register is endorsed by the Accounting Officer and Executive Board and is subject to quarterly revision, including lessons learned from the previous reporting period.

- 5.4 The following key principles underpin the Office's approach to risk management:
- (i) Leadership of the organization is provided by the Police Ombudsman operating as Corporation Sole;
 - (ii) The Chief Executive will be the Accounting Officer and chair the SMT which has overall responsibility for risk management within the Office;
 - (iii) Key risks are identified against the Office's business objectives as an integral part of the business planning process;
 - (iv) Each risk is assigned an owner at Director level who is responsible for ensuring that controls are in place at all levels to manage the risk;
 - (v) All new business activities are assessed for key risks and controls put in place; and
 - (vi) Progress on the management of risks is reported to the Police Ombudsman and to the Audit Committee.
- 5.5 Another key element of the system of internal control is the 'Assurance/ Stewardship Statement' process. This process requires the Directors to provide bi-annual assurance statements as a basis for the authorisation, by the Accounting Officer, of the annual "Statement on Internal Control".

5.6 There are also a number of other processes which contribute to corporate governance:

- (i) The corporate and business planning process and associated monitoring and reporting process;
- (ii) The Performance Management System;
- (iii) Personnel policies designed to ensure the Office complies with employment law and has the appropriate numbers of staff with suitable skills to meet its objectives;
- (iv) Budget setting and In-Year Monitoring processes; and
- (v) The Office Fraud Policy which details responsibilities regarding the prevention of fraud and a Fraud response Plan, which specifies the procedures to be followed in the event of fraud being detected or suspected.

6.0 Review Arrangements

6.1 This framework for corporate governance will be reviewed in line with any guidance from the Department of Finance and Personnel or changes within the structure of the Office.

THE SEVEN PRINCIPLES OF PUBLIC LIFE (THE NOLAN PRINCIPLES)

Selflessness

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

**SENIOR MANAGEMENT TEAM
TERMS OF REFERENCE AND OBJECTIVES**

Purpose

1. The Senior Management Team (SMT), including the Chief Executive supports the Police Ombudsman by contributing to the corporate management of the Office within the strategic policy and resources framework set by him.
2. The SMT exercises this function in a manner consistent with the responsibilities placed on the Chief Executive by the Accounting Officer Memorandum and by the departmental Minister, as set out in the HM Treasury publication "Corporate governance in central government departments: Code of good practice".

Objectives

3. The objective of the SMT are to provide collective leadership and to:
 - (i) Take forward the Office's agreed strategic aims and objectives;
 - (ii) Advise on the strategic allocation of its financial and human resources to achieve those aims;
 - (iii) Strategically manage the Office's resources and monitor and take action to ensure the achievement of objectives;
 - (iv) Set the Office standards and values;
 - (v) Maintain a transparent system of prudent and effective controls (including internal controls);
 - (vi) Assess and manage risk;
 - (vii) Lead and oversee organisational development, encouraging innovation and, where appropriate enterprise, to enhance the Office's capacity to discharge its functions efficiently and effectively; and
 - (viii) Provide bi-annual assurance statements in support of the Accounting Officer's requirement to prepare an overall assurance statement to the Accounting Officer of the Department and to inform the preparation of the Annual Governance Statement as part of the Annual Report and Accounts.

Membership

4. The SMT is chaired by the Chief Executive and comprises the Directors of Investigation (Current), Investigation (Historic), Corporate Services, Legal

Services, Information and Research and Performance. The Police Ombudsman may also be in attendance.

5. Other staff or individuals may, by invitation, attend the SMT on occasion, as deputies, observers or to present a paper.

Members' Responsibilities

6. Members should attend SMT meetings regularly and attend other meetings and events when required and contribute to discussions. Decisions should be taken both corporately and objectively, acting in the public interest in keeping with the Nolan principles of public life.
7. Members should record in the register of interests any issue on which they might have a conflict of interest. The SMT as a whole should consider how matters on which a member may have a conflict of interest will be handled.
8. Where members have concerns about the running of the Office or a proposed action which cannot be resolved, they should ensure that these are recorded in the minutes.

