



Enquiries to: Mrs D Masters
Telephone: 0300 1240113
ext. 48071

Our reference: DM

Date: 11 November 2016

AGENDA

TO: THE MEMBERS OF THE JOINT AUDIT AND STANDARDS COMMITTEE

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY JOINT AUDIT AND STANDARDS COMMITTEE

A Meeting of the Joint Audit & Standards Committee will take place on **Thursday 24th November 2016** in **Conference Room Two**, Police Headquarters, Carleton Hall, Penrith, at **1:00pm**.

S Edwards
Chief Executive

Note: Members are advised that allocated car parking for the meeting is available in the Visitors Car Park.

Please note – there will be a private members meeting from 10.00am – 10.30am and a presentation by Arlingclose on Treasury Management from 10.30am – 11.45am

COMMITTEE MEMBERSHIP

Mrs Fiona Daley (Chair)
Mr Jack Jones
Ms Fiona Moore
Mr Malcolm Iredale

AGENDA

PART 1 – ITEMS TO BE CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

1. APOLOGIES FOR ABSENCE

2. URGENT BUSINESS AND EXCLUSION OF PRESS AND PUBLIC

To consider (i) any urgent items of business and (ii) whether the press and public should be excluded from the Meeting during consideration of any Agenda item where there is likely disclosure of information exempt under s.100A(4) and Part I Schedule A of the Local Government Act 1972 and the public interest in not disclosing outweighs any public interest in disclosure.

3. DISCLOSURE OF PERSONAL INTERESTS

Members are invited to disclose any personal/prejudicial interest which they may have in any of the items on the Agenda. If the personal interest is a prejudicial interest, then the individual member should not participate in a discussion of the matter and must withdraw from the meeting room unless a dispensation has previously been obtained.

4. MINUTES OF MEETING AND MATTERS ARISING

To receive and approve the minutes of the committee meeting held on 7 September 2016.

5. ACTION SHEET

To receive the action sheet from previous meetings.

6. CORPORATE UPDATE

7. ANNUAL REVIEW OF GOVERNANCE

To review the COPCC and Constabulary arrangements for governance; cyclical review over three years covering:

- (i) Role of the PCC's Chief Finance Officer *(To be presented by the Deputy Chief Finance Officer)*
- (ii) Role of the Chief Constables Chief Finance Officer *(To be presented by the CC Chief Finance Officer)*
- (iii) Scheme of Delegation / Consent *(To be presented by the Chief Executive or the Governance & Business Services Manager)*
- (iv) (a) Financial Regulations
(b) Financial Rules *(To be presented by the CC Chief Finance Officer)*
- (v) OPCC Grant Regulations *(To be presented by the Head of Partnerships & Commissioning)*

8. ANNUAL GOVERNANCE STATEMENT DEVELOPMENT AND IMPROVEMENT PLAN UPDATE

To receive an update on progress against the development and improvement plan within the annual governance statement.

9. VALUE FOR MONEY

To receive an annual report on Value for Money within:

- (i) The Office of the Police and Crime Commissioner *(To be presented by the Deputy Chief Finance Officer)*
- (ii) The Constabulary *(To be presented by the Director or Corporate Improvement)*

Please note – This item is being deferred to the March 2017 meeting. The publication by the HMIC of the draft (for data checking) VFM profiles was delayed until 20/10/16 and all police forces have been given until 04/11/16 to feed back any corrections. After this the final reports will be produced and circulated by HMIC on a date still to be confirmed. The annual report on the VFM profiles is prepared on the data contained within the final reports.

10. INTERNAL AUDIT – PROGRESS REPORT

To receive a report from the Internal Auditors regarding the progress of the Internal Audit Plan.

(To be presented by the Audit Manager).

11. INTERNAL AUDIT REPORTS

To receive reports from the Internal Auditors in respect of specific audits conducted since the last meeting of the Committee.

(To be presented by the Audit Manager).

- (i) Audit of Cumbria's Multi-Agency Safeguarding Hub

12. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS

To receive an updated summary of actions implemented in response to audit and inspection recommendations.

(To be presented by the CC Chief Finance Officer)

13. TREASURY MANAGEMENT ACTIVITIES

To receive for information reports on Treasury Management Activity.

(To be presented by the Deputy Chief Finance Officer)

14. STRATEGIC RISK REGISTER

To consider the COPCC and Constabulary strategic risk register as part of the Risk Management Strategy.

- (i) To consider the COPCC strategic risk register as part of the Risk Management Strategy *(To be presented by the Chief Executive or the Governance & Business Services Manager)*
- (ii) To consider the CC strategic risk register as part of the Risk Management Strategy *(To be presented by the Deputy Chief Constable)*

Future Meeting Dates (For Information)

15 March 2017 @ 10:00 - Conference Room 2

24 May 2017 @ 10:30 - Conference Room 2

21 July 2017 @ 10:30 - Conference Room 2

13 September 2017 @ 10:00 - Conference Room 2

22 November 2017 @ 10:00 - Conference Room 2



Agenda Item 4

CUMBRIA POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY

JOINT AUDIT & STANDARDS COMMITTEE

Minutes of a Joint Meeting of the Joint Audit & Standards Committee and the Police and Crime Commissioner held on Wednesday 7th September 2016 in Conference Room 2, Police Headquarters, Carleton Hall, Penrith, at 10.00 am

PRESENT

Mrs Fiona Daley (Chair)
Mr Jack Jones
Ms Fiona Moore
Mr Malcolm Iredale

Also present:

Audit Manager, Cumbria Shared Internal Audit Service, Cumbria County Council (Emma Toyne)
Senior Manager, Grant Thornton (Richard McGahon)
Associate Director, Grant Thornton (Robin Baker)
Commissioner's Chief Finance Officer (Ruth Hunter)
Constabulary Chief Finance Officer (Roger Marshall)
Deputy Chief Finance Officer (Michelle Bellis)
Deputy Chief Constable (Michelle Skeer)
Director of Corporate Improvement (Jane Sauntson)
Governance & Business Services Manager (Joanne Head)
Financial Services Assistant – Banking & Controls (Dawn Masters)

PART 1 – ITEMS CONSIDERED IN THE PRESENCE OF THE PRESS AND PUBLIC

268. APOLOGIES FOR ABSENCE

No apologies for absence were received.

269. URGENT BUSINESS AND EXCLUSION OF THE PRESS AND PUBLIC

There are no items of urgent business to be considered by the Committee.

RESOLVED, that under section 100A(4) of the Local Government Act 1972, (as amended), the press and public be excluded from the meeting during consideration of the following items on the grounds that they involve the likely disclosure of exempt information as defined in the paragraph indicated in Part 1 of Schedule 12A of the Act-



Item No	Item	Paragraph No
14	Investigative Control Framework	7

270. DISCLOSURE OF PERSONAL INTERESTS

There were no disclosures of any personal interest relating to any item on the Agenda.

271. MINUTES OF MEETING AND MATTERS ARISING

The minutes of the meeting held on 28 July 2016 had been circulated with the agenda. The minutes were first reviewed for factual accuracy, a discussion surrounding a term used in the minutes took place, however, the minutes were approved as a true record of the meeting by the committee.

RESOLVED, that, the minutes of the meeting held on 28 July 2016 be approved.

272. ACTION SHEET

The action sheet of the meeting held on 28 July 2016 had been circulated with the agenda. The following comments were made.

- Action 224 – Paper circulated to be read after meeting.
- Action 224 – The Senior Manager (SM) commented that they would look at the HMIC report on Local Criminal Justice Partnerships and if this is going to be taken forward in their audit as part of the 2016/17 value for money conclusion risk assessment around partnership working, findings from this will come to committee in March 2017 as part of the audit plan.
- Action 234 – Is on the agenda.
- Action 238 – The Chair confirmed that an emailed copy of the draft of the accounts had been received by Committee members in May but that a hard copy would be preferred. The Deputy Chief Finance Officer (CFO) confirmed that a hard copy could be produced if it was likely that the final statements would be issued close to the date of following meeting so that members had a better opportunity to read them before the final sign-off. The Commissioner's CFO commented that the plan is for a hard copy of the draft to be presented at the committee meeting next year in May 2017.
- Action 236 – A discussion took place regarding the target date and date in the comments. It was agreed that the target date be amended to March 2017.

RESOLVED, that, the (i) report be noted,



273. CORPORATE UPDATE

The Deputy Chief Constable (DCC) commented that everything is covered in the agenda and there was no further corporate update.

274. MEASURE OF PERFORMANCE AGAINST OUR PLAN ON A PAGE: THE BIG 6

The Director of Corporate Improvement (DCI) presented a report on the Delivering Excellence Strategy in response to a request from JASC for a briefing on the Constabulary's Plan on a Page (Big 6) and in response to the question – how will the Constabulary know when it has achieved excellence in delivery of its BIG 6 plan on a page? The DCI confirmed that the Plan on a Page has been strongly communicated and that HMIC has confirmed that during their review they found awareness of the Big 6 across the organisation. The Deputy Chief Constable (DCC) commented that this is linked into the performance framework.

A member asked whether the DCI role belonged in the Constabulary or the PCC. The DCI confirmed that the role was in the Constabulary. The member commented that it appeared to contain a bit of auditing. The DCI confirmed that it did contain a bit of auditing and compliance work as well as some mock inspections. However, it is also about trying to teach people to learn from mistakes, to have the right guidance and to follow the correct guidance. The DCC commented that it also helped with resourcing and overall assurance. Positive feedback has been received from officers and staff.

A member commented that the documents were good and explained a lot. The member had not been comfortable with the idea that there were no measures or targets but now understood better from this morning's discussions.

