

**Police and Crime Commissioners  
and  
Chief Constables  
for West Mercia and Warwickshire**

**JOINT CORPORATE GOVERNANCE  
FRAMEWORK**

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# 1. Statement of Corporate Governance for the Police and Crime Commissioner and Chief Constable

## 1.1 Introduction

1.1.1 The purpose of this statement is to give clarity to the way the two organisations, Police and Crime Commissioner and Chief Constable, will be governed both jointly and separately, to do business in the right way, for the right reason at the right time.

1.1.2 The Police and Crime Commissioners and Chief Constables of West Mercia and Warwickshire have entered into a collaboration agreement which has the following strategic alliance objectives

- a To provide a more efficient and effective policing service in the geographical areas for which the Parties are responsible for policing; that is for the communities of Herefordshire, Shropshire, Telford and Wrekin, Warwickshire and Worcestershire
- b Enhanced capability and capacity
- c Greater resilience and flexibility in the use of skilled specialist staff
- d Reduction in duplication of roles and resources
- e Greater opportunity to maximise financial savings

These objectives are recognised and observed within this Framework.

## 1.2 Context

1.2.1 The principle statutory framework within which the organisations will operate is:

- Police Reform and Social Responsibility Act 2011 (PRORA11, the Act)
- Policing Protocol Order 2011 (the Protocol)
- Financial Management Code of Practice
- Strategic Policing Requirement

1.2.2 This framework creates a public sector relationship, based upon a commissioner - provider arrangement but with unique elements such as the single elected commissioner and the operational independence of the police service. It is therefore not appropriate to import corporate governance arrangements into this environment but to build upon existing good governance principles and experience.

## 1.3 Principles

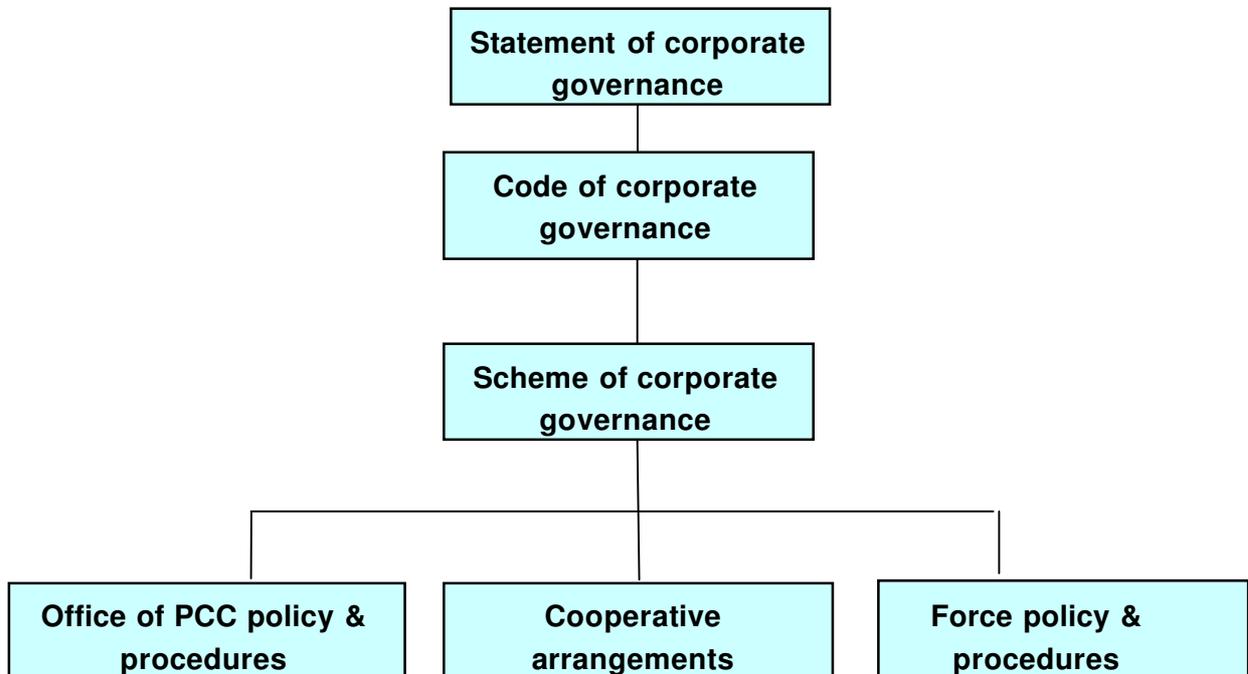
1.3.1 The core principles adopted by both organisations are those highlighted by the good governance standard for public services:

- Focus on outcomes for local people,
- Clarity of roles, functions and responsibilities
- Promotion of values and demonstrating these through behaviour,
- Informed, transparent decisions & managing risk,
- Developing capacity and capability
- Engaging with local people to ensure robust accountability.

### 1.4 Instruments of governance

1.4.1 The corporate governance framework by which both organisations will be governed, both jointly and separately will consist of:

- Statement of corporate governance – statutory framework and local policy,
- Code of corporate governance – sets out how the core principles will be implemented,
- Scheme of corporate governance – defines the parameters within which the organisations will conduct their business,
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.
- Cooperative arrangements are those arrangements by which the Police and Crime Commissioner and the Chief Constable support the exercise of each others’ functions.



### 1.5 Leadership

1.5.1 The Police and Crime Commissioner and Chief Constable will review the framework on an annual basis and ensure compliance.

### 1.6 Record of Decisions

1.6.1 Any decision of the Police and Crime Commissioner or of the Deputy Police and Crime Commissioner shall be set out in a Decision Record and shall be published on the Police and Crime Commissioner’s website in accordance with the decision making protocol.

1.6.2 The Police and Crime Commissioner shall also publish a Scheme of Delegation which sets out any delegations of the Police and Crime Commissioner’s powers. The scheme may permit the sub-delegation of powers but any such sub-delegation shall be notified to the Police and Crime Commissioner. The Police and Crime Commissioner may prohibit, vary or make any sub-delegation subject to conditions and limitations.

## 2. Code of Corporate Governance

### for the Police and Crime Commissioner and Chief Constable

#### 2.1 Introduction

2.1.1 This code of corporate governance sets out how the Police and Crime Commissioner and the Chief Constable conduct their organisations both jointly and separately in accordance with policy contained within the statement of corporate governance. It will do this by highlighting the key enablers for ensuring good governance.

#### 2.2 Context

2.2.1 This code sets out how the organisations are conducted, using the International Framework for good governance in the Public Sector<sup>1</sup> as the structure for setting out the statutory framework and local arrangements.

#### 2.3 Code of corporate governance

##### 2.3.1 *Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.*

The Act<sup>2</sup> sets out ***the functions of the Police and Crime Commissioner and Chief Constable*** and the protocol<sup>3</sup> sets out how these functions will be undertaken to achieve the outcomes of the police and crime plan.

The Act requires the Police and Crime Commissioner to have ***a Chief Executive and Chief Finance Officer<sup>4</sup> (the Treasurer)***. The Chief Executive will be the head of paid service and undertake the responsibilities of monitoring officer<sup>5</sup>.

The Act requires the Chief Constable to appoint ***a Chief Finance Officer<sup>6</sup> (the Director of Finance)***.

The ***financial management code of practice*** and ***statements of roles<sup>7</sup>*** set out the responsibilities of Chief Finance Officers for both the Police and Crime Commissioner and the Chief Constable, and of the Chief Executive.

The ***scheme of corporate governance*** highlights the parameters for key roles in the organisations including delegations or consents from the Police and Crime Commissioner and Chief Constable, financial regulations and contracts.

Officers, police staff and staff of the Office of Police and Crime Commissioner will operate within:

- Office of the Police and Crime Commissioner and Police Force policy and procedures,

<sup>1</sup> International Framework: Good Governance in the Public Sector, IFAC and CIPFA 2014

<sup>2</sup> PRSRA11, s5 – 8,

<sup>3</sup> Policing Protocol Order 2011

<sup>4</sup> PRSRA11 sch 1 p6

<sup>5</sup> Local Government and Housing Act 1989 s5,

<sup>6</sup> PRSRA11 sch 2 p4.

<sup>7</sup> Financial Management Code of Practice for the Police, s4, CIPFA Statement on the Role of Chief Finance Officers, APACE Statement on the Role of the Chief Executive

- corporate governance framework,
- conduct regulations and codes of conduct.

The Policing Protocol 2011 requires all parties to abide by the seven ***principles of public life***<sup>8</sup> and these will be central to the conduct and behaviour of all. Those principles are:

**Selflessness** Holders of public office should act solely in terms of the public interest.

**Integrity** Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

**Objectivity** Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

**Accountability** Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

**Openness** Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

**Honesty** Holders of public office should be truthful.

**Leadership** Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The Code of Ethics combines these values with others espoused in policing, and sets and provides a framework for upholding high standards of conduct and behaviour. It adds two further principles:

**Fairness** Holders of public office should treat people fairly.

**Respect** Holders of public office should treat everyone with respect.

The Protocol also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

The Financial Management Code of Practice requires the Police and Crime Commissioner and Chief Constable to ensure that the good governance principles are embedded in the way the organisations operate.

### **2.3.2 Ensuring openness and comprehensive stakeholder engagement**

The ***communication and community engagement strategies*** set out how the Police and Crime Commissioner and Chief Constable will ensure that local people are involved in decision making.

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<sup>8</sup> Standards in Public Life, 2005 as amended by the 14th report of the Committee on Standards in Public Life

The **publication scheme** establishes the means by which information relating to decisions will be made available to local people, with those of greater public interest receiving the highest level of prominence, except where operational and legal constraints exist.

### **2.3.3 Defining Outcomes in terms of sustainable economic, social and environmental benefits**

The Police and Crime Commissioner has issued a **Police and Crime Plan**. It outlines the police and crime objectives (outcomes) and the strategic direction for the policing of the Force area.

Within that the Police Force has defined their vision as **Protecting people from harm**.

**Collaboration agreements** set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies, whether to reduce cost, increase efficiency or increase capability to protect local people.

A **Medium Term Financial Plan (MTFP)** has been developed to support delivery of the Police and Crime Plan.

A **Commissioning framework** has been developed by the Police and Crime Commissioner.

### **2.3.4 Determining the interventions necessary to optimise the achievement of the intended outcomes**

The national decision model<sup>9</sup> is applied to spontaneous incidents or planned operations, by officers and staff within the Force as individuals or teams, and to both operational and non-operational situations.

The Police and Crime Commissioner's **Police and Crime Plan** outlines the police and crime objectives (outcomes) and the strategic direction for the policing and supporting services of the Force area.

The **Commissioning Framework** ensures the right interventions are used to achieve the intended outcomes set out in the Police and Crime Plan.

### **2.3.5 Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The organisations' **training strategies** set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

This principle is also included within the **Police and Crime Plan**.

### **2.3.6 Managing risks and performance through robust internal control and strong public financial management**

A joint independent **audit committee** will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of

<sup>9</sup> National Decision Model (NDM) for the Police Service. ACPO July 2011

the Financial Management Code of Practice<sup>10</sup>.

The **scheme of governance** highlights the parameters for decision making, including the delegations, consents, financial limits for specific matters and for contracts.

The **risk management strategy** establishes how risk is managed throughout the various elements of corporate governance of the organisations, whether operating solely or jointly.

### **2.3.7 Implementing good practices in transparency, reporting, and audit, to deliver effective accountability**

The protocol<sup>11</sup> highlights that the Police and Crime Commissioner is **accountable to local people** and draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable.

The **Police and Crime Plan** sets out what the strategic direction and priorities are and how they will be delivered.

To complement this the **communication and community engagement strategies** set out how local people will be involved with the Police and Crime Commissioner and the Chief Constable to ensure they are part of decision making, accountability and future direction.

The Police and Crime Commissioner and Chief Constable will develop arrangements for effective engagement with key **stakeholders**, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction.

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<sup>10</sup> Financial Management Code of Practice for the Police, s11.1.3

<sup>11</sup> Policing Protocol Order 2011, art14

## **3. Scheme of Corporate Governance for the Police and Crime Commissioner and Chief Constable**

### **3.1 Introduction**

This Statement of Corporate Governance details the key roles of the Police and Crime Commissioner, Chief Executive, the Treasurer, Chief Constable and the Director of Finance and of those who support them.

The Code of Corporate Governance describes the strategies, arrangements, instruments and controls adopted to ensure good governance in the two organisations.

This Scheme of Corporate Governance provides a framework which ensures the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall corporate governance framework of the two organisations. It should be read in the context of the Statement and Code.

This Scheme of Corporate Governance sets out the delegations by the Police and Crime Commissioner to the Chief Executive, other members of their staff and Police staff. It sets out the delegations by the Chief Constable to their officers and staff. It includes other instruments such as the financial regulations.

This Scheme of Corporate Governance aims to clarify those powers which, for the benefit of good business practice, are given to the statutory officers. The Police and Crime Commissioner **may limit these powers and/or withdraw delegation**, as may the Chief Constable in relation to their delegations.

The Police and Crime Commissioner may impose reporting arrangements on any authorised powers.

Powers are given to the Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the Police and Crime Commissioner, the Chief Constable and, in the case of police regulations, the Secretary of State for the Home Office.

The powers given to officers and staff should be exercised in line with these delegations, the law, financial regulations, and also policies, procedures, plans, strategies and budgets.

Whilst the Chief Constable has the statutory power to enter into contracts for goods and services with the consent of the Police and Crime Commissioner, in order to simplify systems of internal control, contracts will continue to be issued in the name of the Police and Crime Commissioner. Consequently no consent framework is required. This does not preclude the Police and Crime Commissioner from providing consent to the Chief Constable to enter into contracts for goods and services on a case by case basis, with such consent to be evidenced in writing.

This Scheme of Corporate Governance does not identify all the statutory duties which are contained in specific laws and regulations.

### **3.2 Key Role of the Police and Crime Commissioner**

- 3.2.1 The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, and with responsibility for the financial administration of their office and the Police Fund, including all borrowing.