Operation

9. The SMT will meet monthly to deal with corporate management issues. This will include reports on:
 - a) Progress in relation to performance outputs and outcomes as outlined in the Annual Business Plan;
 - b) Financial performance against budgets and management accounting information;
 - c) Human resource issues, including managing attendance; and
 - d) The identification and management of risk.

Meetings

10. A minimum of four members of the SMT must be present before the meeting will be considered to be quorate. In addition, papers due to be considered at SMT may be deferred to a subsequent meeting if in the view of the chair there is not a sufficiently broad representation for a specific item under consideration.
11. In the absence of the Chief Executive, another member of the Senior Management Team will chair the meeting.

12. Agenda and papers will be circulated one week in advance of SMT meetings
13. Draft minutes will be circulated to members following the meeting for approval at the following meeting. Minutes of the SMT will be placed on the intranet following their approval.

**AUDIT COMMITTEE
For
Office of the Police Ombudsman for Northern Ireland**

Terms of Reference

October 2012

This Terms of Reference (TOR) updates the original drawn up and approved in June 2003. It follows closely the guidance in HM Treasury Audit Committee Handbook of March 2007, and especially the Model Terms of Reference for an Audit Committee at Pages 25 to 27 of that Handbook.

1. Preamble

The Office of the Police Ombudsman for Northern Ireland “the Office” was established under the Police (Northern Ireland) Act 1998. It is an executive Non-departmental Public Body whose sponsor body is the Department of Justice and is accountable to the Northern Ireland Assembly through the Justice Minister. The Office of the Police Ombudsman operates under a management framework governed by the Police (Northern Ireland) Act 1998 and the Police (Northern Ireland) Act 2000. The Office of the Police Ombudsman became a legal entity on 6 November 2000 by virtue of Statutory Rule 2000 No. 399, Police (Northern Ireland) Act 1998 (Commencement) Order (Northern Ireland) 2000. The Office of the Police Ombudsman for Northern Ireland does not have a Board but is headed by the Police Ombudsman who is appointed by Royal Assent. The Accounting Officer is the Chief Executive for the Office of the Police Ombudsman for Northern Ireland.

2. Constitution

The Audit Committee was established in 2003, to support the Police Ombudsman and Chief Executive in discharging their responsibilities in relation to issues of risk, control and governance, by reviewing the comprehensiveness, reliability and integrity of the risk, control and governance assurances available to the organisation. As the Police Ombudsman is appointed under statute as a Corporation Sole and the Office does not have a Board by consequence the role of the Audit Committee has greater significance than for other Audit Committees which operate in conjunction with a Board.

3. Membership

The Membership of the Audit Committee is as follows:-

Independent Non-Executive Members: -

- Two Independent External Members – (the present members hold appointments from May 2010 for three years). These members shall between them chair all Audit Committee Meetings.

4. Attendees

The following people will normally be expected to attend each meeting of the Audit Committee.

Internal

- Police Ombudsman for Northern Ireland
- Chief Executive (Accounting Officer)
- Director for Corporate Services

External

- Representative from Internal Auditor – ASM
- Representative from External Auditor – Northern Ireland Audit Office
- Representative from Department of Justice

Other members of staff, on certain occasions may be invited to attend the Audit Committee to contribute to certain agenda items, such as risk, or as observers.

[The names of current members and attendees of the Audit Committee are shown at Appendix 1]

The Director of Corporate Services shall arrange for the provision of secretarial services for the Audit Committee.

5. Reporting

- a) The Audit Committee will provide Minutes to the Police Ombudsman and Accounting Officer after each meeting.
- b) The Audit Committee will provide the Police Ombudsman and Accounting Officer with an Annual Report, timed to support finalisation of the accounts and the Statement of Internal Control, summarising its conclusions.