A member felt the bigger cost was staff and felt that staff may not feel as empowered from reading these papers. The paper does not refer to investment in staff. Asked if it would be possible to reflect this more in the paper.

The DCC confirmed that a link could be put in to the papers to reflect this.

The Chair asked who the audience for the delivering excellence paper had been. The DCI confirmed that it was available for everyone to see but mainly senior managers. The Chair commented that they thought the paper was very good but that on page 7 of the document the wording needs to be amended regarding other statutory audit functions.

The Commissioner's CFO referred to building a culture that recognises that there is always a better way of doing things and that learns from past mistakes and asked if there were any plans to develop an annual staff survey to see where the trend regarding how many people felt they learnt from their mistakes was in order to see if it was felt that the culture shift was working. The DCC confirmed that Durham University had undertaken a survey at the end of 2016 and the plan was that this will be repeated in February / March 2017.



RESOLVED, that, the reports be noted

Note – The DCI left the meeting and the Constabulary CFO joined the meeting at this point.

275. ANNUAL AUDIT LETTER

The Senior Manager (SM) introduced the Annual Audit letter for the Police and Crime Commissioner and Cumbria Constabulary for 2015 / 2016 and advised that it was a summary of the Audit Findings report presented to members in July 2016. Overall it was a very positive report, the main points are given below: -

- An unqualified opinion was given to the accounts for both the Commissioner and the Constabulary on 28 July 2016
- Unqualified opinions were also issued to both the Commissioner and Constabulary on 28 July 2016 in respect of the Value for Money conclusions
- The audit was certified closed on the 28 July 2016
- Attention was drawn to the risks identified in the audit plan and the value for money risks

The report also includes the audit fees for the year.

A member commented that in relation to value for money risks and the uncertainty around the funding formula some assurance was sought in relation to this risk. The Commissioner's CFO confirmed that there was a comprehensive medium term financial strategy within which there was a variety of options. The indications are that if no formula funding consultation or proposal prior to the summer it is highly unlikely that there will be any formula funding change for the next financial year. It is felt that there is a very comprehensive understanding of risks around expenditure and income so that nothing needs to be done until there is a more definitive position.

RESOLVED, that, the (i) report be noted

276. INTERNAL AUDIT – PROGRESS REPORT

The Audit Manager (AM) presented a progress report which provided a review of the work of Internal Audit for period up to the 19th August 2016. The key points of the report are given below:

- The audit of procurement has been finalised and arrangements for the OPCC and Constabulary reported separately.
 - Arrangements for the OPCC resulted in substantial assurance;



- The Constabulary's arrangements were assessed as providing partial assurance. A comprehensive response to the recommendations with some already actioned has been received. This work will be followed up early in 2017/18 in order to provide assurance over management actions put in place to address the recommendations.
- Progress with the audit plan is on schedule with 19% of audits delivered (this is compared with 20% completed at the same period in 2015/16)
- Fieldwork is underway on eight audits, including two follow ups.

A member commented on paragraph 3.7 of the report - it mentioned the first three months. The AM confirmed that this was an error and should read the first five months. The member queried the delay on the Safeguarding Hub audit and asked why this had such an impact. The AM confirmed that a joint audit had been requested but that the manager within children's services had left which delayed work as time was needed for new staff to get up to speed with the department. It is intended for the report to come to the next meeting.

A member asked if there were any risks in relation to the number of planned audit days delivered. The AM confirmed that the information was held, however, due to the implementation of a new audit management system the information had not been collated but that this would come to a future meeting. There is no date for implementation as yet but it is imminent. The new system had to be implemented as the old system was defunct.

RESOLVED, that, (i) the report be noted.

277. INTERNAL AUDIT REPORTS

(i) Audit of Procurement - Constabulary

Internal Audit undertook a review of Procurement, an overall level of assurance of 'partial' was given.

A member commented that they were disappointed with the report as a relatively good strategy is in place but this audit shows this is not happening in practice. The member referred to the Directors comment that there are no material concerns. The member felt that there are material concerns, fundamental weaknesses and exposure to risk. It was felt that the comments did not seem to reflect the importance of some of the things in the report. The Constabulary CFO commented that this needed to be taken in context of the history of procurement within the Constabulary. Following the procurement review resources were put into the function. The function has been strengthened, a procurement specialist has been brought in as head of the function. The report has been welcomed and an action plan is in place to address the recommendations, over the next couple of months the majority of these recommendations will be addressed. The member commented that the report had practical recommendations and felt reassured by the response.



The member commented that there were a couple of recommendations which were due to be implemented at the end of August and asked if these had been completed. The Constabulary CFO confirmed that the preliminary work on the Procurement Regulations had taken place but that this had not yet been implemented, it was anticipated that this would be done in the near future. Post completion reviews had been completed.

The member commented that the management response to recommendation 11 was unclear. The Commissioner's CFO commented that the OPCC would like to see a formal plan of procurement produced by the Constabulary. The Constabulary CFO confirmed that this would be progressed.

The member asked if public liability assurance had been tested. The AM confirmed that it was specifically around the professional liability around consultants.

The Commissioner's CFO commented that this audit was added to the plan due to the Constabulary investing in the procurement function. It was expected that the audit team would find things during testing and make recommendations.

A member commented that it was appreciated that this was a work in progress.

A member commented that it would be helpful to set realistic target dates.

The Chair commented that there was disappointment to see the number of recommendations but that the response received regarding using the audit to gather evidence was the correct way to use audit. The Chair had concerns relating to the audit finding that indicated that the corporate approach to risk identification and assessment had not been followed. This is an area where a lot of work had been done to help ensure that that risk management had been embedded across the organisation, the report shows that there is evidence that this part of the organisation had not been able to comply with corporate standards. The Constabulary CFO confirmed that some quality assurance work would be carried out on this.

(ii) Audit of Procurement - COPCC

Internal Audit undertook a review of Procurement, an overall level of assurance of 'substantial' was given.

A member commented that there was some confusion due to the COPCC audit receiving substantial assurance and the Constabulary audit receiving partial assurance as it seemed to follow the same personnel and systems. The Commissioner's CFO confirmed that the procurement regulations were joint but there were separate arrangements for circulating those when updated and ensuring staff are aware of changes made. The regulations were finalised by the OPCC when they came to committee in February but the Constabulary waited due to the issue surrounding late tenders. There is a firm scheme of delegation in place which clearly sets out who the authorised officers are so there are clear responsibilities. The Commissioner's team which undertakes procurement work manages their own procurement



plan and meet with their procurement business partner to discuss the arrangements, they are quite a highly skilled team. There is a different set of people in the OPCC driving the relationship with the procurement business partner. There are some resilience issues within the function but the state of vulnerability is less in the OPCC as the head of commissioning is an experienced procurement person but that this does need to be discussed going forward.

A member commented that they are still a little unclear in relation to what is shared and what isn't. There seems to be a lot of skills within the OPCC for a relatively small amount of commissioning and perhaps there are some skill gaps within the Constabulary. The Commissioner's CFO confirmed that this did require some more consideration.

The Chair summarised that they would like the OPCC to have regard to the findings of the report on the Constabulary and ways the two organisations can work together to address the issues.

RESOLVED, that, the reports be noted;

278. MONITORING OF AUDIT, INTERNAL AUDIT AND OTHER RECOMMENDATIONS AND ACTION PLANS

The DCC and the Constabulary CFO presented the updated Audit Monitoring Report. The DCC updated the committee on the Safeguarding of IT Assets, that there needed to be some clarification of the wording. Two role profiles within Professional Standards have parts within those profiles which will satisfy the recommendation but perhaps they need to be made more specific to ensure the recommendation is complied with. The DCC gave an update on the Code of Ethics audit recommendations. A further round of training is being rolled out from professional standards to the senior management team across the Tactical Policing Areas to ensure that everyone receives adequate training on the Code of Ethics. In addition to the cascade training the code of ethics featured on the chief officer roadshows, it has been in the promotion processes, in the fifteen week reviews and the performance development conferences. The Code of Ethics has been embedded in all day to day processes, the professional lead is looking at what to do over and above that in terms of whether to have another steering group which links into the governance group to make sure it is kept current. The DCC is satisfied that both the recommendations on the Code of Ethics have been satisfied.

The Constabulary CFO gave an update on the recommendation surrounding the main financial system, the processes are currently being reviewed by the Change Team as part of the admin review. An update was given on the recommendation surrounding the review of annual governance statement, the five and fifteen week reviews have now been extended to staff. To sit alongside this will be a PDR process to satisfy the requirements of the College of Policing which will be progressed in September. Different documentation may need to be provided for this but to ensure there is not a duplication of work the two processes need to marry together as seamlessly as possible. The DCC confirmed that the process will be electronic but will sit on the SharePoint system. The target date will be revised to March 2017.



RESOLVED, that, the report be noted;

Note – The Governance & Business Services Manager joined the meeting at this point.

279. TREASURY MANAGEMENT ACTIVITIES

The Deputy CFO presented a report on the Treasury Management Activities which have taken place during the period April to June 2016, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management. Notifications from some banks have already been received that deposit rates will fall to zero percent. Negative interest is moving closer as a possibility.

A member referred to the management of cash balances and the tight range of plus or minus two thousand and asked if, given the low interest rates at the moment, there is an extra effort to keep within this range which may not be justified. The Deputy CFO confirmed that it is difficult but that the fundamental part of the investment strategy is the security, so care needs to be taken in relation to the total funds held with NatWest as this is a lower rated bank. The member also asked about the growth of investments and if these had been successfully placed securely. The Deputy CFO confirmed that these had been securely invested.