- 3.2.2 The Police and Crime Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. By law all funding for the Police Force must come via the Police and Crime Commissioner. How this money is allocated is for the Police and Crime Commissioner to decide in consultation with the Chief Constable, or in accordance with any grant terms.
- 3.2.3 The Police and Crime Panel is a check and balance on the Police and Crime Commissioner through reviewing or scrutinising their decisions, but not those of the Chief Constable.
- 3.2.4 The Police and Crime Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable and staff of the Office of the Police and Crime Commissioner and monitoring complaints against officers and staff of the Police Force. Both organisations are responsible for complying with the legitimate requirements of the Independent Police Complaints Commission.

### 3.3 General principles of delegation

- 3.3.1 **The Police and Crime Commissioner and Chief Constable expect anyone proposing to exercise a delegation or an authorisation under this scheme to draw to the attention of the Police and Crime Commissioner any issue which is likely to be regarded by the Police and Crime Commissioner as novel, contentious, repercussive or likely to be politically sensitive before exercising such powers.** In assessing whether any issue is likely to fall within those descriptions, the public facing impact of such issues should be taken into account.
- 3.3.2 In addition, the Police and Crime Commissioner is ultimately accountable for the Police Fund. Before any financial or legal liability affecting the Police Fund that the Police and Crime Commissioner might reasonably regard as novel, contentious, repercussive or politically sensitive is incurred, prior written approval must be obtained from the Police and Crime Commissioner.
- 3.3.3 The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it<sup>12</sup>. In exercising their functions the Chief Constable must have regard to the Police and Crime Plan issued by the Police and Crime Commissioner<sup>13</sup>.
- 3.3.4 To enable the Police and Crime Commissioner to exercise the functions of their office effectively they will need access to information, and officers and staff within their force area. This access must not be unreasonably withheld or obstructed by the Chief Constable, or restrict the Chief Constable's direction and control of the force<sup>14</sup>.
- 3.3.5 The Police and Crime Commissioner has wider responsibilities than those solely relating to the police force and these are referred to in the Code of Corporate Governance.
- 3.3.6 Delegations are set out in this scheme. The Police and Crime Commissioner and Chief Constable may require at any time that a specific matter is referred to them for a decision and not dealt with under powers of delegation.

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<sup>12</sup> Policing Protocol Order 2011, art18

<sup>13</sup> PRSRA11 s8(2)

<sup>14</sup> PRSRA11 ss2(5) and 36

3.3.7 Delegations may only be exercised subject to:-

- a) compliance with the corporate governance framework.
- b) provision for any relevant expenditure being included in the approved budget.

3.3.8 These arrangements delegate powers and duties within broad functional descriptions and include powers and duties under all legislation present and future within those descriptions and all powers and duties incidental to that legislation. The scheme does not attempt to list all matters which form part of everyday management responsibilities.

3.3.9 Giving delegation under this scheme does not prevent an officer or member of staff from referring the matter to the Police and Crime Commissioner or Chief Constable for a decision or guidance if the officer or member of staff thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication – see paragraph 3.3.1).

3.3.10 When a statutory officer is considering a matter that also falls within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.

3.3.11 All decisions statutory officers make under powers given to them by the Police and Crime Commissioner or Chief Constable must be recorded and be available for inspection.

3.3.12 In this document, references made to the statutory officers include officers authorised by them to act on their behalf.

3.3.13 The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Governance.

3.3.14 The persons appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officers (section 127 officers) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.

3.3.15 The Scheme of Delegation provides a member of staff with the legal power to carry out functions of the Police and Crime Commissioner and Chief Constable. In carrying out these functions the member of staff must comply with all other statutory and regulatory requirements and relevant professional guidance including:

- Police Reform and Social Responsibility Act 2011 and other relevant legislation issued under the Act.
- Policing Protocol Order 2011
- Financial Regulations
- Financial Management Code of Practice
- CIPFA Statement on the role of the Chief Finance Officer in public service organisations
- APACE Statement on the role of the Chief Executive
- Contract Regulations
- The Police and Crime Commissioner's Corporate Governance framework
- The Police and Crime Commissioner's and Police Force employment

policies and procedures.

- The Data Protection Act 1998 and the Freedom of Information Act 2000
- Health and safety at work legislation and codes.

This list is not exhaustive.

3.3.16 When carrying out any functions, the Police and Crime Commissioner, Chief Constable and staff must have regard to the following:

- The views of the people in their policing area
- Any report or recommendation made by the Police and Crime Panel on the annual report for the previous financial year.
- The Police and Crime Plan and any guidance issued by the Secretary of State.
- Where they are relevant, the views of the other Commissioners or Chief Constables in the West Mercia - Warwickshire Alliance

This list is not exhaustive.

3.3.17 The corporate governance framework, including this Scheme of Governance, will be reviewed periodically. The scheme allows any person with appropriate authority to delegate that power further (subject to any statutory limitations) but before doing so they must inform the Police and Crime Commissioner and comply with any limitation conditions or prohibition issued by the Police and Crime Commissioner and notification of any sub-delegation shall be given to the Chief Executive.

3.3.18 These arrangements do not delegate any matter which by law cannot be delegated to a member of staff nor do they affect the constitutional relationship between the Police and Crime Commissioner and the Chief Constable

## **Delegations by the Police and Crime Commissioner**

### **3.4. Functions delegated to the Chief Executive, Office of the Police and Crime Commissioner**

3.4.1. The Code of Corporate Governance identifies the role of the Chief Executive as the head of the Police and Crime Commissioner's staff, and the Monitoring Officer. The formal delegations, listed below, are those given to the Chief Executive, which are in effect at the time of the publication of the scheme.

3.4.2. As the monitoring officer of the Police and Crime Commissioner there is a statutory responsibility to manage their legal affairs as set out in section 5 Local Government and Housing Act 1989 (as amended).

3.4.3 In their absence the Police and Crime Commissioner delegates to the Chief Executive all of his functions, except those prohibited by law<sup>15</sup>, unless otherwise agreed.

3.4.4 In the event of a significant conflict of interest arising which would preclude the Police and Crime Commissioner from exercising a function, the Police and Crime Commissioner delegates to the Chief Executive the exercise of any functions, except those prohibited by law<sup>15</sup>.

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<sup>15</sup> s18(3)(d) and (7) PRSRA11

**General**

- 3.4.5. To prepare the Police and Crime Plan for submission to the Police and Crime Commissioner.
- 3.4.6. To provide information to the Police and Crime Panel, as reasonably required to enable the panel to carry out its functions.
- 3.4.7. To sign contracts on behalf of the Police and Crime Commissioner including contracts which are required to be executed under the common seal of the Police and Crime Commissioner.
- 3.4.8. To consider whether, in consultation with the Treasurer, to provide indemnity to the Police and Crime Commissioner and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- 3.4.9. To consider and approve, in consultation with the Treasurer, provision of indemnity and/or insurance to individual staff of the Police and Crime Commissioner.
- 3.4.10. To be the Senior Information Risk Owner.

**Financial**

- 3.4.11. The financial management responsibilities of the Chief Executive are set out in the financial regulations.
- 3.4.12. To manage the budget of the Police and Crime Commissioner's office, along with the Treasurer, particularly to:
- order goods and services and other items provided for in the revenue budget.
  - ask for and accept quotations and tenders for goods and services provided for in the revenue budget

**Staff employed by the Police and Crime Commissioner**

- 3.4.13. To appoint and dismiss staff employed by the Police and Crime Commissioner, in consultation with the Police and Crime Commissioner.
- 3.4.14. Paragraph 3.4.13 shall not apply to the appointment or dismissal of, or disciplinary action against the Chief Executive or Treasurer.
- 3.4.15. No disciplinary action in respect of the Chief Executive or Treasurer, except suspension of the officer for the purpose of investigating the alleged misconduct occasioning the action, may be taken by the Police and Crime Commissioner without having due regard to a recommendation in a report made by an independent person. Any such suspension must be on full pay and terminate no later than the expiry of two months beginning on the day on which the suspension takes effect.
- 3.4.16. "disciplinary action" means any action occasioned by alleged misconduct which, if proved, would, according to the usual practice of the Police and Crime Commissioner, be recorded on the member of staff's personal file, and includes any proposal for dismissal of a member of staff for any reason other than redundancy, permanent ill-health or infirmity of mind or body, but does not include

failure to renew a contract of employment for a fixed term unless the authority has undertaken to renew such a contract; and "designated independent person" must be such person as may be agreed between the Police and Crime Commissioner and the relevant officer

- 3.4.17. To make recommendations to the Police and Crime Commissioner with regard to staff terms and conditions of service, in consultation with the Treasurer.
- 3.4.18. To undertake the management of staff employed by the Police and Crime Commissioner in line with agreed policies and procedures.
- 3.4.19. To authorise, in line with staff conditions of service, the suspension of any member of staff employed by the Police and Crime Commissioner.
- 3.4.20. To bring national agreements on salaries, wages and conditions into effect, providing that any issues which are sensitive or have major financial implications will be referred to the Police and Crime Commissioner for a decision.
- 3.4.21. To approve payments under any bonus or performance-related payment schemes for staff approved by the Police and Crime Commissioner, honoraria payments made for taking on extra duties and responsibilities, or similar special payments.
- 3.4.22. To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. All agreements reached must be reported to the Police and Crime Commissioner.
- 3.4.23. To grant essential or casual car-user allowances.
- 3.4.24. To issue exemption certificates to staff whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.
- 3.4.25. To approve the retirement of staff on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from a medical practitioner. All ill-health retirements must be reported to the Police and Crime Commissioner before implementation.
- 3.4.26. Settlement of employment tribunal cases and grievances of staff employed by the Police and Crime Commissioner with the exception of those cases felt to be exceptional because:
  - they involve a high profile claimant
  - there is a particular public interest in the case
  - there is a real risk that the Police and Crime Commissioner or Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- 3.4.27. To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
- 3.4.28. To appoint Independent Custody Visitors and terminate appointments if necessary.

#### **Other**

- 3.4.29. To respond to consultations on proposals affecting the Police and Crime

Commissioner, if necessary, after first taking the views of the Police and Crime Commissioner, the Treasurer or the Chief Constable, as appropriate

- 3.4.30. To consider, with the Police and Crime Commissioner, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint
- 3.4.31. At the request of the Chief Constable, to exercise the power of the Police and Crime Commissioner under the Police (Property) Regulations 1997 to approve the keeping of unclaimed property if it can be used for police purposes

## **Legal**

- 3.4.32. To affix or authorise the affixing of the common seal of the Police and Crime Commissioner to:
- all contracts, agreements or transactions in respect of which there is no consideration
  - all deeds which grant or convey an interest in land
  - all documents where it is determined by the Police and Crime Commissioner there is a particular need for the seal to be attached.
- 3.4.33. To approve the financial settlement of all claims or requests for compensation against the Police and Crime Commissioner in accordance with financial regulations and against the Chief Constable in accordance with paragraph 8 of Schedule 2 Police Reform and Social Responsibility Act 2011 and s.88 of the Police Act 1996.
- 3.4.34. To approve all requests for financial assistance to officers and staff involved in legal proceedings or inquests except those felt to be significant because:-
- they involve a high profile claimant
  - there is a particular public interest in the case
  - there is a real risk that the Police and Crime Commissioner or Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
  - the proceedings are by their nature considered to be a test case before the court
- 3.4.35. To authorise, after consultation with the Chief Constable, the institution, defence, withdrawal or settlement of any claims or legal proceedings on the Police and Crime Commissioner's behalf, including the completion of necessary documentation in pursuance of court orders, directions and or procedural rules, in consultation with the legal adviser (and Treasurer if there are significant financial implications).
- 3.4.36. To arrange for the provision of all legal or other expert advice and/or representation required for and on behalf of the Police and Crime Commissioner.

## **3.5 Functions delegated to both Treasurer and Director of Finance**

- 3.5.1 The Code of Corporate Governance identifies the role of the Treasurer and

Director of Finance. The detailed financial management responsibilities of the Treasurer and Director of Finance are set out in the financial regulations.

- 3.5.2 The Treasurer, as the financial adviser to the Police and Crime Commissioner has a statutory responsibility to manage the Commissioner's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 3.5.3 To sign contracts on behalf of the Police and Crime Commissioner, irrespective of value, once they have been approved in accordance with this Corporate Governance Framework, except those which are required to be executed under the common seal of the Police and Crime Commissioner or in such cases the Chief Executive is authorised to sign and affix the seal.

### **3.6 Functions delegated to the Director of Finance**

- 3.6.1 To undertake the day to day management of procurement in accordance with the financial and contract regulations.
- 3.6.2. The Director of Finance will provide regular reports to the Police and Crime Commissioner in order to demonstrate compliance and good governance.

### **3.7 Functions delegated to the Director of Enabling Services**

- 3.7.1 To undertake the day to day management of physical assets subject to the provision of financial regulations.
- 3.7.2. The Director of Enabling Services will provide regular reports to the Police and Crime Commissioner in order to demonstrate compliance and good governance.

### **3.8 Urgent matters**

- 3.8.1 If any matter which would normally be referred to the Police and Crime Commissioner for a decision arises where it is impractical to obtain the decision of the Police and Crime Commissioner and the matter is urgent the matter may be decided by the appropriate chief officer.
- 3.8.2 Appropriate chief officers authorised to decide urgent matters are:
- the Chief Executive (all issues other than operational matters);
  - the Treasurer (financial and related issues)
- 3.8.3 Where possible the appropriate officer will consult the Deputy Police and Crime Commissioner before taking an urgent decision unless such consultation is impractical.
- 3.8.4 Urgent decisions taken must be reported to the Police and Crime Commissioner as soon as practicable and published.