6. Responsibilities

The Audit Committee will advise the Police Ombudsman and Accounting Officer on: -

- I. The strategic processes for risk, control and governance and the Statement on Internal Control;
- II. The accounting policies, the accounts and the annual report of the organisation, including the process of review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- III. The planned activity and results of both internal and external audit;

- IV. Adequacy of management response to issues identified by audit activity, including external audit's management letter;
- V. Assurances relating to the corporate governance requirements of the organisation;
- VI. Proposals for tendering for Internal Audit services or for purchase of non-audit services from contractors who provide audit services;
- VII. Anti-fraud policies, whistle-blowing processes, and arrangements for special investigations, including Value for Money;
- VIII. Periodically review the operation of the organisation's code of practice for senior managers and code of conduct for staff;
- IX. Consider any other matters where requested to do so by the Police Ombudsman;
- X. The Audit Committee will also, at a minimum bi-annually, review its own effectiveness and report the results of that review to the Police Ombudsman and to the Accounting Officer, following good practice guidelines for self assessment of Audit Committees, as set out by the National Audit Office.

7. Non Executive Members

The Audit Committee has two independent non executive members whose role is to provide:

- (i) Constructive challenge across the Office's business;
- (ii) A fresh, objective perspective and new ideas;
- (iii) Improved rigour to management processes;
- (iv) Specific expertise and experience;
- (v) A safe sounding board for new approaches; and
- (vi) A balance to the mix of skills and personalities on the Committee.

Independent Members should ensure all aspects of strategy and delivery of policy are scrutinised for effectiveness and efficiency. In particular, they should:

- (i) Be involved in the monitoring of performance and progress of the Office, including the use of human and financial resources;

- (ii) Maintain a critical overview of the Office's financial controls and procedures for assessing and managing risk, drawing on their wider experience; and
- (iii) Depending on the current and future responsibilities of the Office, challenge the quality of the policy formulation process.

8. Rights

The Audit Committee may: -

- a) Co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience;
- b) Procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Police Ombudsman and the Accounting Officer.

9. Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair(s) of the Audit Committee.

10. Meetings

- a) The Audit Committee will meet at least four times a year. The Chair(s) of the Audit Committee may convene additional meetings, as they deem necessary;
- b) One independent non executive member of the Audit Committee will be present for the meeting to be deemed quorate. The non executive members of the Audit Committee will co-chair the meetings.
- c) Audit Committee meetings will normally be attended by the Police Ombudsman, the Accounting Officer/Chief Executive, the Director of Corporate Services, the Head of Internal Audit, and a representative of External Audit;
- d) The Audit Committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- e) The Audit Committee may ask any or all of those who normally attend but who are not members to withdraw to facilitate open and frank discussion of particular matters.
- f) At least one Audit Committee meeting per year will be held with the internal and external auditors in closed session.
- g) The Police Ombudsman or the Accounting Officer may ask the Audit Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

11. Information Requirements

The Audit Committee will be provided with the following as appropriate throughout the year: -

- A report summarising any significant changes to the organisation's Risk Register or proposed changes to the Corporate Governance arrangements;
- A progress report from the Head of Internal Audit summarising work performed (and a comparison with work planned);
- Key issues emerging from Internal Audit work;
- Management response to audit recommendations;
- Changes to the Periodic Audit Plan;
- Any resourcing issues affecting the delivery of Internal Audit objectives;
- A progress report from the External Audit representative summarising work done and emerging findings;
- Proposals for the Terms of Reference of Internal Audit;
- The Internal Audit Strategy;
- The Head of Internal Audit's Annual Opinion and Report;
- Quality Assurance Reports on the Internal Audit function;
- The draft accounts of the organisation;
- The draft Statement on Internal Control;
- A report on any changes to accounting policies;
- External Audit's Management Letter;
- A report on any proposals to tender for audit functions;
- A report on co-operation between Internal and External Audit.