The Chair asked what the plan was if investment rates turned negative. The Deputy CFO confirmed that a plan would be put in place.

280. STRATEGIC RISK REGISTER

(i) COPCC

The Governance & Business Services Manager shared with the committee the COPCC's strategic risk register.

(ii) Constabulary

The DCC shared with the committee the Constabulary's strategic risk register.

A member asked why the score had moved up from ten to twelve for the risk 'The Constabulary may not have the capacity to deliver the Change Programme and Corporate Support Business Plan'. The DCC confirmed it related to the prioritisation of the ICT work stack which is done through the force strategic delivery board which is constantly looked at.

A member commented that there may be a clearer way to express risk number 25. The member also commented on risk 11, the actions taken seemed to show a lot more of what had happened than the paper on the measure of performance against the plan on a page seemed to show.



The DCC clarified risk 25 surrounding the Emergency Services Network, which is a replacement for Airwave the radio sets used. This replacement has a big cost associated with it. The North West are going live with this national project first. Cumbria has big concerns relating to this due to coverage issues. There has been slippage on the programme and there are issues relating to the Airwave contract if it isn't implemented on time. The DCC will have another look at the wording for this risk to see if it can be made clearer.

The Chair commented on risk 11 and the delivering of excellence and how the risk of adverse publicity is being managed. The DCC confirmed that this was being done through the training and how professional standards are being engaged within the areas.

RESOLVED, that, the reports be noted

281. INVESTIGATIVE CONTROL FRAMEWORK

The DCC presented a report which set out the actions undertaken to improve the Constabulary's investigative control framework regarding safeguarding in response to recent high profile cases and Her Majesty's Inspectorate of Constabulary (HMIC) recommendations.

A member commented that there was a critical time called the golden hour and asked how anyone knows that they have not missed this. The DCC confirmed that this had been done through training. A number of protocols will be followed of which a hard copy is followed. The Crime Commander will have been told about the case at the beginning and it will be reviewed as part of the daily management meeting.

Meeting ended at 12.15 pm

Signed: _____

Date: _____

This page is left intentionally blank

Joint Audit & Standards Committee – Action Sheet

Minute Item	Action to be taken	Person Responsible	Target Date	Comments	Status
DATE OF MEETING: 9th March 2016					
224	Item 10 – Joint Audit and Standards Committee update To look into why the HMIC report on Local Criminal Justice Partnerships is not on the HMIC inspection list	Stuart Edwards	September 2016	Paper circulated to members 7 th September 2016 to be read after meeting.	On-going
224	Item 10 – Joint Audit and Standards Committee update Richard McGahon to liaise with Stuart Edwards and Roger Marshall regarding the HMIC report on Local Criminal Justice Partnerships and if this is going to be taken forward in their audit	Richard McGahon / Stuart Edwards	March 2017	Will be looked at as part of 2016/17 value for money conclusion risk assessment with results brought to committee in March 2017 as part of audit plan.	On-going
DATE OF MEETING: 3rd May 2016					
233	Item 6 – Corporate update Performance management statistics to be provided for 2016/17 and put in audit plan for 2017/18	Michelle Skeer / Emma Toyne	April 2017	The Business Improvement Unit (BIU) will monitor performance management in relation to the 5/15 week reviews. The statistics for 2016/17 will be provided to JASC at the 24 May 2017 meeting. In November/December 2016 the planning meetings for the internal audit plan for 2017/18 will be held, 5/15 week reviews will be included as a suggested area for audit activity.	On-going
236	Item 12 – Effectiveness of Joint Audit and Standards Committee Request a formal comment in writing from internal audit, external audit the PCC and the CC regarding feedback on the effectiveness of the committee	Michelle Bellis	March 2017	Will be provided as part of the review of effectiveness report in March 2017.	On-going

DATE OF MEETING: 28th July 2016					
239	Item 11 – Monitoring of Audit, Internal Audit and other recommendations and action plans Recommendation relating to safeguarding of IT assets requires a date	Roger Marshall	September 2016	Discussions on-going to provide more clarity – date of 30 th September 2016 agreed for completion	On-going
DATE OF MEETING: 7th September 2016					
242	Item 7 – Measure of performance against our plan on a page: the big 6 Put a link in the papers to reflect the investment in staff.	Michelle Skeer / Jane Sauntson	November 2016	The report has been amended to reflect the ongoing investment in the development of police staff and police officers.	Complete
243	Item 7 – Measure of performance against our plan on a page: the big 6 Amend wording on page 7 regarding role of other statutory audit functions.	Michelle Skeer / Jane Sauntson	November 2016	The report has been amended to reflect the changes suggested in respect of the role of JASC and to revise the reference to Internal Audit to External Audit, both on page 7 of 15.	Complete
280	Item 13 (ii) – To look at the wording on risk 25 surrounding the Emergency Services Network to see if this risk can be made clearer.	Michelle Skeer	November 2016	The wording in relation to risk 25 has been clarified and appears on the update as part of the substantive agenda item.	Complete



Police and Crime Commissioner for Cumbria

Title: The Role of the Chief Finance Officer (Core CFO Responsibilities)

Joint Audit & Standards Committee: 24 November 2016

Originating Officer: Michelle Bellis, Deputy Chief Finance Officer,

Introduction

As part of the arrangements for reviewing governance within the OPCC the role of the PCCCFO has been formally assessed against the CIPFA role. The attached form documents the review and sets out how compliance is achieved with the CIPFA CFO responsibilities.

Section 151 of the Local Government Act 1972 requires local authorities (which include Chief Constables and Police and Crime Commissioners) to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer to have responsibility for those arrangements.

In April 2016, CIPFA updated their guidance document “the role of the Chief Finance Officer” in relation to local government bodies, the police specific guidance document issued in March 2014 is currently being reviewed and an updated version is expected in the next few months. At this stage the review of compliance against the CIPFA CFO responsibilities is based on the police specific guidance issued in March 2014 and will be subsequently updated once the updated guidance is issued.

The CIPFA guidance sets out the five principles that define the core activities and behaviours that belong to the Role of the CFO and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:

- The Organisation, governance requirements
- The Role, Core CFO responsibilities
- The Individual, personal skills and performance standards.

This assessment deals solely with the Core CFO responsibilities.