## **Delegations by the Chief Constable**

### **3.9 Functions delegated to the Deputy Chief Constable**

- 3.9.1 The Deputy Chief Constable may exercise or perform any or all of the functions of the Chief Constable of the force during any period when the Chief Constable is unable to exercise functions, or otherwise with the consent of the Chief Constable<sup>16</sup>.
- 3.9.2 To appoint and dismiss staff employed by the Chief Constable.
- 3.9.3 To undertake the management of staff employed by the Chief Constable in line with agreed policies and procedures.
- 3.9.4 To approve the appointment or secondment of police officers for central services or overseas duty.
- 3.9.5 To be the appropriate authority for complaint and professional standards matters
- 3.9.6 To be the Senior Information Risk Owner

### **3.10 Functions delegated to the Director of Enabling Services**

- 3.10.1 To make recommendations to the Chief Constable with regard to staff terms and conditions of service, in consultation with the Director of Finance.
- 3.10.2 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the Chief Constable for a decision.
- 3.10.3 To negotiate with recognised trade unions and staff associations on any matters that can be decided locally, and to recommend agreements to the Chief Constable.
- 3.10.4 To recommend to the Chief Constable the retirement, in the interests of the efficiency of the service, of employees and to report on this issue each year, in consultation with the Director of Finance.
- 3.10.5 In consultation with the Chief Executive, to issue exemption certificates to staff whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.
- 3.10.6 To recommend to the Chief Constable the retirement of police staff on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from a medical practitioner and in consultation with the Director of Finance.
- 3.10.7 To approve payments under any bonus or performance-related payment schemes for staff approved by the Chief Constable, honoraria payments made for taking on extra duties and responsibilities, or similar special payments.
- 3.10.8 To grant essential or casual car-user allowances.

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<sup>16</sup> PRSRA11 s41

### **3.11 Functions delegated to the Director of Finance**

#### **Financial**

- 3.11.1 The Director of Finance, as the financial adviser to the Chief Constable has a statutory responsibility to manage the Chief Constable's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 3.11.2 The detailed financial management responsibilities of the Director of Finance and their staff are set out in the financial regulations.

#### **Procurement**

- 3.11.3 To undertake the day to day management of procurement in accordance with contract regulations.
- 3.11.4 To sign all contracts on behalf of the Chief Constable, irrespective of value, once they have been properly approved in accordance with financial regulations, except those which are required to be executed under the common seal of the Chief Constable. In such cases the Head of Legal Services is authorised to sign and affix the seal.

### **3.12 Functions Delegated to the Head of Legal Services**

- 3.12.1 To authorise the institution, defence and/or withdrawal of legal proceedings on the Chief Constable's behalf, including the completion of necessary documentation in pursuance of court orders, directions and or procedural rules, in consultation with the Director of Finance if there are significant financial implications.
- 3.12.2 In relation to any claim or legal proceedings regarding police officers and police staff and their terms of employment, the Director of Enabling Services must be consulted.
- 3.12.3 To settle any claims pursuant to the Police and Crime Commissioners Scheme of Governance paragraph 3.4.32 and 3.4.33 and the delegations detailed therein and provide a quarterly report to the PCC and Chief Constable in order to demonstrate compliance and good governance.
- 3.12.4 To arrange for the provision of all legal or other expert advice and/or representation required for and on behalf of the Chief Constable.

#### **Legal**

- 3.12.5 Where Legal Services are provided to a Police and Crime Commissioner in accordance with Section 2(5) PRSRA11 the matter or transaction will require specific authorisation by the Police and Crime Commissioner. The settlements of claims shall be subject to Paragraph 8 Schedule 2 PRSRA11.\*

#### **Property**

- 3.12.6 Where Property Services are provided to a Police and Crime Commissioner in accordance with Section 2(5) PRSRA11 the matter or transaction will require specific or general authorisation by the Police and Crime Commissioner.

# **POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE**

## **FINANCIAL AND CONTRACT REGULATIONS**

**UPDATED December 2016**

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## 4.1 OVERVIEW

4.1.1 Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds. In addition, the Home Office has issued a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners and Chief Constables.

4.1.2 The Police and Crime Commissioner and Chief Constables of West Mercia and Warwickshire have entered into a collaboration agreement which has the following strategic alliance objectives

- a To provide a more efficient and effective policing service in the geographical areas for which the Parties are responsible for policing; that is for the communities of Herefordshire, Shropshire, Telford and Wrekin, Warwickshire and Worcestershire
- b Enhanced capability and capacity
- c Greater resilience and flexibility in the use of skilled specialist staff
- d Reduction in duplication of roles and resources
- e Greater opportunity to maximise financial savings

These objectives are recognised and observed within this Framework.

4.1.3 Each Police and Crime Commissioner and their respective Chief Constable is established in law as a corporation sole within the 2011 Act. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the Police and Crime Commissioner are accountable to the directly elected holder of that office.

4.1.4 The Police and Crime Commissioner and the Chief Constable are both required to appoint Chief Finance Officers.

4.1.5 To conduct their business effectively, the Police and Crime Commissioner and Chief Constable need to ensure that they have sound financial management policies in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up in such a way as to ensure that the financial matters of the Police and Crime Commissioner and the Chief Constable are conducted properly and in compliance with all necessary requirements.

4.1.6 The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Police and Crime Commissioner, the Chief Constable and their officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf, however under the terms of the Police reform and Social responsibility Act the Police and Crime Commissioner cannot delegate to a Constable and these regulations reflect this key issue.

4.1.7 Every member of staff and police officer is expected to read and understand the Financial and Contract Regulations and any related documents. They are expected to seek clarification on any areas they do not understand with either their line manager or other relevant person.

4.1.8 A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

## 4.2 STATUS

4.2.1 These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the Policing Protocol, codes of conduct and the rest of the Corporate Governance framework.

4.2.2 The Police and Crime Commissioner, Chief Constable and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

4.2.3 Financial Regulations explain the working financial relationship between the Police and Crime Commissioner and the Chief Constable and their respective chief financial officers, having regard also to the role played by the Commissioner's Chief Executive.

4.2.4 The Police and Crime Commissioner is responsible for approving or amending Financial Regulations after consultation with the Chief Constable. The Treasurer and Director of Finance are jointly responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Police and Crime Commissioner and Chief Constable, after consulting with the Chief Executive.

4.2.5 More detailed financial instructions to supplement these Regulations, shall be issued by the Director of Finance after consultation with the Treasurer and Chief Executive.

4.2.6 Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.

4.2.7 Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Treasurer and/or Director of Finance who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the Police and Crime Commissioner and/or Chief Constable.

4.2.8 The Police and Crime Commissioner, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

4.2.9 These regulations will be reviewed on an annual basis to ensure they are up to date.

### **4.3 CONTENT**

4.3.1 The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section 11.

- Section 5 - Financial management
- Section 6 - Financial planning
- Section 7 - Management of risk and resources
- Section 8 - Systems and procedures
- Section 9 - External arrangements
- Section 10 - Contract regulations
- Section 11 - Summary of delegated limits

### **4.4 DEFINITIONS WITHIN THE REGULATIONS**

4.4.1 The Commissioner's chief finance officer is the Treasurer.

4.4.2 The Chief Constable's chief finance officer is the Director of Finance

4.4.3 The Chief Executive also fulfils the monitoring officer role.

4.4.4 The OPCC shall refer to the Police and Crime Commissioner, Deputy Police and Crime Commissioner and all members of staff reporting directly to the Police and Crime Commissioner.

4.4.5 The 'Force' shall refer to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his /her direction and control.

4.4.6 Chief Officers when referred to as a generic term shall mean the Chief Executive, Treasurer, Chief Constable, Director of Finance and all other members of the Chief Constables Executive Team.

- 4.4.7 'Employees' when referred to as a generic term shall refer to police officers, police staff and other contractors or agents.
- 4.4.8 The expression 'authorised officer' refers to employees authorised through the scheme of delegation.
- 4.4.9 The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Police and Crime Commissioner, the Force or their affiliated bodies.
- 4.4.10 The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
- 4.4.11 The expression 'he' shall refer to both male and female.
- 4.4.12 Within these Regulations, references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with the staff, in particular the Director of Finance, under the direction and control of that post. However, where resources are under the control of the Chief Executive or Treasurer, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Treasurer.
- 4.4.13 The terms Chief Constable, Director of Finance, Chief Executive and Treasurer include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

## 5.1 FINANCIAL MANAGEMENT

### The Police and Crime Commissioner

- 5.1.1 The Police and Crime Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The Police and Crime Commissioner is the recipient of all funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Police and Crime Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Police and Crime Commissioner will provide professional advice and recommendations.
- 5.1.2 The Police and Crime Commissioner shall appoint a Chief Financial Officer (the Treasurer) to be responsible for the proper administration of the Police and Crime Commissioner's financial affairs. He shall also appoint a Chief Executive who will act as the Police and Crime Commissioner's monitoring officer.
- 5.1.3 The Police and Crime Commissioner is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
- Police and Crime Plan
  - Medium Term Financial Plan
  - Annual revenue budget
  - Capital programme
  - Treasury management strategy, including the annual investment strategy
  - Asset management strategies
  - Risk management strategy
  - Governance policies
- 5.1.4 The Police and Crime Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 5.1.5 The Police and Crime Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 5.1.6 The Police and Crime Commissioner shall provide the Treasurer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
- 5.1.7 The Police and Crime Commissioner may appoint a Deputy Police and Crime Commissioner for that area and arrange for the Deputy Police and Crime Commissioner to exercise any function of the Police and Crime Commissioner other than those excluded from delegation by statute.

## The Chief Constable

- 5.1.8 The Chief Constable is responsible to the public and accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force.
- 5.1.9 To help ensure the effective delivery of policing services the Chief Constable has day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the Police and Crime Commissioner.
- 5.1.10 The Chief Constable must ensure that the financial management of the Force's allocated budget remains consistent with the objectives and conditions set by the Police and Crime Commissioner and will be held to account for the effective financial management of the force. The Chief Constable will discharge this through the Director of Finance who will lead for the force on financial management.
- 5.1.11 When the Chief Constable intends to make changes of policy with financial implications or seeks to move significant sums of their budget then the approval of the Police and Crime Commissioner should be sought.
- 5.1.12 The Chief Constable shall hold the Director of Finance to account in ensuring that all financial processes are appropriately documented and communicated.

## The Joint Independent Audit Committee

- 5.1.13 The Home Office Financial Management Code of Practice states that the Police and Crime Commissioner and Chief Constable should establish a joint independent audit committee. This should be a combined body which will consider the internal and external audit reports of both the Police and Crime Commissioner and the Chief Constable. This committee will advise the Police and Crime Commissioner and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing the Joint Audit Committee the Police and Crime Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.
- 5.1.14 The joint Audit Committee shall comprise between three and six members who are independent of the Police and Crime Commissioner and the Force.
- 5.1.15 The joint Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis.
- 5.1.16 The Police and Crime Commissioner and Chief Constable shall be represented at all meetings of the joint Audit Committee.

## The Treasurer

5.1.17 The Treasurer is the Police and Crime Commissioner's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.

5.1.18 The Treasurer's statutory responsibilities are set out in:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit Regulations 2011

5.1.19 The Treasurer is the Police and Crime Commissioner's professional adviser on financial matters and shall be responsible for:

- ensuring that the financial affairs of the Police and Crime Commissioner are properly administered and that financial regulations are observed and kept up to date;
- ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
- reporting to the Police and Crime Commissioner, the Police and Crime Panel and to the external auditor;
- any unlawful, or potentially unlawful, expenditure by the Police and Crime Commissioner or officers of the Police and Crime Commissioner;
- when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- advising the Police and Crime Commissioner on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statements of account, in conjunction with the Director of Finance
- ensuring the provision of an effective internal audit service, in conjunction with the Director of Finance;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance
- arranging for the determination and issue of the precept;
- liaising with the external auditor; and
- advising the Police and Crime Commissioner on the application of value for money principles by the Force to support the Police and Crime Commissioner in holding the Chief Constable to account for efficient and effective financial management.

5.1.20 The Treasurer, in consultation with the Chief Executive, Director of Finance and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances.

5.1.21 The Treasurer has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Police and Crime Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Police and Crime Commissioner's accounts, including group accounts.

5.1.22 The Treasurer is the Police and Crime Commissioner's professional adviser on financial matters. To enable the fulfilment of these duties and to ensure the Police and Crime Commissioner is provided with adequate financial advice the Treasurer:

- must be a key member of the Police and Crime Commissioner's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the Police and Crime Commissioner's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the Police and Crime Commissioner, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Police and Crime Commissioner's financial strategy;
- must lead the promotion and delivery by the Police and Crime Commissioner of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

### **The Director of Finance**

5.1.23 The Director of Finance is the Chief Constable's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.

5.1.24 The Director of Finance is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.

5.1.25 The Director of Finance's responsibilities are set out in:

- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011
- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit Regulations 2011

5.1.26 The Director of Finance is responsible for:

- ensuring that the financial affairs of the Force are properly administered and that these financial regulations are observed and kept up to date;
- reporting to the Chief Constable, the Police and Crime Commissioner, the Treasurer and to the external auditor:
  - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;

- when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure;
- advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
- advising the Chief Constable on the soundness of the Force budget;
- liaising with the external auditor;
- working with the Treasurer and their staff to produce the statements of accounts.

5.1.27 The Director of Finance has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and preparing each year, in accordance with proper practices, a statement of the Chief Constable's accounts. The Director of Finance will need to observe the locally agreed timetable for the compilation of the group accounts by the Treasurer.

5.1.28 The Director of Finance is the Chief Constable's professional adviser on financial matters. To enable them to fulfil these duties the Director of Finance:

- must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the Police and Crime Commissioner's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
- must lead the promotion and delivery of good financial management so that the public money delegated from the Police and Crime Commissioner is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

5.1.29 It must be recognised that financial regulations cannot foresee every eventuality. The Director of Finance, where relevant in consultation with the Treasurer, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

### **The Chief Executive**

5.1.30 The Chief Executive is responsible for the leadership and general administration of the Police and Crime Commissioner's office and is the designated Head of Paid Service.