Conclusion

The internal assessment provided assurance that the OPCC is 100% compliant with the requirements of the CIPFA Role.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
<p>Principle 1</p> <p>The Chief Finance Officer of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.</p>		
1.1	<p>Contributing to the effective leadership of the PCC and CC, maintaining focus on its purpose and vision through rigorous analysis and challenge.</p>	<p>The PCCCFO is a member of the Commissioner's Executive Team leads on arrangements for financial governance and contributes to all areas of corporate governance. The PCCCFO is a member of the Constabulary's Force Strategic Delivery Board (FSDB) and the Collaborative Board (a joint board between the Constabulary and OPCC), contributing to the challenge and scrutiny of strategic recommendations to the Constabulary Chief Office Group. The PCCCFO contributes to other Constabulary strategic boards where significant investment and business change is being delivered e.g. mobile and digital, strategic command centre.</p>
1.2	<p>Contributing to effective corporate management, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.</p>	<p>The PCCCFO is a member of the OPCC Executive Team. The team meets on a regular basis with to discuss cross cutting corporate and strategic issues. The PCCCFO leads on financial risks and under the arrangements for governance will be consulted on wider arrangements for non-financial corporate governance and risk management. The PCCCFO will contribute to scrutiny of the performance of the Constabulary at meetings of the Collaborative Board. Cross cutting issues between the OPCC and Constabulary are included on the agenda of meetings of the Collaborative Board comprising Constabulary Chief Officers, the OPCC Chief Executive and Chief Finance Officer. The PCCCFO leads on the Annual Governance Statement (AGS) that includes an action plan incorporating key strategic actions and is monitored by the Joint Audit and Standard Committee (JASC).</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
1.3	<p>Supporting effective governance through development of:</p> <ul style="list-style-type: none"> ▪ corporate governance arrangements, risk management and reporting frameworks; and ▪ corporate decision making arrangements. 	<p>The PCCCFO leads on the arrangements for ensuring a Code of Corporate Governance and an AGS is reviewed/prepared on an annual basis and is compliant with codes/guidance. The PCCCFO leads on the arrangements for external audit, internal audit and the JASC. This includes ensuring the internal audit plan incorporates audit work covering key corporate and financial risks. The PCCCFO contributes to the arrangements for decision making and reporting as a member of the Commissioner’s Executive Team.</p>
1.4	<p>Contributing to change programmes including identifying service efficiencies and value for money opportunities.</p>	<p>The PCCCFO is a member of the Constabulary’s Force Strategic Delivery Board (FSDB) and the Collaborative Board. Both boards operate as a forum to offer challenge and discuss change management proposals, efficiency and value for money. The PCCCFO leads on the scrutiny of all Constabulary investment proposals and the revenue and capital budgets providing challenge around the level of resource requirements and the assumptions made. This includes ensuring that discretionary investment decisions deliver a robust financial return or can demonstrate significant non-financial benefits. The PCCCFO provides independent advice to the Commissioner on HMIC value for money profiles.</p>
1.5	<p>Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.</p>	<p>The PCCCFO leads on the arrangements for developing the Commissioner’s medium term financial forecasts, advising on the robustness of the budgets and in-year management of the overall budget. This includes arrangements for Constabulary funding. The PCCCFO is supported in doing this by a shared financial support team lead by the Deputy CFO.</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
1.6	Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.	The medium term financial forecasts for revenue are projected over 4 years. The capital programme is developed over 10 years. The forecasts are reviewed in detail on an annual basis between October and February. Projections of formula funding income and other factors that may have a stepped impact on resources are re-modelled at the time of government announcements.
1.7	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance ⁶ . (PCC CFO responsibility in consultation with the CC CFO)	The PCCCFO produces an annual policy on reserves that sets out the reason for holding reserves and the amount of reserves set aside for specific purposes. This is recommended for approval annually as part of the Commissioner’s budget process. The PCCCFO will make a formal statement on the level of reserves within the statutory 151 report on the robustness of the budget
1.8	Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA’s Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	The PCCCFO makes an annual statement to the external auditors as part of the letter of representation provided on behalf of the Commissioner in respect of compliance with relevant CIPFA codes. The Commissioner’s Treasury Management Strategy confirms compliance with CIPFA’s Treasury Management Codes and the prudential regime for capital financing. The requirement to comply with relevant codes is re-enforced through internal governance documents e.g. financial regulations, and is included with individual job roles for staff within the finance team. There is a level of independent assurance on Code compliance, e.g. external treasury management advisors will offer advice on the treasury management strategy/external audit will monitor compliance with the code on local authority accounting/internal audit will provide advice as appropriate to specific audits.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
1.9	Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)	<p>The PCCCFO will develop the policy on reserves annually including setting the level of reserves. This includes a review of the requirement for the reserve and the adequacy of overall reserves given the financial risks faced by the OPCC/Constabulary.</p> <p>The substantial proportion of the Commissioner’s budget comprises funding for the Constabulary. Arrangements for the budget include a number of analytical review checks made by the CCCFO prior to the Constabulary budget being submitted to the PCCCFO for consideration. The PCCCFO will then undertake a further level of analytical review assessing the differences in funding between years against known changes to costs and other planning assumptions. A more detailed comparison is undertaken by the deputy CFO for the purposes of presenting information to the PCP, further contributing to the level of assessment.</p> <p>Reserves are set at a level to mitigate areas of budget risk. Those areas where risks a highest and only a lower level of assurance can be given are highlighted in the S151 report.</p>
1.10	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	The Medium Term Financial Strategy is the end result of work between the PCCCFO, CCCFO and Deputy CFO to consider the requirements of the Constabulary and the Commissioner, including the Commissioner’s wider partnership commissioning intentions that incorporates joint working with health, the county council, district councils and community safety partnerships.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Principle 2		
The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.		
Responsibility for Financial Strategy		
2.1	Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria.	The PCCCFO agrees the financial strategy with the Constabulary prior to submitting budget proposals to the Commissioner. The strategy is developed over a number of months taking account of change management proposals, investment decisions and aligned capital strategies/asset management plans. Discussions will take place between the PCCCFO and Constabulary leads on the strategic and operational requirements that drive the overall resource requirements e.g. discussions with Head of Estates and Fleet/ mobile and digital leads. Joint agreement is reached on the approach to risk within the budget and financing choices in respect of capital.
2.2	Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework.	The financial strategy drives the Constabulary change management programme and is based on 4 years (revenue) and 10 years capital. The change programme develops proposals well in advance of the savings requirement for any single financial year to ensure financial viability typically for up to 2 years. A funding arrangement between the Commissioner and Constabulary sets out the basis on which funding can be used and the expectations of the Commissioner in respect of financial management and governance. The agreement includes information requirements and an agreed performance framework.
2.3	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	The main financial management policies are for Treasury Management and Reserves. These are developed with a view to providing a balance between risk and prudence. The approach to treasury management is developed in conjunction with external advisors and includes benchmarked information regarding the balance of financial return and risk on investments. Quarterly reports on treasury management activity provide assurance that

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		<p>prudential indicators have been complied with and that transactions have been carried out in line with strategy. The policy on reserves takes account of CIPFA guidance. The statement of accounts contain the financial policies used in respect of financial reporting and these are subject to annual review by the PCCCFO and CCCFO. The comments of the external auditors on financial resilience are taken into consideration by the PCCCFO when considering financial strategy. The capital programme is developed over a 10 year time line with a requirement that the first four years are fully funded.</p>
2.4	<p>Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery.</p>	<p>The primary commercial and collaborative opportunities are in respect of the Constabulary. Some smaller collaborative/commercial arrangements exist within the OPCC, e.g. internal audit shared service. Collaborative arrangements between the Constabulary and OPCC provide for shared support services. Collaboration arrangements and major commercial procurements are subject to approval from the Commissioner and will be subject to scrutiny and challenge by the PCCCFO.</p>
2.5	<p>Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.</p>	<p>The process for resource allocation is based on initially producing a continuity budget against estimates of the available level of resources. Growth and savings requirements and then considered to ensure overall balance. The on-going requirement for savings means effectivity that the change management programme determines any stepped changes in resource allocation other than in respect of investments that provide an overall net return or are mandated. Change management proposals are based on value for money considerations using HMIC profiles and take account of the priorities within the police and crime plan. The PCCCFO/Commissioner will be consulted on the approach to any proposals with an impact on strategic priorities as part of the discussions on the budget and constabulary funding. The PCCCFO will scrutinise discretionary investment decisions to ensure a positive ROI as part of the budget process and under delegations from the Commissioner for the capital programme.</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.6	Taking a leading role on asset and balance sheet management.	Governance arrangements delegate responsibility to the PCCCFO for balance sheet and asset management. The PCCCFO leads on behalf of the CE in respect of securing effective management of the Commissioner’s estate. The PCCCFO meets with the Head of Estate and Fleet to discuss and informally agree the approach to asset management strategy ahead of formal budget decision making and development of the capital programme. Discussions take account of operational requirements and value for money. The PCCCFO in conjunction with the CCCFO ensures assets are properly insured. The PCCCFO leads on the arrangements for financial regulations that set out requirements in respect of asset and balance sheet management within the OPCC and Constabulary.
2.7	Ensuring that the planning and budgeting processes are fully co-ordinated	The OPCC planning cycle is aligned to development of the police and crime plan. Consultation on the plan and the budget through the Police and Crime Panel is undertaken between October and January prior to approval in February. The financial implications of the Police and Crime Plan are set out in a multi-year commissioning strategy with the funding requirements mirrored in an aligned commissioning budget.
Influencing decision making		
2.8	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	The PCCCFO attends the key strategic boards within the OPCC and Constabulary: Executive Team, Collaborative Board, FSDB and specific project boards e.g. mobile and digital/SCC. Informal meetings outside the boards with project leads are held as necessary to discuss any specific delivery risks/financial implications that require more in depth consideration.
2.9	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	The PCCCFO will provide the Commissioner with independent financial analysis where required and provides input to the process for decision making and through formal and informal briefing sessions. Delegations to the PCCCFO are made where decisions are taken in principle but further analysis is required.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.10	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	The overall resources for the shared financial support team are considered on a regular basis to ensure the support needs of both businesses are met. The statutory responsibility of the PCCCFO to advise on this is set out in the arrangements for governance.
2.11	Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	The panel are consulted on their information requirements in respect of the precept decision each year and are offered an annual seminar supported by the Constabulary to consider more detailed financial, performance and value for money information. The panel are provided with financial monitoring information during the financial year in respect of constabulary and OPCC budgets.
2.12	Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)	The PCC is fully briefed ahead of the Police and Crime Panel precept meeting on the key issues regarding the council tax debate. The PCCCFO presents the budget papers to the panel and will answer technical questions. The Chief Constable is in attendance to respond on questions regarding the operational implications of resource constraints.
2.13	Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	The financial strategy requires the capital programme to be balanced for a minimum of 4 years. Schemes included within the programme are either supported by asset management strategies that provide the rationale for cyclical replacement/maintenance programmes or require a business case to commence. Professional oversight is provided as appropriate to business case decisions.
2.14	Checking, at an early stage, that innovative financial approaches comply with	The PCCCFO in conjunction with the CCCFO procures a range of specialist financial advisory services including treasury management, taxation including VAT/PAYE, pensions and insurance. This provides access to independent

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	regulatory requirements.	advisory services where more innovative approaches are being considered. Both organisations also work closely with the external auditors on compliance issues and liaise at the early stages of considering any changes to ways of accounting and financing transactions.
Financial information for decision makers		
2.15	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Financial monitoring is undertaken on a monthly basis with formal reporting on a quarterly basis to the Public Accountability Conference (Constabulary Reports) and briefing sessions (OPCC reports). The Police and Crime Panel meet five times a year and receive a financial update at each meeting. Regular discussions are held with the Deputy CFO and CCCFO in order to ensure the on-going management of the budget in year and to minimise the impact of variances. The funding arrangement between the Commissioner and Chief Constable includes a schedule of information requirements and the performance monitoring framework for the financial year. The Commissioner's monitoring reports include detail of schemes and expenditure with partners and third sector organisations aligned to the commissioning strategy and police and crime plan priorities.
2.16	Ensuring that timely management accounts are prepared.	Management accounts are prepared on a monthly basis typically within 14 days of the period end.
2.17	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	The Commissioner's financial reports detail all partnership expenditure. The Commissioned Services budget is included as a separate line on the monitoring report with a link to further information on the Commissioner's website detailing all grant expenditure.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Principle 3		
The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.		
Promotion of financial management		
3.1	Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	Collective responsibility for financial management is set out in job roles from the Chief Executive through to specific budget. Finance support officers have also attended full OPCC team meetings to brief staff on their role and to improve understanding of when to engage financial support in new/developing areas of business. Close relationships are promoted between the OPCC budget support officer and individual budget holders to ensure ownership of the budgets. The financial planning cycle ensures alignment between the OPCC budget, commissioning budgets, the police and crime plan priorities and constabulary requirements.
3.2	Actively promoting financial literacy.	The PCCCFO has supported the procurement of CIPFA training that will enhance financial and business skills across the OPCC and Constabulary. The arrangements for financial governance ensure all key documents that support financial literacy are developed as far as is possible with a view to their accessibility to staff.
3.3	Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial management, including delegated authority/powers.	The PCCCFO oversees on the development of the financial regulations and procurement regulations that set out the responsibilities and role of key individuals including Chief Officers within the OPCC and Constabulary. The PCCCFO also inputs into the development of the existing OPCC scheme of delegation that documents all delegations from the Commissioner and Chief Executive and general principles of delegation.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Value for money		
3.4	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	The PCCCFO will scrutinise all reports presented for decision to the Commissioner with financial implications (other than those operating with approved budgets) and advise on the acceptability of recommendations. Where decisions are able to be made in principle but appropriate detail or assurance regarding financial implications are unable to be confirmed final decision making is delegated to the PCCCFO. The PCCCFO works closely with the shared finance support team to ensure financial implications have been reviewed and where appropriate are reflected in a revised budget.
3.5	Ensuring that appropriate asset management and procurement strategies are developed and maintained	The PCCCFO is the Commissioner's lead for asset management and procurement. The PCCCFO works collaboratively with the Constabulary developing the procurement regulations (overarching document including strategy/policy, rules procedures). Asset management strategies are presented by the Constabulary as part of the budget setting process and will be discussed and reviewed by the PCCCFO prior to presenting to the Commissioner for approval.
3.6	Taking a leading role on the identification of value for money opportunities.	The PCCCFO annually reviews HMIC VFM profiles and other inspectorate reports to identify areas where value for money can be improved. Further detailed work is undertaken annually to benchmark OPCC costs with statistical neighbours to identify opportunities to reduce the budget. The PCCCFO's understanding of Constabulary VFM supports the Commissioner in providing challenge and ensures effective judgements can be made on the change programme strategy for reducing costs.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Safeguarding public money		
3.7	Applying strong internal controls in all areas of financial management, risk management and asset control.	The PCCCFO leads on the Commissioner’s financial regulations - these are adopted by the Constabulary. The OPCC adopts the financial rules led on by the CCCFO.
3.8	Explain the financial management arrangements within the Annual Governance Statement.	The Annual Governance Statement and Code of Corporate Governance set out the arrangements for financial management.
3.9	Establishing budgets, financial targets and performance indicators to help assess delivery.	The PCCCFO leads on the development of an annual funding arrangement between the Commissioner and Chief Constable that sets out the financial management arrangements for Constabulary funding. This is accompanied by an annually agreed performance framework. Grant regulations within the OPCC ensure any grant based funding has performance/outcome based measures attached and/or an evaluation report to assess the impact of delivery.
3.10	Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	The PCCCFO leads on the Commissioner’s financial regulations - these are adopted by the Constabulary. The OPCC adopts the financial rules led on by the CCCFO. Financial rules are supported by a finance handbook and procedures. Internal audit will assess compliance as part of the cyclical audit of internal control and provide a judgement on the control environment. Job roles for finance posts include responsibility for ensuring compliance with codes.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.11	Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA's Code of Practice.	Shared Internal audit arrangements are in place and reviewed annually by the PCCCFO/CCCFO including compliance with CIPFA's code of practice and the Public Sector Internal Audit Standard.
3.12	Ensuring that delegated financial authorities are respected	The Deputy CFO has a highly robust understanding of delegations as set out in the PCC/CC funding arrangement and financial regulations and acts as a 'gate keeper' for financial delegations on behalf of the PCCCFO and CCCFO in respect of decision making and virement/budgets
3.13	Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	The PCCCFO leads on the funding arrangement between the Commissioner and Chief Constable. The terms of funding include the responsibility of the CC in respect of managing business risk and insurance and safeguarding assets. The financial regulations has a specific section covering assets and the responsibilities of officers.
3.14	Ensure that capital projects are managed with post completion reviews.	Where capital schemes are subject to a business case (largely ICT schemes) the project manager will produce a final project report reviewing the scheme and lessons learned. This is presented to the FSDB.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.15	Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Financial management disciplines are set out in the financial regulations, rules and handbook supported by appropriate procedures and the treasury management statements of practice. These areas are subject to audit and a range of treasury management/other performance indicators. Segregation of duties operates within financial administrative procedures within the finance team and between the finance team and central services department who process a number of these transactions. Insurance arrangements provide some additional level of cover for any areas of risk.
3.16	Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	The arrangements are set out in the treasury management strategy and practices statements. This area is subject to independent advice from treasury management specialist in addition to internal audit. The strategy and practices are reviewed by JASC annually who also receive reports on treasury management activity and compliance with performance indicators and the control framework.
3.17	Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	The OPCC has arrangements for anti-fraud and corruption including a strategy, policy, procedures and a fraud plan. Further work has been undertaken to promote whistleblowing following feedback from JASC. The PCCCFO and CCCFO are made aware of any instances of fraud where they arise and will review and discuss with internal audit any implications for internal control. The Constabulary takes part in the national fraud initiative. Instances of fraud and the action taken is reported to the external auditors.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.18	Ensuring that proportionate business continuity arrangements are established for financial processes and information.	The financial team have a business continuity plan which provides details of financial procedures to be adopted in the event of a business continuity event. The plan has been developed in consideration of a number of potential scenarios (principally loss of buildings, power, ICT or staff). The PCCCFO and CCCFO have mobile ICT provision.
3.19	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	Partnership arrangements involving funding are subject to a funding or grant agreement that stipulates requirements in respect of financial management and reserve the right of the Commissioner to subject those arrangements to audit.
Assurance and security		
3.20	Ensuring that financial performance of the PCC and CC and its partnerships is reported to the PCC and CC and other parties as required.	The PCC/CC funding arrangement and financial regulations set out the requirements in respect of financial monitoring. Cyclical Reports are presented to the Chief Officer Team, Public Accountability Conference and Police and Crime Panel.
3.21	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	The financial information in reports is reconciled to the position on the financial system. Staff producing reports are fully aware of the challenges in making financial reporting publically accessible and work hard to ensure reports present information in accessible formats e.g. treasury management reporting makes frequent use of graphs and charts to explain the arrangements. Annual budget information presented to the police and crime panel makes use of supporting contextual data, graphs and pictures to enhance the narrative and figures. OPCC budget monitoring reports provide additional information on the purpose of grant funds and the organisations receiving grants in response to this being an area of interest for the panel.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.22	Supporting and advising the Audit Committee.	The PCCCFO and CCCFO provide support to the Deputy CFO who leads on the arrangements for the JASC providing support/advice as necessary and producing the annual report on behalf of the Committee. The arrangements for the Committee provide for independent meetings with the external and internal auditors which provides a further opportunity for members to access support. Members agree an annual programme of development sessions and corporate updates.
3.23	Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the allocation of resources, and what cannot.	The PCCCFO works closely with the CCCFO and Deputy CFO in developing the annual budget and medium term forecasts including discussions on resource allocations. The PCCCFO will brief the Commissioner as appropriate on any principles that underpin assessments of levels of reserves, the approach to constabulary funding and any issues with resource implications outside the on-going continuity budget prior to developing final reports for formal approval. The PCC/CC funding arrangement sets out the discretions available to the Chief Constable for in year resource allocation.
3.24	Ensuring that published budgets, annual accounts and consolidation data for government-level consolidated accounts are prepared.	The PCCCFO ensures the publication of budget/monitoring information, including treasury management strategy and activity reports on the Commissioner's website within a dedicated budget and finance page. A separate page sets out the statement of accounts and associated governance statements and includes a copy of the audit commission's document advising the public on their rights regarding information on the accounts and audit. The shared finance support team under the direction of the Deputy CFO ensures government returns including the WGA are complete and submitted to the relevant department.
3.25	Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial	The PCCCFO provides an annual letter of representation to the external auditors on behalf of the Commissioner confirming all required standards have been met in respect of the published statement of accounts.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	<p>reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.</p>	<p>Under The Accounts and Audit Regulations (2015) the date by which the Chief Constable and Commissioner are required to publish the draft (subject to audit) statement of accounts has been brought forward to 31 May (previously 30 June) and the required date to publish the final (audited) statement of accounts has been brought forward to 31 July (previously 30 September). The requirement for these accelerated dates comes into effect for the statement of accounts for the 2017/18 financial year.</p> <p>Preparations for the accelerated deadlines are well advanced. For the 2015/16 financial statements, a dry run exercise was undertaken which resulted in the publication of the un-audited statements by 23 May 2016 and the audited statements by 28 July 2016. This work was well received by the external auditors and a process of refinement for the 2016/17 financial year is currently underway to cement the process.</p>
3.26	<p>Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO)</p>	<p>The PCCCFO certifies the annual statement of accounts for the PCC/Group. The CCCFO certifies the annual statement of accounts for the CC.</p>
3.27	<p>Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law</p>	<p>The shared finance support team lead on ensuring the requirements of grant claims are adhered to and will liaise directly with the relevant government department where needed to ensure requirements are fully understood. Where funded expenditure is being managed by a partner the arrangements include a funding or grant agreement with terms consistent with those issued from the relevant government department. Legal support is accessed as appropriate regarding terms and conditions of agreements.</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	and of other partner organisations and meet the relevant terms and conditions of schemes	
3.28	Liaising with the internal and external auditor.	The PCCCFO leads on the arrangements for audit and will meet with the external auditors at the start and close out meetings for the accounts and periodically during the audit process to discuss any issues. The PCCCFO meets regularly with the internal auditors to discuss audit planning and as part of the shared audit service management board. The internal and external auditors and PCCCFO attend all meetings of the JASC.