5.1.31 The Chief Executive is also the Police and Crime Commissioner's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

5.1.32 The monitoring officer is responsible for:

- ensuring the legality of the actions of the Police and Crime Commissioner and his officers;

- ensuring that procedures for recording and reporting key decisions are operating effectively;
- advising the Police and Crime Commissioner and officers about who has authority to take a particular decision;
- advising the Police and Crime Commissioner about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework;
- advising the Police and Crime Commissioner on matters relating to standards of conduct.

## **5.2 FINANCIAL MANAGEMENT STANDARDS**

### **Why is this important?**

5.2.1 The Police and Crime Commissioner, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

### **Responsibilities of the Treasurer and Director of Finance**

5.2.2 To ensure the proper administration of the financial affairs of the Chief Constable and the Police and Crime Commissioner.

5.2.3 To ensure that proper practices are adhered to.

5.2.4 To advise on the key strategic controls necessary to secure sound financial management.

5.2.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators. A schedule of the financial information expected to be provided is included within Section 11.

5.2.6 To ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.

5.2.7 To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

## **5.3 ACCOUNTING RECORDS AND RETURNS**

### **Why is this important?**

5.3.1 Maintaining proper accounting records is one of the ways in which the Police and Crime Commissioner and Chief Constable will discharge their responsibility for stewardship of public resources. The Police and Crime Commissioner and Chief Constable have a statutory responsibility to prepare their own annual accounts to present fairly their operations during the year. These are subject to external audit. This audit provides assurance that the separate sets of accounts have been prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

### **Joint Responsibilities of the Treasurer and Director of Finance**

5.3.2 To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures. All employees shall operate within the required accounting policies and published timetables.

5.3.3 To make proper arrangements for the audit of the Police and Crime Commissioner's, the Force's and Group accounts in accordance with the Accounts and Audit Regulations 2011.

5.3.4 To ensure that all claims for funds including grants are made by the due date.

5.3.5 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.

5.3.6 To prepare and publish the audited accounts in accordance with the statutory timetable.

### **Responsibilities of the Director of Finance**

5.3.7 To obtain the approval of the Treasurer before making any fundamental changes to accounting records and procedures or accounting systems.

5.3.8 To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

5.3.9 To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.

## 5.4 THE ANNUAL STATEMENT OF ACCOUNTS

### Why is this important?

- 5.4.1 The Police and Crime Commissioner and Chief Constable have a statutory responsibility to prepare their own accounts to present fairly their operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the Police and Crime Commissioner, Chief Constable as well as group accounts covering both entities.
- 5.4.2 The Police and Crime Commissioner and Chief Constable are responsible for approving their own annual accounts and the Group accounts.
- 5.4.3 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

### Joint Responsibilities of the Treasurer and Director of Finance

- 5.4.4 To agree and publish the timetable for final accounts preparation, in consultation with the external auditor and to share this with the appropriate employees.
- 5.4.5 To select suitable accounting policies and apply them consistently.
- 5.4.6 To make judgements and estimates that are reasonable and prudent.
- 5.4.7 To comply with the Code of Practice on Local Authority Accounting.
- 5.4.8 To prepare, sign and date the separate statement of accounts, stating that they present fairly the financial position of the Police and Crime Commissioner, Force and Group at the accounting date and their income and expenditure for the financial year just ended.
- 5.4.9 To publish the approved audited accounts each year, in accordance with the statutory timetable.
- 5.4.10 To produce summary accounts for publication on the website.

### Joint Responsibilities of the Police and Crime Commissioner and Chief Constable

- 5.4.11 To consider and approve their annual accounts in accordance with the statutory timetable.

## **6.1 FINANCIAL PLANNING**

### **Why is this important?**

- 6.1.1 The Office of the Police and Crime Commissioner and the Force are complex organisations, responsible for delivering a range of policing and community safety related activities. They need to develop systems to enable resources to be allocated in accordance with priorities. Financial planning is essential if they are to function effectively.
- 6.1.2 The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- 6.1.3 The planning process should be continuous and the planning period should cover at least 5 years. The process should include a more detailed annual plan - the budget, covering the forthcoming financial year. This allows the Police and Crime Commissioner and Force to plan, monitor and manage the way funds are allocated and spent.
- 6.1.4 It is recognised that the impact of financial planning in the police service will be constrained by the quality of information made available by central government on resource allocation.

### **Financial Strategy**

- 6.1.5 The financial strategy explains how the Police and Crime Commissioner and Chief Constable will structure and manage their finances to support delivery of the aims and objectives of the service, as set out in the Police and Crime Commissioner's Police and Crime Plan, and to ensure sound financial management and good stewardship of public money.

### **Responsibilities of the Treasurer and Director of Finance**

- 6.1.6 To review and update, on an annual basis, the financial strategy.

### **Responsibility of the Police and Crime Commissioner**

- 6.1.7 To approve the annual financial strategy.
- 6.1.8 To have regard to the pooled budgets of the Alliance.

### **Medium Term Financial Planning**

- 6.1.9 The Police and Crime Commissioner and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term (4-5 years) financial plan and capital programme.

### **Responsibilities of the Police and Crime Commissioner**

6.1.10 To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial plan (MTFP) which includes funding and spending plans for both revenue and capital.

6.1.11 When preparing the MTFP the Police and Crime Commissioner shall have due regard to:

- the Police and Crime Plan
- policy requirements approved by the Police And Crime Commissioner as part of the policy framework
- the strategic policing requirement
- unavoidable future commitments, including legislative requirements
- initiatives already underway
- revenue implications of the capital programme and CIPFA's Prudential Code for Capital Finance in Local authorities
- proposed service developments and plans which reflect public consultation
- the need to deliver efficiency and/or productivity savings
- affordability
- impact on multiple years
- government grant allocations
- risk management and the use of reserves
- potential implications for local taxpayers

### **Responsibilities of the Treasurer and Director of Finance**

6.1.12 To determine the format and timing of the medium term financial plans to be presented to the Chief Constable and the Police and Crime Commissioner. The format is to comply with all legal requirements.

6.1.13 To prepare a medium term financial plan as defined in 5.1.3 in consultation with the Chief Constable, Police and Crime Commissioner and other stakeholders and Partners

6.1.14 To prepare and monitor a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and assumptions about future levels of government funding.

6.1.15 A gap may be identified between available resources and required resources. Requirements should be prioritised by the Chief Constable to enable the Police and Crime Commissioner to make informed judgements as to future funding levels and planning the use of resources.

### **Annual Revenue Budget**

6.1.16 The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the Police and Crime Commissioner's strategic policies. It provides officers with delegated authority from the Police and Crime Commissioner to incur expenditure and a basis on which to monitor the financial performance of both the Police and Crime Commissioner and the Force.

6.1.17 The Police and Crime Commissioner should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service and community safety against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.

6.1.18 The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.

### **Responsibilities of the Police and Crime Commissioner**

6.1.19 To agree the planning timetable with the Chief Constable.

6.1.20 To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.

6.1.21 To present the proposed budget and council tax recommendations to the Police and Crime Panel.

### **Responsibilities of the Treasurer**

6.1.22 To determine the format of the revenue budget to be presented to the Police and Crime Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

6.1.23 To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations.

6.1.24 To advise the Police and Crime Commissioner on the appropriate level of general balances, earmarked reserves or provisions to be held.

6.1.25 To submit a report to the Police and Crime Commissioner on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the Police and Crime Commissioner. This report will be published on the Police and Crime Commissioner's website together with the agreed budget.

6.1.26 Upon approval of the annual budget, to submit the council tax requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.

6.1.27 To produce and publish on the website, in accordance with statutory requirements and best practice, council tax information.

### **Responsibilities of the Director of Finance**

6.1.28 To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Treasurer.

6.1.29 To submit draft budget proposals to the Chief Constable's Management Team to obtain approval from the Chief Constable.

6.1.30 To submit estimates in the agreed format to the Police and Crime Commissioner for approval.

## 6.2 BUDGETARY CONTROL

### Why is this important?

- 6.2.1 Budget management ensures that once the Police and Crime Commissioner has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Force and the Police and Crime Commissioner to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 6.2.2 The key controls for managing and controlling the revenue budget are that:
- a) there is a nominated budget manager for each cost centre heading who is accountable for all spending, income and contracts associated with the budgets under his direct control; and
  - b) the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.
- 6.2.3 With the advent of pooled budgets for the Alliance it is important that all parties to the Alliance have a clear picture of spend against agreed allocations.

### Revenue Monitoring

### Why is this important?

- 6.2.4 By continuously identifying and explaining variances against budgetary targets, the organisation can identify changes in trends and resource requirements at the earliest opportunity. The Police and Crime Commissioner, and Chief Constable through the Director of Finance, will operate within an annual cash limit, approved when setting the annual budget. This cash limit and the virement rules, contained in these regulations, are set out to ensure that the budget in total is not overspent.

### Responsibilities of the Director of Finance

- 6.2.5 To provide appropriate financial information on an accurate and timely basis to enable budgets to be monitored effectively.
- 6.2.6 To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.
- 6.2.7 To ensure that total spending remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable and the Director of Finance, both the Treasurer and Police and Crime Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Police and Crime Commissioner. The same responsibilities apply to the Chief Executive and the Treasurer for any budgets under their control.

6.2.8 To submit a budget monitoring report to the Chief Constable's Management Team and Police and Crime Commissioner on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the Police and Crime Commissioner and Treasurer.

### **Responsibility of the Treasurer**

6.2.9 To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information in a format agreed with the Director of Finance.

### **Responsibility of Budget Holders**

6.2.10 To ensure they are aware of, and comply with, proper financial management standards, including these Financial Regulations.

6.2.11 To ensure that total spending remains within the overall allocation of resources they have received and take corrective action where significant variations are forecast.

## **Virement**

### **Why is this important?**

6.2.12 A virement is an approved reallocation of resources between budgets or heads of expenditure. A budget head is a line in approved budget monitoring reports at each level in the organisation. The scheme of virement is intended to enable proper financial management at service and organisational level with a degree of flexibility within the overall policy framework determined by the Police and Crime Commissioner and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

6.2.13 The Chief Constable should seek the approval of the Police and Crime Commissioner:

- Where a virement might create an additional future year or continuing commitment. Revenue expenditure can only be funded from revenue funding;
- Where a change in policy would create an additional financial liability beyond the level of the current budget;
- Where a virement changes a public facing or affects a politically sensitive element of the service;
- Where a virement is undertaken for the purpose of commissioning a service from another organisation.

6.2.14 Key controls for the scheme of virement are:

- a) It is administered by the Director of Finance in accordance with the limits set out within Financial Regulations. Any variation from this scheme requires the approval of the Police and Crime Commissioner (note specifics stated in 6.2.13).
- b) No virement may exceed the annual budget, less any expenditure, less known or expected commitments for the remainder of the year. This applies at each level in the Force and the Office of the Police and Crime Commissioner.
- c) The overall budget is agreed by the Police and Crime Commissioner. Financial managers are therefore only authorised to incur expenditure in accordance with the estimates that make up the budget
- d) Virement does not create an additional overall budget liability.
- e) The Director of Finance shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.
- f) Virements can be approved by the Director of Finance where the additional expenditure is fully reimbursed by another body.
- g) Virements from revenue to capital are permissible subject to the conditions listed above.
- h) No virements are permissible from capital.

### **6.3 MEDIUM TERM CAPITAL PROGRAMME AND ANNUAL CAPITAL BUDGET**

#### **Why is this important?**

- 6.3.1 Capital expenditure involves acquiring, enhancing or disposing of fixed assets with a long-term value such as land, buildings, and major items of plant, equipment or vehicles. Capital planning supports the way services are delivered in the long term and may create long term financial commitments in the form of financing costs and revenue running costs.
- 6.3.2 The organisation is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential code sets out the framework under which the Police and Crime Commissioner will consider their spending plans.
- 6.3.3 The capital programme is part of the approved medium term financial plan.

#### **Responsibilities of the Chief Constable**

- 6.3.4 To develop asset management plans.
- 6.3.5 Ensure accountability of budget managers for capital spend under their control.

#### **Responsibilities of the Treasurer and Director of Finance**

- 6.3.6 To prepare a financial strategy for consideration and approval by the Police and Crime Commissioner in consultation with the Chief Constable and having due regard to the issues set out in 5.1.3.

#### **Responsibilities of the Police and Crime Commissioner**

- 6.3.7 To approve the asset management strategy.
- 6.3.8 To approve the annual capital budget and medium term capital programme and how it is to be financed.

#### **Medium Term Capital Programme**

#### **Responsibilities of the Director of Finance**

- 6.3.9 To prepare two capital plans, in accordance with the agreed financial strategy, for initial consideration by the Chief Constable's Management Team and then for presentation to the Police and Crime Commissioner.
- 6.3.10 The first capital plan shall identify the total capital cost of the project and any additional revenue commitments covering the whole life cycle of projects. This capital projects plan will be prepared on the basis of categorising capital projects according to the stage at which they are in the typical life-cycle of a project. This life-cycle varies depending on the nature of the capital asset being created.

- 6.3.11 The second will be a published capital budget which will be a subset of the capital projects plan. Projects should be included in the published capital budget when it has passed a particular stage in the lifecycle. For internal management purposes, all stages should be part of the capital projects plan.
- 6.3.12 To prepare a fully costed project plan (with costings for each life cycle stage) for all schemes for submission to the Treasurer and Police and Crime Commissioner for consideration for inclusion in the capital projects plan. These appraisals will include all additional revenue and capital costs.
- 6.3.13 Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress, ensuring completion of the scheme and post implementation review.
- 6.3.14 To identify, and consider the application of, in consultation with the Treasurer, available sources of funding for the capital programme, including the identification of potential capital receipts from disposal of property.
- 6.3.15 A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the Police and Crime Commissioner to make informed judgements as to which schemes should be included in the capital programme budget, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- 6.3.16 All schemes within the capital projects plan should incorporate realistic estimates of future price inflation.
- 6.3.17 Approval of the capital programme budget by the Police and Crime Commissioner in February each year authorises the Director of Finance to seek planning permissions, incur professional fees and preliminary expenses as appropriate, commit expenditure against approved schemes, subject to 6.3.15.
- 6.3.18 To ensure that no finance leases or other credit arrangements are entered into without the prior approval of the Treasurer.