Principle 4

The CFO must lead and direct, (as explained in this principle), a finance function that is resourced to be fit for purpose.

4.1	Ensuring that the finance function makes a full contribution to and meets the needs of the business.	The finance function is a highly valued team and critical to ensuring the OPCC and PCCCFO can fulfil their statutory and professional responsibilities. The Deputy CFO leads the team and is fully engaged in the business of the OPCC, and works very closely with the PCCCFO on ensuring the delivery of financial support including a full suite of budget, monitoring and treasury reports and the financial statements in order that the Commissioner and PCCCFO can demonstrate public accountability for its funding.
4.2	Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	The resources within the finance function are regularly assessed to ensure a balance between meeting the needs of the business and cost. Resources were increased in 2014 by one post to reflect growing demands on the function and work pressures that have been created by the deletion of a number of senior level posts with financial responsibility. Demand on finance resources is likely to remain high for a number of years due to the extent of business change arising from reductions in funding.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
4.3	Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	The PCCCFO and the CCCFO will jointly consider resources and the recruitment of senior posts within the finance team. The PCCCFO/CCCFO and Deputy CFO have jointly developed the role descriptions and person specifications for senior posts all of which were subject to review during 2014, the role of Financial Services Assistant was subject to review in 2016. There is currently no formal outsourcing of finance functions. Specialist advisory services are subject to procurement processes in line with procurement regulations. Internal audit is provided through a shared service with a management board attended by the PCCCFO.
4.4	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	The PCCCFO is the primary stakeholder for the finance function under the shared service arrangements. The PCCCFO works closely with the Deputy CFO, principal finance officers and other members of the team to communicate requirements and ensure the team is able to deliver. The team has an excellent track record of providing a qualitative and response service to the PCCCFO.
4.5	Seeking continuous improvement in the finance function.	The PCCCFO has worked with the Deputy CFO and CCCFO to develop and fund a training and development policy for the finance function to incorporate an enhanced level of professional training. Staff are encouraged to attend regional and national seminars and events. This learning supports staff in improving the systems and processes for which they are responsible. Discussions are on-going between the PCCCFO/Deputy CFO and CCCFO about improvements to annual cyclical processes including the statement of accounts and budget and ensuring changes in requirements from codes and regulations are adopted.
4.6	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both	The PCCCFO has worked with the Deputy CFO and CCCFO to develop and fund a training and development policy for the finance function. During 2016 CIPFA training has been arranged for the wider workforce to develop finance and business skills in appropriate roles, in addition the team members have undertaken risk management awareness training, procurement fraud training and specific training on the Bankline system.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	currently and in the future.	
4.7	Ensuring that responsibility for all finance staff is properly discharged.	The PCCCFO does not have direct staff responsibility but works closely/informally with the Deputy CFO and CCCFO to ensure responsibility for staff within the finance function is properly discharged.
4.8	Acting as the final arbiter on application of professional standards.	The PCCCFO has statutory responsibility for the administration of financial affairs and is a professional member of CIPFA. As the sole post holder within the OPCC with a professional financial qualification, all financial responsibility including that for professional standards rests with the PCCCFO.

Principle 5

The CFO must be professionally qualified and suitably experienced.

5.1	<p>In order to fulfil the aims of this Principle:</p> <ul style="list-style-type: none"> Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers. 	<p>The PCCCFO is a full member of CIPFA and adheres to the requirements of that professional body including those for ethics and CPD.</p> <p>The PCCCFO is literate in the use of relevant office ICT systems (Microsoft Office) and has mobile access to office ICT.</p> <p>The PCCCFO has relevant experience including private sector, large metropolitan and city councils, police authority and police and crime commissioner entities. This includes 12 years at director level with finance and wider business/commercial responsibilities including a commercial strategic partnership covering highways, property, ICT and contact centre functions and wider support service delivery including administrative/transactional processing & HR. Financial management experience includes the full range of local authority departments –</p>
-----	--	--

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	<ul style="list-style-type: none"> ▪ Adhere to international standards set by IFAC on: Ethics and Continuing Professional Development. ▪ Demonstrate IT literacy. ▪ Have relevant prior experience of financial management in the public services or private sector. ▪ Understand public service finance and its regulatory environment. ▪ Apply the principles of corporate finance, economics, risk management and accounting. ▪ Understand personal and professional strengths. ▪ Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role. 	<p>housing, education, social care, leisure, central/accounts, finance ICT systems, formula funding.</p> <p>The range of roles and breadth of experience of the PCCCFO has led to the development of a robust understanding of public service finance/regulatory requirements. More recently this has included the changes in legislation and regulations arising from the introduction of the police and crime commissioner including the Police Reform and Social Responsibility Act 2011, the policing protocol order 2011, relevant aspects of the Anti-social Behaviour, Crime and Policing Act 2014 and the changes to financial legislation arising from the Local Audit and Accountability Act 2014.</p> <p>The PCCCFO ensures that the principles of corporate finance, economics, risk management and accounting are applied through leading on robust standards of financial governance that are subject to review by an independent audit committee and internal and external audit.</p> <p>The PCCCFO has a certificate in coaching from the institute of leadership and management. Development of coaching skills and techniques has included participation in different methodologies and assessments that develop self-awareness in respect of personal and professional strengths. This has been supported by 360 degree assessments within current and former employing organisations and a leadership development programme run by Manchester Business School.</p> <p>The PCCCFO has been supported by a professional coach in current and former employing organisations to support development.</p>

This page is left intentionally blank



Chief Constable for Cumbria Constabulary

Title: The Role of the Chief Finance Officer (Core CFO Responsibilities)

Joint Audit & Standards Committee: 24 November 2016

Originating Officer: Michelle Bellis, Deputy Chief Finance Officer,

Introduction

As part of the arrangements for reviewing governance within the Constabulary the role of the CCCFO has been formally assessed against the CIPFA role. The attached form documents the review and sets out how compliance is achieved with the CIPFA CFO responsibilities.

Section 151 of the Local Government Act 1972 requires local authorities (which include Chief Constables and Police and Crime Commissioners) to make arrangements for the proper administration of their financial affairs and appoint a Chief Finance Officer to have responsibility for those arrangements.

In April 2016, CIPFA updated their guidance document “the role of the Chief Finance Officer” in relation to local government bodies, the police specific guidance document issued in March 2014 is currently being reviewed and an updated version is expected in the next few months. At this stage the review of compliance against the CIPFA CFO responsibilities is based on the police specific guidance issued in March 2014 and will be subsequently updated once the updated guidance is issued.

The CIPFA guidance sets out the five principles that define the core activities and behaviours that belong to the Role of the CFO and the organisational arrangements needed to support them. Successful implementation of each of the principles requires the right ingredients in terms of:

- The Organisation, governance requirements
- The Role, Core CFO responsibilities
- The Individual, personal skills and performance standards.

This assessment deals solely with the Core CFO responsibilities.