### **Responsibilities of the Treasurer**

- 6.3.19 To make recommendations to the Police and Crime Commissioner on the most appropriate level of revenue support, application of reserves, and appropriate levels of borrowing under the Prudential Code, and other funding, to support the capital budget.

### **Responsibilities of the Police and Crime Commissioner**

- 6.3.20 To approve a fully funded medium term capital budget.

## **Monitoring of Capital Expenditure**

### **Responsibilities of the Director of Finance**

- 6.3.21 To ensure that adequate records are maintained for all capital contracts.
- 6.3.22 To monitor expenditure throughout the year against the approved budget.
- 6.3.23 To submit capital monitoring reports to both the Chief Constable's Executive Team and the Police and Crime Commissioner on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The reports shall be in a format agreed by the Police and Crime Commissioner and Treasurer.
- 6.3.24 To prepare a business case for all new capital schemes for submission to the Police and Crime Commissioner for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

### **Responsibilities of the Treasurer and Director of Finance**

- 6.3.25 To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.
- 6.3.26 As part of the annual revenue budgeting process to review the funding proposals for the capital programme to take account of the current economic circumstances and if necessary make revised funding proposals to the Police and Crime Commissioner.

### **Responsibilities of the Treasurer**

- 6.3.27 To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information in a format agreed with the Director of Finance.

## **6.4 MAINTENANCE OF BALANCES AND RESERVES**

### **Why is this important?**

6.4.1 The Police and Crime Commissioner must decide the level of reserves he wishes to retain before he can decide the level of council tax. Reserves are maintained as a matter of prudence, and all are owned by the Police and Crime Commissioner. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

6.4.2 The proposed use of reserves will be specified in the budget and should form part of regular budget monitoring reports.

### **Responsibilities of the Treasurer**

6.4.3 To advise the Police and Crime Commissioner on appropriate levels of balances and reserves to reflect long term financial risks faced.

6.4.4 To report to the Police and Crime Commissioner on the adequacy of reserves and balances before he approves the annual budget and council tax.

6.4.5 To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

### **Responsibilities of the Director of Finance**

6.4.6 To ensure in consultation with the Chief Constable that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.

6.4.7 To present business cases to the Treasurer and Police and Crime Commissioner for one-off expenditure items to be funded from earmarked and/or general reserves.

### **Responsibilities of the Police and Crime Commissioner**

6.4.8 To approve a policy on reserves and balances.

6.4.9 To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

6.4.10 To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

## **7.1 RISK MANAGEMENT AND BUSINESS CONTINUITY**

### **Why is this important?**

- 7.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks. This should include the proactive participation of all those associated with planning and delivering services.
- 7.1.2 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure its continued corporate and financial well being. In essence it is, therefore, an integral part of good business practice.

### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

- 7.1.3 The Police and Crime Commissioner and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

### **Responsibilities of Chief Officers**

- 7.1.4 To prepare the risk management policy statement and for promoting a culture of risk management awareness and reviewing risk as an ongoing process.
- 7.1.5 To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.
- 7.1.6 To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.

### **Responsibilities of the Treasurer and Director of Finance**

- 7.1.7 To advise the Police and Crime Commissioner and Chief Constable on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- 7.1.8 To arrange for an actuary to undertake a regular review of the self-insurance fund and, following that review, to recommend to the Chief Constable and Police and Crime Commissioner a course of action to ensure that, over the medium term, the fund is able to meet all known liabilities.
- 7.1.9 To ensure that appropriate insurance cover is provided.

- 7.1.10 To ensure that claims made against insurance policies are made promptly.
- 7.1.11 To make all appropriate employees aware of their responsibilities for managing relevant risks.
- 7.1.12 To ensure that employees, or anyone covered by our insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 7.1.13 To ensure that a comprehensive risk register is produced for both the Office of the Police and Crime Commissioner and the Force and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.
- 7.1.14 To regularly report the risk register to the Joint Audit Committee.
- 7.1.15 To regularly review the risk management process and risk register,

#### **Responsibilities of the Chief Executive**

- 7.1.16 To evaluate and authorise any terms of indemnity that we are requested to give by external parties.

## 7.2 INTERNAL CONTROL SYSTEM

### Why is this important?

- 7.2.1 Internal control refers to the systems of control devised by management to help ensure objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
- 7.2.2 The organisation is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The organisation has statutory obligations, and, therefore, requires a system of internal control to identify, meet and monitor compliance with these obligations.
- 7.2.3 The organisation faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. A system of internal control is necessary to manage these risks. The system of internal control is established in order to provide achievement of:
- efficient and effective operations
  - reliable financial information and reporting
  - compliance with laws and regulations
  - risk management

### Responsibilities of Chief Officers

- 7.2.4 To implement effective systems of internal control, in accordance with advice from the Treasurer and Director of Finance. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
- 7.2.5 To ensure that effective key controls are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.
- 7.2.6 To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

### Responsibilities of the Chief Executive and Chief Constable

- 7.2.7 To produce an Annual Governance Statement for consideration and approval by the Police and Crime Commissioner. Following approval, the Annual Governance Statement should be signed by the Chief Executive, Chief Constable and Police and Crime Commissioner.

## 7.3 AUDIT REQUIREMENTS

### Internal Audit

#### Why is this important?

- 7.3.1 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 7.3.2 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the Police and Crime Commissioner and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a "relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the Public Sector Internal Audit Standards and associated Local Government Application note.
- 7.3.3 In fulfilling this requirement the Police and Crime Commissioner and Chief Constable should have regard to the Public Sector Internal Audit Standards and associated Local Government Application Note. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.
- 7.3.4 In addition to enabling the Police and Crime Commissioner and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal Audit is needed:
- to satisfy the Police and Crime Commissioner and the Chief Constable that effective internal control systems are in place; and
  - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

### Joint Independent Audit Committee

#### Why is this important?

7.3.5 The purpose of an audit committee is to provide those charged with governance (i.e. the Police and Crime Commissioner and Chief Constable) independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

7.3.6 To recruit and appoint 3-6 members of the Committee. These members should be independent of both the Police and Crime Commissioner and the Force.

7.3.7 To establish the Committee's Terms of Reference.

7.3.8 To prepare and sign annual letters of representation and submit to the external auditor.

7.3.9 To receive and act upon the annual assurance statement from the Committee.

7.3.10 To prepare and present the Internal Audit Strategy to the Joint Audit Committee for approval.

### **Responsibilities of the Joint Audit Committee**

7.3.11 To approve the terms of reference within which internal audit operates. In terms of internal audit the terms of reference will include the following key activities and responsibilities:

- advising the Police and Crime Commissioner and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
- approving (but not directing) the internal audit annual programme;
- overseeing and giving assurance to the Police and Crime Commissioner and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk;
- considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the Police and Crime Commissioner and Force; ensuring appropriate action is taken to address any areas for improvement.
- reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption;
- scrutinising the draft statement of accounts and annual governance statements prior to publication.

7.3.12 To approve the internal audit strategy, which sets out:

- internal Audit objectives and outcomes;

- how the Head of Internal Audit will form and evidence his opinion on the control environment to support the Annual Governance Statement;
- how Internal Audit's work will identify and address significant local and national issues and risks;
- how the service will be provided, i.e. internally, externally, or a mix of the two; and what resources and skills are required for the delivery of the strategy; and
- the resources and skills required to deliver the strategy.

### **Responsibilities of the Police and Crime Commissioner, Chief Constable, Treasurer and Director of Finance**

7.3.13 To ensure the provision of an adequate and effective internal audit service.

7.3.14 To ensure that internal auditors, having been security cleared, have the authority to:

- access premises at reasonable times;
- access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
- receive any information and explanation considered necessary concerning any matter under consideration;
- require any employee to account for cash, stores or any other asset under their control;
- access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

7.3.15 Internal Audit shall have direct access to all appropriate officers, managers and staff.

### **Responsibilities of the Head of Internal Audit**

7.3.16 To prepare - in consultation with the Police and Crime Commissioner, Chief Constable, Treasurer and Director of Finance - an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Joint Audit Committee.

7.3.17 To attend meetings of the Joint Audit Committee and to present to each Committee a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.

7.3.18 To present an annual report to the Joint Audit Committee, including an opinion on the effectiveness of the internal control environment.

### **Responsibilities of all service managers**

7.3.19 To consider and respond promptly to control weaknesses, issues and recommendations in audit reports and ensure that all critical or significant agreed actions arising from the audit are carried out in accordance with the agreed action plan included in each report.

## **Responsibilities of the Director of Finance**

7.3.20 To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and internal audit prior to implementation.

7.3.21 To notify the Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, the Director of Finance should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with the Head of Internal Audit as appropriate and keep him informed of progress. At the conclusion of the investigation the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised. The operation of this Regulation shall be in accordance with the agreed protocol between the Head of Professional Standards, the Director of Finance and the Head of Internal Audit.

## **External Audit**

### **Why is this important?**

7.3.22 The external auditor has rights of access to all documents and information necessary for audit purposes.

7.3.23 The basic duties of the external auditor are governed by a code of audit practice, which will, in future, be produced by the National Audit Office. The code of audit practice sets out the auditor's objectives to review and report upon:

- the financial aspects of the audited body's corporate governance arrangements;
- the audited body's financial statements;
- aspects of the audited body's arrangements to secure Value for Money.

7.3.24 In auditing the annual accounts the external auditor must satisfy themselves that:

- the accounts are prepared in accordance with the relevant regulations;
- they comply with the requirements of all other statutory provisions applicable to the accounts;
- proper practices have been observed in the compilation of the accounts; and
- the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

## **Responsibilities of the Joint Audit Committee**

7.3.25 To approve the annual work plan and fee.

7.3.26 To receive and respond to the audit results report.

7.3.27 To receive the annual audit letter.

**Responsibilities of the Treasurer and Director of Finance**

7.3.28 To liaise with the external auditor and advise the Police and Crime Commissioner and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

7.3.29 To provide the Home Office with a copy of the annual audit letter.

7.3.30 To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

7.3.31 To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

## **7.4 PREVENTING FRAUD AND CORRUPTION**

### **Why is this important?**

- 7.4.1 The organisation will not tolerate fraud or corruption in the administration of its responsibilities, whether from internal or external sources.
- 7.4.2 The Police and Crime Commissioner, Chief Constable and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 7.4.3 The organisation also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity.

### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

- 7.4.4 To approve and adopt a policy on registering of interests and the receipt of hospitality and gifts.
- 7.4.5 To maintain an effective anti-fraud, anti-corruption and anti-money laundering policy.
- 7.4.6 To ensure that adequate and effective internal control arrangements are in place.
- 7.4.7 To maintain a policy and register for the registering of interests and the receipt of hospitality and gifts including the Police and Crime Commissioner, police officers and police staff including where gifts and hospitality have been declined.
- 7.4.8 To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The Police and Crime Commissioner and Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- 7.4.9 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all elected or appointed representatives and employees.

## 7.5 ASSETS

### Security

#### Why is this important?

7.5.1 We hold assets in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

#### Context

7.5.2 The Police and Crime Commissioner will own and fund all assets regardless of whether they are used by the Police and Crime Commissioner, by the Force or by both bodies.

7.5.3 The Chief Constable is responsible for the direction and control of the Force and will therefore have day-to-day direction and control of these assets.

7.5.4 The Police and Crime Commissioner will consult the Chief Constable in planning the budget and developing a medium term financial plan. Both these processes will involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

#### Responsibilities of the Director of Finance

7.5.5 To ensure that:

- a) an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
- b) assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
- c) lessees and other prospective occupiers of our land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
- d) title deeds to property are held securely;
- e) no asset is subject to personal use by an employee without proper authority;
- f) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the organisation;

- g) all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- h) assets no longer required are disposed of in accordance with the law and the regulations of the organisation;
- i) all employees are aware of their responsibilities with regard to safeguarding the security of ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

### **Responsibilities of the Director of Enabling Services**

7.5.6 To ensure that:

- a) An estates strategy is produced and presented to the Police and Crime Commissioner for approval. This will form part of the development of the capital programme and annual budget process.
- b) An ICT strategy is produced and presented to the Police and Crime Commissioner for consideration and endorsement. This will form part of the development of the capital programme and annual budget process.
- c) A fleet management strategy is produced and presented to the Police and Crime Commissioner for consideration and endorsement in March each year. This will form part of the development of the capital programme and annual budget process
- d) The property portfolio is managed in accordance with the agreed estates asset management plan and within budgetary provisions, in consultation with the Chief Executive and Treasurer as appropriate.

### **Responsibilities of the Police and Crime Commissioner**

7.5.7 To approve an estates asset management plan, including disposals.

## **Valuation**

### **Responsibilities of the Director of Finance**

7.5.8 To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section 11, in a form approved by the Treasurer. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the *Code of Practice on Local authority Accounting in the United Kingdom* and the requirements specified by the Treasurer.

## **Inventories**

### **Responsibilities of the Chief Constable**

7.5.9 To ensure that inventories are maintained in a format approved, as appropriate, by the Treasurer and Director of Finance that record an adequate description of items with a value in line with Section 11. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

## **Stocks and Stores**

### **Responsibilities of the Director of Finance**

7.5.10 To make arrangements for the care, custody and control of the stocks and stores and to maintain detailed stores accounts in a form approved by the Treasurer.

7.5.11 To undertake a complete stock check at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.

7.5.12 Discrepancies between the actual level of stock and the book value of stock may be written-off, in line with the values agreed in Section 11.