Conclusion

The internal assessment provided assurance that the Constabulary is 100% compliant with the requirements of the CIPFA Role.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
<p>Principle 1</p> <p>The Chief Finance Officer of the PCC and CC is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest.</p>		
1.1	<p>Contributing to the effective leadership of the PCC and CC, maintaining focus on its purpose and vision through rigorous analysis and challenge.</p>	<p>The CCCFO is a member of the Constabulary Chief Officer Group and leads on arrangements for financial governance. The CCCFO is a member of the Constabulary's Force Strategic Delivery Board (FSDB) and Collaborative Board (a joint board between the Constabulary and Office of the PCC), contributing to the challenge and scrutiny of strategic recommendations to the Constabulary Chief Officer Group. The CCCFO contributes to other Constabulary strategic boards where significant investment and business change is being delivered e.g. mobile and digital, strategic command centre.</p>
1.2	<p>Contributing to effective corporate management, including strategy implementation, cross organisational issues, integrated business and resource planning, risk management and performance management.</p>	<p>The CCCFO is a member of the Chief Officer Group. The group meets informally on a weekly basis and monthly on an extended basis with an agenda that incorporates cross cutting corporate and strategic issues. The CCCFO leads on financial risks and under the arrangements for governance will be consulted on wider arrangements for risk management. The CCCFO leads on the Annual Governance Statement (AGS) that includes an action plan incorporating key strategic actions and is monitored by the Joint Audit and Standard Committee (JASC).</p>
1.3	<p>Supporting effective governance through development of:</p> <ul style="list-style-type: none"> ▪ corporate governance arrangements, risk management and reporting frameworks; 	<p>The CCCFO leads on the arrangements for ensuring a Code of Corporate Governance and an AGS is reviewed/prepared on an annual basis and is compliant with codes/guidance. The CCCFO leads on the arrangements for external audit, internal audit and the JASC. This includes ensuring the internal audit plan incorporates audit work covering key corporate and financial risks. The CCCFO contributes to the</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	<p>and</p> <ul style="list-style-type: none"> ▪ corporate decision making arrangements. 	arrangements for decision making and reporting as a member of the Chief Officer Group.
1.4	Contributing to change programmes including identifying service efficiencies and value for money opportunities.	The CCCFO is a member of the Constabulary's Force Strategic Delivery Board (FSDB), which operates as a forum to offer challenge and discuss change management proposals, efficiency and value for money. The CCCFO leads on the scrutiny of all Constabulary investment proposals and the revenue and capital budgets providing challenge around the level of resource requirements and the assumptions made. This includes ensuring that discretionary investment decisions deliver a robust financial return or can demonstrate significant non-financial benefits. The CCCFO provides independent advice to the Chief Constable on HMIC value for money profiles.
1.5	Leading development of medium term financial strategies and the annual budgeting process to ensure financial balance and a monitoring process to ensure its delivery.	The CCCFO leads on the arrangements for developing the Chief Constable's medium term financial forecasts, advising on the robustness of the budgets and in-year management of the overall budget. This includes arrangements for Constabulary funding. The CCCFO is supported in doing this by a shared financial support team lead by the Deputy CFO.
1.6	Ensuring that there are sound medium and long term financial plans for both revenue and capital to support the development of PCC and CC plans and strategies and that these are subject to regular review to confirm the continuing relevance of assumptions used.	The medium term financial forecasts for revenue are projected over 4 years. The capital programme is developed over 10 years. The forecasts are reviewed in detail on an annual basis between October and February. Projections of formula funding income and other factors that may have a stepped impact on resources are re-modelled at the time of government announcements.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
1.7	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance. (PCC CFO responsibility in consultation with the CC CFO)	Under the funding arrangement with the Police and Crime Commissioner the only reserve held by the Chief Constable is an operational contingency. The circumstances when this can be utilised are set out in the funding arrangement. If the Chief Constable is granted more reserves to manage in his own right the CCCFO will produce a Constabulary Reserve Policy. The CCCFO advises the Chief Constable on the level and policy in relation to reserves held by the Commissioner.
1.8	Ensuring compliance with relevant CIPFA Codes including the Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code. (PCC CFO responsibility in consultation with the CC CFO)	The CCCFO makes an annual statement to the external auditors as part of the letter of representation provided on behalf of the Chief Constable in respect of compliance with relevant CIPFA codes. The requirement to comply with relevant codes is re-enforced through internal governance documents e.g. financial regulations, and is included with individual job roles for staff within the finance team. There is a level of independent assurance on Code compliance, e.g. external treasury management advisors will offer advice on the treasury management strategy/external audit will monitor compliance with the code on local authority accounting/internal audit will provide advice as appropriate to specific audits.
1.9	Ensuring that budget calculations are robust and reserves adequate, as required by s25 of the Local Government Act 2003, and in line with CIPFA guidance. (PCC CFO responsibility in consultation with the CC CFO)	<p>The CCCFO supports the PCCCFO in developing a policy on reserves annually including setting the level of reserves. This includes a review of the requirement for the reserve and the adequacy of overall reserves given the financial risks faced by the OPCC/Constabulary.</p> <p>The substantial proportion of the Commissioner's budget comprises funding for the Constabulary. Arrangements for the budget include a number of analytical review checks made by the CCCFO prior to the Constabulary budget being submitted to the PCCCFO for consideration. The PCCCFO will then undertake a</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		<p>further level of analytical review assessing the differences in funding between years against known changes to costs and other planning assumptions. A more detailed comparison is undertaken by the deputy CFO for the purposes of presenting information to the PCP, further contributing to the level of assessment.</p> <p>Reserves are set at a level to mitigate areas of budget risk. Those areas where risks are highest and only a lower level of assurance can be given are highlighted in the S151 report.</p>
1.10	Ensuring the medium term financial strategy reflects joint planning with partners and other stakeholders.	The MTFP is the end result of work between the PCCCFO, CCCFO and Deputy CFO to consider the requirements of the Constabulary and the Commissioner, including the Commissioner's wider partnership commissioning intentions that incorporates joint working with health, the county council, district councils and community safety partnerships.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Principle 2		
The CFO must be actively involved in, and able to bring influence to bear on, all material business decisions (subject to the operational responsibilities of the Chief Constable) to ensure immediate and longer term implications, opportunities and risks are fully considered, and align with the overall financial strategy.		
Responsibility for Financial Strategy		
2.1	Ensuring that a financial framework is agreed and delivery is planned against the defined strategic and operational criteria.	The CCCFO agrees the financial strategy with the Constabulary prior to submitting budget proposals to the Commissioner. The strategy is developed over a number of months taking account of change management proposals, investment decisions and aligned to workforce plans, capital strategies and asset management plans. Discussions will take place between the CCCFO and Constabulary service leads on the strategic and operational requirements that drive the overall resource requirements e.g. discussions with Head of Estates and Fleet/ mobile and digital leads. Joint agreement is reached on the approach to risk within the budget and financing choices in respect of capital.
2.2	Maintaining a long term financial strategy to underpin PCC and CC financial viability within the agreed performance framework.	The financial strategy drives the Constabulary change management programme and is based on 4 years (revenue) and 10 years (capital). The change programme develops proposals well in advance of the savings requirement for any single financial year to ensure financial viability typically for up to 2 years. A funding arrangement between the Commissioner and Constabulary sets out the basis on which funding can be used and the expectations of the Commissioner in respect of financial management and governance. The agreement includes information requirements and an agreed performance framework.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.3	Ensure financial management policies underpin sustainable long-term financial health and reviewing performance against them.	The main financial management policies are for Treasury Management and Reserves. These are developed with a view to providing a balance between risk and prudence. The approach to treasury management is developed in conjunction with external advisors and includes benchmarked information regarding the balance of financial return and risk on investments. Quarterly reports on treasury management activity provide assurance that prudential indicators have been complied with and that transactions have been carried out in line with strategy. The policy on reserves takes account of CIPFA guidance. The statement of accounts contain the financial policies used in respect of financial reporting and these are subject to annual review by the PCCCFO and CCCFO. The comments of the external auditors on financial resilience are taken into consideration by the CCCFO when considering financial strategy. The capital programme is developed over a 10 year time line with a requirement that the first four years are fully funded.
2.4	Ensuring that commercial and collaborated opportunities are appraised and advising on financial targets and successful delivery.	The primary commercial and collaborative opportunities are in respect of the Constabulary. All significant collaborative arrangements involving the Constabulary are subject to scrutiny by the CCCFO. Some smaller collaborative/commercial arrangements exist within the OPCC, e.g. internal audit shared service. Collaborative arrangements between the Constabulary and OPCC provide for shared support services. Collaboration arrangements and major commercial procurements are subject to approval from the Commissioner and will be subject to scrutiny and challenge by the PCCCFO.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.5	Ensuring that an effective resource allocation model is developed and maintained to deliver business priorities.	The process for resource allocation is based on initially producing a continuity budget against estimates of the available level of resources. Growth and savings requirements and then considered to ensure overall balance. The on-going requirement for savings means effectivity that the change management programme determines any stepped changes in resource allocation other than in respect of investments that provide an overall net return or are mandated. Change management proposals are based on value for money considerations using HMIC profiles and take account of the priorities within the police and crime plan. The CCCFO/Chief Constable will be consulted on the approach to any proposals with an impact on strategic priorities as part of the discussions on the budget and constabulary funding. The PCCCFO will scrutinise discretionary investment decisions to ensure a positive ROI as part of the budget process and under delegations from the Commissioner for the capital programme.
2.6	Taking a leading role on asset and balance sheet management.	The CCCFO liaises closely with strategic leads in the development of Constabulary managed business and asset plans. Governance arrangements delegate responsibility to the PCCCFO for balance sheet and asset management. Discussions take account of operational requirements, affordability and value for money. The PCCCFO in conjunction with the CCCFO ensures assets are properly insured. The PCCCFO leads on the arrangements for financial regulations that set out requirements in respect of asset and balance sheet management within the OPCC and Constabulary.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.7	Ensuring that the planning and budgeting processes are fully co-ordinated	The Constabulary planning cycle is aligned to that of the OPCC and as such coincides with the development of the police and crime plan. Consultation on the plan and the budget through the Police and Crime Panel is undertaken between October and January prior to approval in February. The financial implications of the Police and Crime Plan are set out in a multi-year commissioning strategy with the funding requirements mirrored in an aligned OPCC commissioning budget.
Influencing decision making		
2.8	Ensuring that opportunities and risks are fully considered and decisions are aligned with the overall financial strategy.	The CCCFO attends the key strategic boards within the Constabulary: Chief officer Group, Business Board, FSDB, Collaborative Board and specific project boards e.g. mobile and digital/SCC. Informal meetings outside the boards with project leads are held as necessary to discuss any specific delivery risks/financial implications that require more in depth consideration.
2.9	Providing professional advice and objective financial analysis enabling decision makers to take timely and informed business decisions.	The CCCFO will provide the Chief Constable with independent financial analysis where required and provides input to decision making through the Chief Officer Group and informal briefing sessions prior to the Chief Officer Group. Delegations to the CCCFO are made where decisions are taken in principle but further analysis is required.
2.10	Ensuring that efficient arrangements are in place and sufficient resources available to provide accurate, complete and timely advice to support strategy development.	The overall resources for the shared financial support team are considered on a regular basis to ensure the support needs of both businesses are met. The statutory responsibility of the CCCFO to advise on this is set out in the arrangements for governance.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
2.11	Ensuring that clear, timely, accurate information is provided as requested by the Police and Crime Panel.	The panel are consulted on their information requirements in respect of the precept decision each year and are offered an annual seminar supported by the Constabulary to consider more detailed financial, performance and value for money information. The panel are provided with financial monitoring information during the financial year in respect of Constabulary and OPCC budgets.
2.12	Ensuring that all necessary information is provided to the PCC when the Police and Crime Panel considers the budget and proposed precept. (PCC CFO responsibility in consultation with the CC CFO)	The Chief Constable is fully briefed ahead of the Police and Crime Panel precept meeting on the key issues regarding the council tax debate. The PCCCFO presents the budget papers to the panel and will answer technical questions. The CCCFO supports the PCCCFO in providing relevant financial information. The Chief Constable is in attendance to respond on questions regarding the operational implications of resource constraints.
2.13	Ensuring that capital projects are chosen after evaluating a fully costed business case complied with input from all relevant professional disciplines and can be funded in the financial strategy.	The financial strategy requires the capital programme to be balanced for a minimum of 4 years. Schemes included within the programme are either supported by asset management strategies that provide the rationale for cyclical replacement/maintenance programmes or require a business case to commence. Professional oversight is provided as appropriate to business case decisions.
2.14	Checking, at an early stage, that innovative financial approaches comply with regulatory requirements.	The PCCCFO in conjunction with the CCCFO procures a range of specialist financial advisory services including treasury management, taxation including VAT/PAYE, pensions and insurance. This provides access to independent advisory services where more innovative approaches are being considered. Both organisations also work closely with the external auditors on compliance issues and liaise at the early stages of considering