7.5.13 To write-off obsolete stock, in consultation with the Treasurer.

## **Intellectual Property**

### **Why is this important?**

7.5.14 Intellectual property is a generic term that includes inventions and the written word.

7.5.15 It is policy that if any intellectual policy is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken may give rise to works that could attract intellectual property rights, for example, software.

7.5.16 In the event that the organisation decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an intellectual property policy. Matters should only proceed after legal advice.

### **Responsibilities of the Chief Constable**

7.5.17 To ensure that employees are aware of these procedures.

7.5.18 To prepare guidance on intellectual property procedures and ensuring that employees are aware of these procedures.

## **Responsibilities of the Chief Constable and Police and Crime Commissioner**

7.5.19 To approve the intellectual property policy

### **Asset Disposal**

#### **Why is this important?**

7.5.20 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and these regulations.

#### **Responsibilities of the Director of Finance**

7.5.21 To dispose of assets at the appropriate time and at the most advantageous price. Where this is not the highest offer, this can only be done with the agreement of the Treasurer.

7.5.22 All asset disposals shall be recorded in the asset register or inventory as appropriate.

#### **Responsibilities of the Treasurer and Director of Finance**

7.5.23 To ensure that income received for the disposal of an asset is properly banked and accounted for.

7.5.24 To ensure that appropriate accounting entries are made to remove the value of disposed assets from the records and to include the sale proceed if appropriate.

## 7.6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

### Treasury Management

#### Why is this important?

7.6.1 The Police and Crime Commissioner and the Force handle millions of pounds in each financial year. It is important that money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of invested monies.

7.6.2 The organisation will create and maintain, as the cornerstones for effective treasury management:

- a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- suitable Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

#### Responsibilities of the Police and Crime Commissioner

7.6.3 To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

7.6.4 To approve the annual treasury management policy and annual investment strategy.

7.6.5 To receive and approve regular treasury management performance monitoring reports.

#### Responsibilities of the Treasurer

7.6.6 To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance.

7.6.7 To prepare reports on the Police and Crime Commissioner's treasury management policies, practices and activities, including, as a minimum, an annual strategy, half yearly performance monitoring reports and an annual report.

7.6.8 To execute and administer treasury management in accordance with the CIPFA Code and the Police and Crime Commissioner's policy.

7.6.9 To arrange borrowing and investments, in compliance with the CIPFA Code.

7.6.10 To ensure that all investments and borrowings are made in the name of the Office of the Police and Crime Commissioner.

### Banking Arrangements

#### Why is this important?

7.6.11 Banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking services to departments, establishments and staff. A consistent and secure approach to banking services is essential in order to achieve optimum performance from our bankers and the best possible value for money. To minimise administration and costs the Police and Crime Commissioner and Chief Constable will share bank accounts.

### **Responsibilities of the Treasurer**

7.6.12 To have overall responsibility for the banking arrangements.

7.6.13 To authorise the opening and closing of all bank accounts. No other employee shall open a bank account unless they are performing a statutory function (e.g. treasurer of a charitable body) in their own right.

7.6.14 To ensure bank reconciliations are undertaken on a timely and accurate basis.

7.6.15 To determine signatories on all bank accounts.

### **Responsibilities of the Director of Finance**

7.6.16 To authorise the opening and closing of bank accounts, for specific purposes, as agreed with the Treasurer.

7.6.17 To undertake bank reconciliations on a timely and accurate basis for these specific bank accounts.

7.6.18 To determine signatories on these specific bank accounts.

### **Imprest Accounts / Petty Cash**

#### **Why is this important?**

7.6.19 Cash advances may be made to an individual in a department / establishment in order that relatively small incidental payments may be made quickly. A record of disbursements from the account should be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the accounts and correctly reimbursed to the account holder.

### **Responsibilities of the Director of Finance**

7.6.20 To provide appropriate employees with cash, bank imprests, pre-paid cash cards or procurement cards to meet minor expenditure on behalf of the organisation. The Director of Finance shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

7.6.21 To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

### **Money Laundering**

#### **Why is this important?**

7.6.22 The organisation is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.

7.6.23 Suspicious cash deposits in any currency in excess of £10,000 (or equivalent) should be reported to the National Crime Agency (NCA) or a successor body.

7.6.24 The organisation will monitor its internal control procedures to ensure they are reliable and robust.

#### **Responsibilities of the Treasurer**

7.6.25 To be the nominated Money Laundering Reporting Officer (MLRO).

7.6.26 Upon receipt of a disclosure to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.

7.6.27 To disclose relevant information to the National Crime Agency (NCA) or a successor body.

7.6.28 To prepare and review the anti-money laundering policy.

#### **Responsibilities of Chief Officers**

7.6.29 To undertake appropriate checks to ensure that all new suppliers and counterparties are bona fide.

#### **Responsibilities of employees**

7.6.30 To notify the Treasurer as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.

7.6.31 Cash bankings from a single source over £10,000 should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

## **7.7 STAFFING**

### **Why is this important?**

7.7.1 Staffing costs form the largest element of the annual policing budget. An appropriate workforce management strategy should exist, in which staffing requirements and budget allocations are matched. The Chief Constable is responsible for approving the overall strategy in consultation with the Police and Crime Commissioner.

### **Responsibilities of the Chief Constable and Chief Executive**

7.7.2 To ensure that their employees and those under their direction and control are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies.

7.7.3 To advise the Police and Crime Commissioner on the budget necessary in any given year to cover estimated staffing levels.

7.7.4 To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.

7.7.5 To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.

7.7.6 To approve policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for police staff.

## **7.8 TRUST FUNDS**

### **Why is this important?**

7.8.1 Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.

7.8.2 The financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.

7.8.3 No employee shall open a trust fund without the specific approval of the Director of Finance and Treasurer.

### **Responsibilities of Trustees**

7.8.4 All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body and the Treasurer and/or Director of Finance shall be entitled to verify that this has been done.

## 7.9 ADMINISTRATION OF SEIZED AND FOUND (EVIDENTIAL & NON-EVIDENTIAL) PROPERTY

### Why is this important?

7.9.1 The Chief Constable is required to exercise a duty of care and safeguard evidential or non-evidential property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody.

### Responsibilities of the Director of Enabling Services

7.9.2 To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees and should ensure that there is an appropriate segregation of duties and regular inventory checks.

7.9.3 To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees, shall make specific reference to the need for insurance of valuable items and shall ensure that there is a adequate segregation of duties and regular inventory checks.

7.9.4 To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act.

### Responsibilities of all employees

7.9.5 To notify the Director of Finance immediately in the case of loss or diminution in value of such private property.

## **7.10 GIFTS, LOANS AND SPONSORSHIP**

7.10.1 This does not include the receipt of hospitality and gifts – please see Section 7.4.

### **Why is this important?**

7.10.2 In accordance with the Police Act 1996, the Police and Crime Commissioner may decide to accept gifts of money and gifts or loans of other property or services (e.g. car parking spaces) if they will enable the police or the Police and Crime Commissioner either to enhance or extend the service which they would normally be expected to provide. The terms on which gifts or loans are accepted may allow commercial sponsorship of some police force and Police and Crime Commissioner activities.

### **Context**

7.10.3 Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.

7.10.4 Gifts, loans and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.

7.10.5 The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the gross expenditure budget annually.

### **Responsibilities of the Police and Crime Commissioner**

7.10.6 To approve the policy on gifts, loans and sponsorship.

### **Responsibilities of the Director of Finance**

7.10.7 To accept gifts, loans or sponsorship within agreed policy guidelines.

7.10.8 To refer gifts, loans and sponsorship to the Police and Crime Commissioner for approval before they are accepted, where they exceed £10,000, or market equivalent, or where there would be public sensitivity over acceptance of the gift, loan or sponsorship.

7.10.9 To present an annual report to the Police and Crime Commissioner listing all gifts, loans and sponsorship.

7.10.10 To maintain a central register, in a format agreed by the Treasurer, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the Treasurer, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.

7.10.11 To bank cash from sponsorship activity in accordance with normal income procedures.

## 8.1 SYSTEMS & PROCESSES - INTRODUCTION

### Why is this important?

8.1.1 There are many systems and procedures relating to the control of assets, including purchasing, costing and management systems. The organisation is reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

8.1.2 The Treasurer and Director of Finance both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

### Responsibilities of the Treasurer and Director of Finance

8.1.3 To make arrangements for the proper administration of financial affairs, including to:

- issue advice, guidance and procedures for officers and others acting on behalf of the organisation;
- determine the accounting systems, form of accounts and supporting financial records; *and their retention.*
- establish arrangements for the audit of financial affairs;
- approve any new financial systems to be introduced;
- approve any changes to existing financial systems.

8.1.4 To ensure, in respect of systems and processes, that:

- systems are secure, adequate internal control exists and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice;
- appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
- a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
- systems are documented and staff trained in operations.

8.1.5 To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

8.1.6 To establish separate schemes of delegation, from the Police and Crime Commissioner and the Chief Constable to their own staff identifying staff authorised to act on their behalf in respect of income collection, placing orders, making payments and employing staff.

## 8.2 INCOME

### Why is this important?

8.2.1 Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly.

### Context

8.2.2 The NPCC national charging policies and national guidance should be adopted when setting and applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.

8.2.3 The Police and Crime Commissioner and Chief Constable should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the Police and Crime Commissioner and the Chief Constable should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.

8.2.4 When specifying resource requirements the annual budget plan and the MTFP will identify the expected income from charging. This should take account of NPCC charging policies in respect of mutual aid.

### Responsibilities of the Director of Finance and Treasurer

8.2.5 To adopt the NPCC national charging policies and national guidance when setting and applying charges under section 25 of the Police Act 1996. Any divergence from the NPCC national charging policies and national guidance should be agreed by the Police and Crime Commissioner and the Chief Constable.

8.2.6 To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.

8.2.7 To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the Police and Crime Commissioner.

8.2.8 To ensure that all income is paid fully and promptly into the Income Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail.

8.2.9 To ensure income is not used to cash personal cheques or make other payments.

8.2.10 To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.

8.2.11 To operate effective debt collection procedures.

8.2.12 To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.

8.2.13 To arrange the write-off of bad debts, in accordance with the limits outlined in Section 11. Proposals for write-offs should be supported by a written report explaining the reason(s) for the write-off.

### **Responsibilities of the Director of Finance**

8.2.14 To prepare detailed Financial Instructions for dealing with income, to be agreed with the Treasurer, and to issue them to all appropriate employees.

### 8.3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

#### Why is this required?

8.3.1 Public money should be spent in accordance with the financial and regulatory framework and policies. The organisation has a statutory duty to ensure financial probity and best value. The Police and Crime Commissioner's and Chief Constable's joint financial regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the Contract Regulations in Section 9.

#### Responsibilities of the Director of Finance

8.3.2 To maintain contract financial regulations covering the principles to be followed for the purchase of goods and services.

8.3.3 To issue official orders for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Treasurer. Orders must be in a form approved by the Treasurer.

8.3.4 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the organisation's contracts.

8.3.5 Goods and services ordered must be appropriate and there must be adequate budgetary provision.

8.3.6 Payments are not to be made other than in accordance with any official order or contract.

8.3.7 To ensure that payments are made to the correct person, for the correct amount, on time, and are recorded properly, regardless of the method of payment.

8.3.8 Payment by BACS is the preferred method of payment.

8.3.9. To ensure that there is adequate segregation of duties between the raising and authorising of orders and the receipt of goods and services.

8.3.10 To ensure that VAT is recovered where appropriate.

8.3.11 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.

8.3.12 To ensure that all purchases made follow the rules, regulations and procedures, as set out in this document, and any relevant organisational procedures including contract financial regulations.

8.3.13 To prepare, in consultation with the Treasurer, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

### **Responsibilities of the Chief Officers**

8.3.14 To ensure that every member and employee declares any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions and that such persons take no part in the ordering or payments for a supplier or contract with which they are connected.

### **Responsibilities of the Deputy Chief Finance Officer, Office of the Police and Crime Commissioner.**

8.3.15 To replicate the responsibilities shown in 8.3.3 to 8.3.10 for the Office of the Police and Crime Commissioner

## **8.4 PAYMENTS TO EMPLOYEES**

### **Why is this required?**

8.4.1 Employee costs are the largest item of expenditure. It is therefore important that there are controls in place to ensure accurate, timely and valid payments are made in accordance with individuals' conditions of employment.

### **Responsibilities of the Director of Finance**

8.4.2 To ensure, in consultation with the Treasurer, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.

8.4.3 To ensure that tax, pension and other deductions are made correctly and paid over at the right time to the relevant bodies.

8.4.4 To pay all valid travel and subsistence claims or financial loss allowance.

8.4.5 To pay salaries, wages, pensions and reimbursements by the most economical means.

8.4.6 To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.

8.4.7 To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.

8.4.8 To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

## **8.5 TAXATION**

### **Why is this important?**

8.5.1 Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.

### **Responsibilities of the Treasurer**

8.5.2 To ensure the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and National Insurance and that due payments are made in accordance with statutory requirements.

8.5.3 To ensure the timely completion and submission of VAT claims, inputs and outputs to HMRC.

### **Responsibilities of the Treasurer and Director of Finance**

8.5.4 To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.

8.5.5 To provide details to the HMRC regarding the construction industry tax deduction scheme.

8.5.6 To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

## **8.6 PURCHASING CARDS AND CORPORATE CREDIT CARDS**

### **Why is this important?**

- 8.6.1 Purchase cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.
- 8.6.2 Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

### **Responsibilities of the Director of Finance**

- 8.6.3 To provide detailed financial instructions to card holders.
- 8.6.4 To authorise and maintain control over the issue of cards.
- 8.6.5 To reconcile the purchase card account to the ledger on a monthly basis.
- To maintain a list of all purchase/ credit card holders.

### **Responsibilities of Card Holders**

- 8.6.6 Purchase Card holders are responsible for ordering and paying for goods and services in accordance with the Force contract financial regulations, section 9.1 of these financial regulations and all procedures laid down by the Director of Finance.
- 8.6.7 To ensure that purchases are in accordance with approved policies.
- 8.6.8 To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

## **8.7 EX GRATIA PAYMENTS**

### **Why is this important?**

8.8.1 An ex gratia payment is a payment made where no legal obligation has been established. An example may be recompense to a police officer for damage to personal property in the execution of duty or to a member of the public for providing assistance to a police officer in the execution of duty.

### **Responsibilities of the Director of Finance**

8.8.2 To make ex gratia payments, on a timely basis, to members of the public up to the level shown in Section 11 in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the organisations functions.

8.8.3 To maintain details of ex gratia payments in a register.

8.8.4 To make ex gratia payments, on a timely basis, up to the level shown in Section 11 in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty.

## **9. CONTRACT REGULATIONS**

9.1 Contract regulations cover all types of contract including awarding contracts, placing orders, loan or leasing arrangements, employing outside consultants and even cases where a party is supplying goods, works or services or disposing of assets (other than land) or spending grant income received from a third party. They must be followed for all contracts with outside organisations or people. These contract regulations cover any contract or purchase of goods and services by any employee regardless of how the expenditure is funded.

### **9.2 What is a contract?**

9.2.1 A contract is any agreement to provide goods, works or services in exchange for payment or in kind. Employees should avoid giving verbal commitments to suppliers as this can constitute a contract.

9.2.2 The terms and conditions to be applied to the contract provide clarity and protection to the participants, and the specification of the requirement should be clearly understood by both parties. Their length and complexity are likely to depend on the extent of cost and complexity of the goods or services to be supplied.

#### **Why are these important?**

9.2.3 All employees engaged in the following activities, shall make every effort to ensure that the best value for money is achieved for the acquisition and delivery of:

- a) goods or materials;
- b) services and consultancy;
- c) building works;
- d) the supply of goods or services to third parties which provide an income.

9.2.4 Such efforts shall also continue throughout the lifetime of any contract to ensure that best value for money is maintained in the quality and standard of all goods, services and works supplied and in the review of proposals to change or vary any feature of any contract during its lifetime.

### **9.3 Key controls**

9.3.1 No contract or project shall be deliberately or artificially divided into a number of separate contracts in order to avoid the obligations set out in these Contract Regulations, or any statute or the EU Directive.

9.3.2 Competition shall be encouraged from potential providers to supply goods, services, building works, etc.

9.3.3 Every contract concluded shall comply with:

- a) the EU Treaty;

- b) any relevant Directives of the EU for the time being in force in the United Kingdom including any requirement for aggregation;
- c) any laws of the United Kingdom including any Act of Parliament requiring the letting of contracts by competitive tendering or relating to Best Value; and
- d) the requirements of any applicable codes of practice.

9.3.4 Subject to compliance with 9.3.3, exemption from any of the provisions of these Contract Regulations may only be made in exceptional circumstances as set out in these regulations.

9.3.5 The Police and Crime Commissioner shall be informed of exemptions made under 9.3.4) at the earliest opportunity.

9.3.6 In addition to adhering to the above, any employee who is engaged in any activities or processes leading to the award of a contract or in its subsequent delivery shall:

- a) show no undue favour to or discriminate against any contractor or potential contractor;
- b) carry out their work in accordance with the highest standards of propriety and proper practice (including respecting the confidentiality of commercial information);
- c) not breach the requirements of the gift and hospitality policy;
- d) declare any links or personal interests that they may have with potential or existing suppliers and contractors and take no part in the selection or direct management of a supplier or contractor with which they are connected.

9.3.7 These Contract Regulations shall apply, irrespective of the source of funding for a contract.

## **Responsibilities**

### **Responsibilities of all financial managers**

9.3.8 To understand the contract procedures that relate to their level of delegation and that must be followed when negotiating and agreeing contracts and ordering works, goods and services.

9.3.9 To ensure that there are sufficient funds enough in the budget to cover the financial commitment being made.

### **Responsibilities of the Police and Crime Commissioner**

9.3.10 To establish an agreed set of Contract Regulations.

9.3.11 To monitor contract outcomes and compliance with these Contract Regulations.

### **Responsibilities of the Monitoring Officer**

9.3.12 To receive reports where the arrangements for agreeing or letting contracts have not met the requirements of these regulations.

9.3.13 To approve the terms of standard contracts

9.3.14 To approve all contracts where the Police and Crime Commissioner is the supplier.

9.3.15 To ensure that there is a record of all signed contracts over £10,000.

### **Responsibilities of the Treasurer**

9.3.16 To make sure that the Police and Crime Commissioner achieves best value.

9.3.17 To make sure that all contracts are in line with Financial and Contract Regulations.

9.3.18 To consult the Monitoring Officer and provide guidance on any relevant financial matter relevant to these financial and contract regulations.

9.3.19 To consult the Monitoring Officer and recommend action if arrangements for agreeing contracts have not met the requirements of these Financial and contract regulations.

### **Responsibilities of the Director of Finance and Chief Officers Team**

9.3.20 To follow Financial and Contract regulations and any codes of practice, guidance or instructions provided by the Monitoring Officer and the Treasurer and relevant professional bodies.

9.3.21 To ensure that all officers and staff comply with Financial and Contract regulations

9.3.22 To obtain appropriate legal, financial and other advice.

9.3.23 To comply with all relevant domestic and EU laws.

9.3.24 To be satisfied that agreed budgetary provision exists to cover the financial commitment being made.

9.3.25 To ensure that the Force has systems in place to avoid fraud and corruption and breach of Financial and contract regulations.

9.3.26 To provide any information required by the Monitoring Officer, Treasurer or Director of Finance to ensure compliance with legal requirements.

9.3.27 To ensure that there is relevant approval for all contracts in line with the scheme of delegation.

### **Responsibilities of the Head of Contracts and Procurement**

9.3.28 To apply and monitor the use of these Financial and Contract regulations and any codes of practice, guidance or instructions provided by the Monitoring Officer, and the Treasurer to all contracts.

9.3.29 To be responsible for procurement standards and practice.

9.3.30 To produce and action the annual “procurement plan” including the planning of medium to long term purchase requirements.

9.3.31 To report any breach or potential breach of Financial and Contract regulations to the Director of Finance or the Monitoring Officer or the Treasurer.

9.3.32 To make sure that all suppliers have in place sufficient insurance cover as appropriate in accordance with Force risk and insurance guidance

9.3.33 To be responsible for keeping a register of all contracts over £10,000 entered into by the Police and Crime Commissioner and to make arrangements for its publication in accordance with legislation.

9.3.34 To seek legal, financial and other appropriate advice in good time to ensure that the Force complies with legal requirements.

9.3.35 To agree a procedure with the Treasurer and the Police and Crime Commissioner as to how best to check the financial standing of suppliers.

**Responsibilities of Staff with financial management responsibility**

9.3.36 To comply at all times with Financial and Contract Regulations and codes of practice, guidance or instructions provided by the Director of Finance Monitoring Officer, Treasurer and Head of Contracts and Procurement.

9.3.37 Prior to the issue of any quotation request or invitation to tender, to prepare with the assistance of Head of Contracts and Procurement a detailed description or technical specification of the required works, goods, services, and/or materials.

9.3.38 Informing the Head of Contracts and Procurement of the nature and estimated value of the contracts which may be required by the department in the next financial year.

**9.4 POWER TO DELEGATE**

9.4.1 The Director of Finance may delegate their powers under these Contract Regulations to an authorised officer.

**9.5 PURCHASING PROCEDURES AND THRESHOLDS**

9.5.1 Where collaborative frameworks or contracts for the supply of goods, services or works exist which comply with 9.2 (Key Controls), these arrangements shall be used in preference to conducting a separate quotation or tender process. Such arrangements will be identified by the Head of Contracts and Procurement with the agreement of stakeholders. Supplier selection shall then be in accordance with the terms of the framework or contract.

9.5.2 Where collaborative agreements are with single suppliers, the Head of Contracts & Procurement shall take such steps as may be necessary to assure him / herself that the agreement represents best value for money prior to making recommendation on the use of the arrangement.

9.5.3 Where no suitable collaborative arrangements exist for sourcing goods, works or services, the procedure to be followed shall be determined by reference to the estimated value of the purchase as set out below. Unless specified otherwise the value of the contract is the estimated whole life cost.

<b>Threshold and Type</b>	<b>Value</b>	<b>Quotation/Tender Process</b>	<b>Responsible for Procurement</b>
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Ultra low value Transactions	Up to £5k	Place order with supplier best able to provide value for money. Should be with a supplier already on purchasing system. Record of reasons for selection need to be retained.	Devolved
Low Value Transactions	£5,001 to £10,000	A written or electronic quotation. Must demonstrate value for money and the aggregated spend can not exceed £10k	Devolved
Intermediate Value Transactions	£10,001 to £50,000	Sourcing through available frameworks or by quotation on Bluelight EU Supply portal.	Contracts & Procurement: Supplies (Central Purchasing Team, Supplies & Workflow)
High Value Transactions	Above £50,000 and below EU Threshold £172,514	Follow mini-competition or tender process	Contracts & Procurement: Contracts team
Over EU Threshold	Over £172,514	Follow mini-competition or tender process	Contracts & Procurement: Contracts team

9.5.4 Acceptance procedures are set out below. Exemptions to this Regulation are detailed in 9.15 (Negotiated contract), 9.15 (Single Quotation/Tender Contract) and 9.16 (Proprietary Article or Service). The tender rules relating to procurements made under the EU Directive will always apply. Post tender negotiation may only take place under the conditions set out in 9.15 (Negotiated Contract)

## 9.6 SELECTION CRITERIA

9.6.1 Unless otherwise required by collaborative frameworks or contracts as set out in 9.4 (Purchasing Procedures and Thresholds), the selection of organisations to be invited to quote or tender under these Contract Regulations shall be based on a combination of technical capacity, quality and financial standing, in accordance with the principles of the EU directives.

## 9.7 INVITATIONS TO TENDER

9.7.1 All tenders issued by the Police and Crime Commissioner shall consist of instructions to tenderers regarding submission information, terms, conditions and specification with a pricing schedule.

9.7.2 Completed tenders shall be submitted by the date and time and in the manner stated in the instruction for invitation to tender (electronic being the preferred method) and shall comply with the public sector requirement around being anonymous prior to opening of the document.

## 9.8 OPENING OF TENDERS

- 9.8.1 All tenders shall be opened at one time, which shall be as soon as practicable after the time appointed for their opening in the invitation to tender.
- 9.8.2 Where examination of tenders reveals clerical errors or discrepancies which would affect the tender figure(s) in an otherwise successful tender, the tenderer should be afforded an opportunity of confirming, withdrawing or correcting his offer (the correction of genuine errors is permitted for tenders which are compliant in all other aspects). This should be documented, including the reason(s) for referral back to the tenderer.
- 9.8.3 The Police and Crime Commissioner delegates to the Chief Executive the discretion to permit the consideration of tenders which do not comply strictly with the above rules, subject to the reasoning behind any discretion exercised being properly recorded.

## 9.9 EVALUATION OF TENDERS

- 9.9.1 Assessment criteria may be made on appropriate technical, qualitative and financial grounds which are relevant to the contract concerned. These should be agreed before the Tender is issued in consultation with an appropriate stakeholder group, which should generally include financial and technical/practitioner representation and be agreed with the Head of Contracts and Procurement
- 9.9.2 Evaluations of the Tender submissions are to be carried out by the stakeholder group or their representatives based on the agreed criteria which shall be applied to all tenderers fairly, transparently and consistently.
- 9.9.3 Those members of staff involved in the evaluation process should be mindful of the policy on gifts, loans and hospitality.

## 9.10 ACCEPTANCE OF TENDERS

- 9.10.1 The following procedures shall be applied for the acceptance of a quotation or tender:

- for 'Low Value' Contracts, supplier's Terms and Conditions can be accepted except where issues relating to security are a relevant concern. In this case, advice should be sought from Contracts and Procurement Department prior to placing an order or signing an agreement.
- No agreements relating to renting or leasing of premises or licences to occupy (even at nil cost) may be accepted without reference to the Property Services.
- No agreements containing leases or intellectual property rights may be accepted without reference to Contracts and Procurement Department.

- No agreements relating to ICT equipment or software may be accepted without reference to ICT Department.
- No agreements relating to vehicles may be accepted without reference to Transport Services.
- No agreements relating to temporary or agency staff may be accepted without reference to People Services Department.

9.10.2 Acceptance shall be made in writing. Where the lowest or the most economically advantageous quotation or tender, which meets the specification and the quality and technical standards required, is acceptable, then agreement to accept the tender with the following conditions.

9.10.3 In any other case acceptance shall be as set out under “exemptions”.

9.10.4 Acceptance shall then be despatched via electronic means in accordance with the agreements in 3 or 4 above.

9.10.5 Awards shall be made in accordance with Public Procurement Regulations and with reference to appropriate guidance on good practice.

## 9.11 **CONTRACTS - CONTENTS**

9.11.1 Other than where collaborative arrangements have pre-determined the form and content of the contract, the following guiding principles will be applied.

9.11.2 In order for the Police and Crime Commissioner to comply with best practice and legislation, successful Contractors shall be required to provide details, where appropriate, of:

- The Company’s compliance with Corporate and Social Responsibilities i.e. Environmental Policy;
- their Business Continuity Plan where appropriate;
- how they will comply with the Force Security Policy.

9.11.3 All Contractors’ staff deployed on force premises shall be required to comply with appropriate Force policies.

9.11.4 Every contract shall specify:

- a) the work, materials, matters or things to be supplied or carried out;
- b) the price to be paid, with a statement of discounts or other deductions;
- c) the time or times within which the contract is to be performed.

9.11.5 Formal contracts for the provision of services and the execution of work shall provide for appropriate remedy to be provided by the contractor in case the terms of the contract are not duly performed. The Police and Crime Commissioner may also require sufficient security (e.g. parent company bond) for the due performance of any such contract.

9.11.6 Contract terms shall, where practicable, protect the interests of the Police and Crime Commissioner and Force in relation to Data Protection and Intellectual Property.

## 9.12 **CONTRACTS - COMPLIANCE WITH STANDARDS**

9.12.1 Where an appropriate European Standard Specification or British Standard implementing a European Standard or an appropriate and recognised International Standard is current at the date of the tender, every contract should require that, as the case may be, all goods and materials used or supplied and all services shall be in accordance with that standard. Where an existing collaborative contract is considered to be an appropriate vehicle then the principles of this condition should be considered.

## 9.13 **CONTRACTS - CANCELLATION**

9.13.1 Escalation processes including reporting any defaults outside of or during Contract Review Meetings should include Contracts and Procurement representation.

9.13.2 Should a contract no longer be required, written notification shall be given to the Contracts & Procurement Department.

9.13.3 Consideration shall be given to notice periods and consequences of early termination where applied. Where termination costs are significant, a business case will be required to support early termination. Approval for early termination costs to be incurred will be in line with the delegated approval limits.

9.13.4 A report will be made to the Police and Crime Commissioner listing any contracts subject to early termination and the reasons why.

## 9.14 **EXCEPTIONAL CIRCUMSTANCES**

9.14.1 The requirements within these Contract Regulations that competition is required for tenders and quotations may be set aside when exceptional circumstances are incurred. By definition the circumstances leading to this action must be exceptional to those normally experienced and are likely to be confined to:

1. Urgent maintenance or repair to:
  - prevent serious injury or damage to premises
  - maintain essential services
  - make premises or equipment secure
2. Purchase of unique or type approved items
3. Emergency situations.

9.14.2 An individual who believes that they have a case must provide evidence supporting their conclusion to the Head of Contracts and Procurement in the first instance, for consideration by the Director of Finance. No agreements or orders may be signed until approval for the exemption has been given.

### Temporary Exemption

9.14.3 A further exemption to these Contract Regulations may be considered for the purposes of aligning contract end dates in order to avoid the cost of tender or quotation exercises for short term contracts for goods or services that will be subject to joint procurement arrangements as part of establishing the alliance between the forces.

9.14.4 The circumstances under which such an exemption might be considered would be:

- where the goods or services concerned are directly related to an area of business subject to joint operations;
- where savings can be achieved by renegotiation with the existing supplier with largely unchanged terms and conditions and specification.

9.14.5 All new arrangements under this temporary procedure:

- should be approved by the Director of Finance (irrespective of contract value);
- should be for no longer than 24 months to allow sufficient time for the Force to be able to re-specify and tender the contract once a position on Strategic Alliance arrangements is clearer. Break clauses to allow earlier exit should be included wherever possible.

**9.14.6 Even where exceptional circumstances apply, every effort should be made to identify value for money by means of limited quotation or through benchmarking against existing arrangements.**

### 9.15 NEGOTIATED CONTRACTS & SINGLE TENDERS

9.15.1 The Director of Finance may approve the award of a contract and a variation to a contract, unless barred by statute, having:

- a) only invited a single quotation or tender;
- b) received or sought an offer from a current contractor to vary the goods, services or works supplied (e.g. variation to an existing contract) (single tender);
- c) made a direct agreement with a contractor, without going through the competitive bidding process (negotiated contract)
- d) only having one viable bid following a tender evaluation (negotiated contract)

9.15.2 Single tenders and negotiated contracts are only to be carried out by the Contracts & Procurement Department.

### 9.16 PROPRIETARY ARTICLE OR SERVICE and TYPE APPROVED PRODUCTS

9.16.1 Proprietary articles and services are those for which it has been established that there is only one source of supply. Type Approved products are those products which have to achieve a specific approval or designation to be approved for use by UK Police Forces. The Director of Finance may approve the award of a contract to the sole supplier of the article or service where they are satisfied that the requirement can only be fulfilled by the proprietary article or service.

9.16.2 Contracts in excess of the De Minimis level can only be awarded by the Contracts & Procurement Department.

#### 9.17 **CONTRACT MONITORING**

9.17.1 Where appropriate contracts shall be monitored and measured by way of performance indicators and be subject to regular review meetings involving the Contractor and Practitioner representation.

9.17.2 Any contract which is subject to significant and continuing performance failures as defined by the contract terms shall be reported to Chief Officers, along with the steps being taken to remedy the failure.

## 10.1 JOINT WORKING ARRANGEMENTS

### Why is this important?

10.1.1 Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.

10.1.2 Joint working arrangements can take a number of different forms, each with its own governance arrangements. These are grouped under the following headings:

- Partnerships
- Consortia
- Collaboration

10.1.3 Partners engaged in joint working arrangements have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
- to be open about any conflicts that might arise;
- to encourage joint working and promote the sharing of information, resources and skills;
- to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to promote the project.

10.1.4 In all joint working arrangements the following key principles must apply:

- before entering into the agreement, a risk assessment has been prepared;
- such agreements do not impact adversely upon the services provided;
- project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
- all arrangements are properly documented;
- regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
- audit and control requirements are satisfied;
- accounting and taxation requirements, particularly VAT, are understood fully and complied with;
- an appropriate exit strategy has been produced.

10.1.5 The organisations element of all joint working arrangements must comply with these Financial Regulations.

## PARTNERSHIPS

10.1.6 The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve a common goal; and
- achieve it to create an organisational structure or process and agreed programme, and share information, risks and rewards

10.1.7 The number of partnerships, both locally and nationally, is expanding in response to central government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:

- deliver strategic objectives;
- improve service quality and cost effectiveness;
- ensure the best use of scarce resources; and
- deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need.

10.1.8 Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

#### Statutory based

10.1.9 These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs)

#### Strategic

10.1.10 These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.

#### Ad-hoc

10.1.11 These are typically locally based informal arrangements.

## **Context**

10.1.12 As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, the Police and Crime Commissioner is free to pool funding as he and his local partners see fit. The Police and Crime Commissioner can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.

10.1.13 When the Police and Crime Commissioner acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Police and Crime Commissioner is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

### **Responsibilities of the Police and Crime Commissioner**

10.1.14 To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan and the annual delivery plan.

10.1.15 To make appropriate arrangements to commission services from either the force or external providers and to agree all service commissions from external providers.

### **Responsibilities of Managers**

10.1.16 To follow the guidance manual for local partnerships, ensuring appropriate arrangements for the management of partnership arrangements and related contracts and service level agreements.

10.1.17 To consult, as early as possible, the Director of Finance and the Treasurer to ensure the development of appropriate business cases, correct treatment of taxation and other accounting arrangements.

10.1.18 To produce a Memorandum of Understanding (MOU) setting out the appropriate financial and operational arrangements for the project. This document should be signed by the Chief Executive, Chief Constable, Director of Finance or Chief Executive.

10.1.19 All partnership, joint working arrangements and MOUs with operational and financial implications should be approved by the Director of Finance and when appropriate the Chief Executive.

### **Responsibilities of the Chief Executive**

**10.1.20 To keep a register of partnerships and collaboration agreements**

## **CONSORTIUM ARRANGEMENTS**

10.1.21 A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the Police and Crime Commissioner.

### **Responsibilities of Managers**

10.1.22 To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.

10.1.23 To consult, as early as possible, the Director of Finance and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.

10.1.24 To produce a business case to show the full economic benefits to be obtained from participation in the consortium.

10.1.25 To produce an MOU setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

### **Responsibilities of the Police and Crime Commissioner**

10.1.26 To approve participation in the consortium arrangement.

## **COLLABORATION**

10.1.26 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and Police and Crime Commissioners have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or Police and Crime Commissioners. Any collaboration which relates to the functions of a police force must be agreed by the Police and Crime Commissioner and with the Police and Crime Commissioner and Chief Constable of the force concerned.

10.1.27 The Police and Crime Commissioners shall jointly hold their Chief Constables to account for any collaboration in which their force is involved.

10.1.28 Any such proposal must be discussed with the Treasurer and Director of Finance in the first instance, to ensure it delivers value for money.

## **10.2 EXTERNAL FUNDING**

### **Why is this important?**

10.2.1 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the organisation. Funds from external agencies provide additional resources to enable the Police and Crime Commissioner to deliver his policing and crime objectives. Funds may or may not be subject to conditions requiring them to be spent in specific ways. All such funding is paid into the Police Fund in the first instance and is therefore under the jurisdiction of the Police and Crime Commissioner.

10.2.2 The main source of such funding will tend to be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

**Responsibilities of Chief Officers**

10.2.3 To pursue actively any opportunities for additional funding where this is considered to be in the interests of the organisation.

**Responsibilities of the Chief Constable and the Police and Crime Commissioner**

10.2.4 To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.

**Responsibilities of the Treasurer and Director of Finance**

10.2.5 To ensure that all funding notified by external bodies is received and properly accounted for, and that all claims for funds are made by the due date and that any audit requirements specified in the funding agreement are met.

10.2.6 To sign off funding applications

**Responsibilities of the Chief Constable**

10.2.6 To ensure that funds are acquired only to meet policing needs and objectives.

10.2.7 To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.

10.2.8 To ensure that any conditions in relation to external funding are in accordance with the approved policies of the Police and Crime Commissioner. If there is a conflict, this needs to be taken to the Police and Crime Commissioner for resolution.

### **10.3 WORK FOR EXTERNAL BODIES**

#### **Why is this required?**

10.3.1 The organisation provides services to other bodies outside of its normal obligations, for which charges are made e.g. training, special services. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

#### **Responsibilities of the Chief Constable**

10.3.2 To ensure that proposals for assistance are costed, that no contract is subsidised and that, where possible, payment is received in advance of the delivery of the service so that the organisation is not put at risk from any liabilities such as bad debts.

10.3.3 To ensure that appropriate insurance arrangements are in place.

10.3.4 To ensure that all contracts are properly documented.

10.3.5 To ensure that such contracts do not impact adversely on our services.

10.3.6 The agreement of the Police and Crime Commissioner will be required to all tender submissions which may be publicly or politically sensitive. Otherwise, the submission of tenders for the supply of goods and/or services should be approved as follows:

- a) For tenders up to £250,000 by the Chief Constable;
- b) Between £250,000 and £1,000,000 by the Chief Constable in consultation with the Treasurer;
- c) Over £1,000,000 the prior approval of the Police and Crime Commissioner is required.

## 11. SUMMARY OF DELEGATED LIMITS

### Asset valuation

11.1.1 To maintain an asset register for all fixed assets with a value in excess of the limits shown below, in a form approved by the Treasurer. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the *Code of Practice on Local authority Accounting in the United Kingdom: A Statement of Recommended Practice* and the requirements specified by the Treasurer

<i>Land &amp; Buildings</i>	<i>All values</i>
<i>Vehicles</i>	<i>All values</i>
<i>ICT hardware</i>	<i>All values</i>
<i>Plant &amp; Equipment</i>	<i>£10,000 the de minimis capital level</i>

### Inventories

#### **Responsibilities of the Director of Finance**

11.1.2 To ensure that inventories are maintained in a format approved by the Treasurer that record an adequate description of items with a value in excess of £1,000. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

### Money Laundering

11.1.3 Suspicious cash deposits in any currency in excess of £10,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA).

11.1.4 Large cash bankings from a single source over £10,000 should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 3.9).

### Gifts, Loans and Sponsorship

11.1.5 To refer all gifts, loans and sponsorship above £10,000 to the Police and Crime Commissioner for approval before they are accepted.

### Income

11.1.6 To approve the write-off of bad debts, obsolete stock and stock discrepancies in consultation with the Chief Executive or the Treasurer, up to the level shown below. Amounts for write-off above this value must be referred to the Police and Crime Commissioner for approval, supported by a written report explaining the reasons for the write-off.

<i>Up to £20,000</i>	<i>Director of Finance</i>
<i>Over £20,000</i>	<i>Police and Crime Commissioner</i>

*Up to £100                      Head of Accounting Services, Head of Financial  
Management, Deputy Chief Finance Officer, Head of  
Contracts & Procurements*

**Ex-gratia Payments**

11.1.7 To make ex gratia payments, on a timely basis, to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the organisation.

*Up to £5,000                      Director of Finance  
Over £5,000                      Police and Crime Commissioner*

11.1.8 To make ex gratia payments, on a timely basis, up to the level shown below in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty.

*Up to £10,000                      Director of Finance  
Over £10,000                      Police and Crime Commissioner*

**Contract Regulations**

**PURCHASING PROCEDURES AND THRESHOLDS**

11.1.9 The procedure to be followed shall be determined by reference to the estimated value of the purchase as set out below. Unless specified otherwise the value of the contract is the estimated whole life cost (start up cost + annual cost x duration).

<b>Threshold and Type</b>	<b>Value</b>	<b>Quotation/Tender Process</b>	<b>Responsible for Procurement</b>
Ultra low value Transactions	Up to £5k	Place order with supplier best able to provide value for money. Should be with a supplier already on purchasing system. Record of reasons for selection need to be retained.	Devolved
Low Value Transactions	£5,001 to £10,000	A written or electronic quotation. Must demonstrate value for money and the aggregated spend can not exceed £10k	Devolved
Intermediate Value Transactions	£10,001 to £50,000	Sourcing through available frameworks or by quotation on Bluelight EU Supply portal.	Contracts & Procurement: Supplies (Central Purchasing Team, Supplies & Workflow)

High Value Transactions	Above £50,000 and below EU Threshold £172,514	Follow mini-competition or tender process	Contracts & Procurement: Contracts team
Over EU Threshold	Over £172,514	Follow mini-competition or tender process	Contracts & Procurement: Contracts team

## CONTRACTS REGISTER

11.1.10 A record of all contracts let with a value in excess of £50,000 shall be maintained by the Head of Contracts and Procurement. Consideration must be given to the appropriate period for which records should be stored – 6 years from expiry of a normal contract, 12 years from the expiry of a contract made under deed or a major contract, 15 years for a contract for works.