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		any changes to ways of accounting and financing transactions.
Financial information for decision makers		
2.15	Monitoring and reporting on financial performance that is linked to related performance information and strategic objectives that identifies any necessary corrective decisions.	Financial monitoring is undertaken on a monthly basis with formal reporting to Chief Officers at a high level on a monthly basis and at a more detailed level on a quarterly basis. The Constabulary also provides reports on a quarterly basis to the Public Accountability Conference and Police and Crime Panel. Regular discussions are held with the Deputy CFO and CCCFO in order to ensure the on-going management of the budget in year and to minimise the impact of variances. The funding arrangement between the Commissioner and Chief Constable includes a schedule of information requirements and the performance monitoring framework for the financial year.
2.16	Ensuring that timely management accounts are prepared.	Management accounts are prepared on a monthly basis typically within 14 days of the period end.
2.17	Ensuring the reporting envelope reflects partnerships and other arrangements to give an overall picture.	The Constabulary financial reports incorporate all partnership and collaboration activity. Where partnership activities have significant financial implications these are highlighted within Constabulary reports or are reported separately.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
Principle 3		
The CFO must lead and encourage the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.		
Promotion of financial management		
3.1	Assessing financial management style and advising as to changes which may be needed to ensure it aligns with the PCC's strategic direction.	Collective responsibility for financial management is promoted through Chief Officer Group, and individual senior management team meetings (SMTs) where the budget is a standing agenda item. Financial services officers are an integral part of these SMT meetings to brief staff on their role and to improve understanding of when to engage financial support in new/developing areas of business. Closer relationships have been promoted between financial services staff and individual budget holders to ensure ownership of the budgets. The financial planning cycle ensures alignment between the Constabulary budget, change programme, police and crime plan priorities and the wider Commissioner's budget requirements.
3.2	Actively promoting financial literacy.	The CCCFO has supported the procurement of CIPFA training that will enhance financial and business skills across the OPCC and Constabulary. The arrangements for financial governance ensure all key documents that support financial literacy are developed as far as is possible with a view to their accessibility to staff.
3.3	Assisting the development of a protocol which clearly sets out the roles and responsibilities for financial management, including delegated authority/powers.	The CCCFO supports the PCCCFO in the development of the financial regulations and procurement regulations that set out the responsibilities and role of key individuals including Chief Officers within the OPCC and Constabulary. The CCCFO has lead responsibility for the financial rules and financial handbook with underpin the financial regulations. The CCCFO in conjunction with the Director of Legal Services has also lead on the

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		development of the existing Constabulary scheme of delegation that documents all delegations from the Chief Constable and general principles of delegation. The CCCFO also leads on the production of annual budget protocols which set out the roles and responsibilities of budget holders and wider Constabulary in relation to financial transactions.
Value for money		
3.4	Challenging and supporting decision makers, especially on affordability and value for money, by ensuring policy and operational proposals with financial implications are notified to and as appropriate, for non-operational aspects, signed off by the finance function.	The CCCFO will scrutinise all reports presented for decision to the Chief Constable and advise on the financial implications/acceptability of recommendations. The CCCFO works closely with the shared finance support team to ensure financial implications have been reviewed and where appropriate are reflected in a revised budget.
3.5	Ensuring that appropriate asset management and procurement strategies are developed and maintained	The CCCFO is the Constabulary's lead for asset management and procurement. The CCCFO works with the PCCCFO who leads on developing the procurement regulations (overarching document including strategy/policy, rules procedures. Asset management strategies are presented by the Constabulary as part of the budget setting process and will be discussed and reviewed by the PCCCFO prior to presenting to the Commissioner for approval as part of the annual budget process.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.6	Taking a leading role on the identification of value for money opportunities.	The CCCFO annually reviews HMIC VFM profiles and other inspectorate reports to identify areas where value for money can be improved. Further detailed work has been undertaken to benchmark Constabulary costs with statistical neighbours to identify opportunities to reduce the budget. The CCCFO's understanding of Constabulary VFM supports the Chief Constable in providing challenge and ensures effective judgements can be made on the change programme strategy for reducing costs. The Executive Board receives a regular report from the Constabulary on its VFM strategy.
Safeguarding public money		
3.7	Applying strong internal controls in all areas of financial management, risk management and asset control.	The PCCCFO leads on the Commissioner's financial regulations - these are adopted by the Constabulary. The OPCC adopts the financial rules led on by the CCCFO.
3.8	Explain the financial management arrangements within the Annual Governance Statement.	The Annual Governance Statement and Code of Corporate Governance set out the arrangements for financial management.
3.9	Establishing budgets, financial targets and performance indicators to help assess delivery.	The CCCFO leads on the development of an annual budget and medium term financial forecast for the Constabulary. Performance within the Constabulary, which includes financial performance, is examined in periodic individual command or directorate performance development conferences. The budget setting process includes zero based budgeting exercises carried out by the financial services team and budget holders are held to account for financial performance and budget requirements in annual budget star chambers. The

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		funding arrangement between the Commissioner and Chief Constable that sets out the financial management arrangements for Constabulary funding and an agreed performance framework.
3.10	Ensuring that effective systems of internal control are implemented, these may include financial regulations, contract regulations, standing financial instructions, operating manuals, and compliance with codes of practice to secure probity.	The PCCCFO leads on the Commissioner’s financial regulations - these are adopted by the Constabulary. The CCCFO leads on the financial rules – these are adopted by the OPCC. Financial rules are supported by a finance handbook and procedures. Internal audit will assess compliance as part of the cyclical audit of internal control and provide a judgement on the control environment. Job roles for finance posts include responsibility for ensuring compliance with codes.
3.11	Ensuring that the PCC and CC have put in place effective arrangements for internal audit of the control environment and systems of internal control as required by professional standards and in line with CIPFA’s Code of Practice.	Shared Internal audit arrangements are in place and reviewed annually by the PCCCFO/CCCFO including compliance with CIPFA’s code of practice and the Public Sector Internal Audit Standard.
3.12	Ensuring that delegated financial authorities are respected	The Deputy CFO has a highly robust understanding of delegations as set out in the PCC/CC funding arrangement and financial regulations and acts as a ‘gate keeper’ for financial delegations on behalf of the PCCCFO and CCCFO in respect of decision making and virement/budgets.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
3.13	Promoting arrangements to identify and manage business risks (except for operational responsibilities of the Chief Constable), including safeguarding assets, risk mitigation and insurance.	The PCCCFO leads on the funding arrangement between the Commissioner and Chief Constable. The terms of funding include the responsibility of the CC in respect of managing business risk and insurance and safeguarding assets. The financial regulations has a specific section covering assets and the responsibilities of officers, which are re-enforced by budget protocols within the Constabulary.
3.14	Ensure that capital projects are managed with post completion reviews.	Where capital schemes are subject to a business case (largely ICT schemes) the project manager will produce a final project report reviewing the scheme and lessons learned. This is presented to the FSDB.
3.15	Securing the application of appropriate discipline in financial management, including managing cash and banking, treasury management, debt and cash flow, with appropriate segregation of duties.	Financial management disciplines are set out in the financial regulations, rules and handbook supported by appropriate procedures and the treasury management statements of practice. These areas are subject to audit and a range of treasury management/other performance indicators. Segregation of duties operates within financial administrative procedures within the finance team and between the finance team and central services department who process a number of these transactions. Insurance arrangements provide some additional level of cover for any areas of risk.
3.16	Ensuring the effective management of cash flows, borrowings and investments of funds including those on behalf of others; ensuring the effective management of associated risks; pursuing optimum performance or return	The arrangements are set out in the treasury management strategy and practices statements. This area is subject to independent advice from treasury management specialist in addition to internal audit. The strategy and practices are reviewed by JASC annually who also receive reports on treasury management activity and compliance with performance indicators and the control framework.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	consistent with those risks. (PCC CFO responsibility in consultation with the CC CFO).	
3.17	Ensuring that appropriate measures exist to prevent and detect fraud and corruption.	The Constabulary has arrangements for anti-fraud and corruption including a strategy, policy, procedures and an annual fraud risk assessment. Further work has been undertaken to promote whistleblowing following feedback from JASC. The PCCCFO and CCCFO are made aware of any instances of fraud where they arise and will review and discuss with internal audit any implications for internal control. The Constabulary takes part in the national fraud initiative. Instances of fraud and the action taken is reported to the external auditors.
3.18	Ensuring that proportionate business continuity arrangements are established for financial processes and information.	The financial team have a business continuity plan which provides details of financial procedures to be adopted in the event of a business continuity event. The plan has been developed in consideration of a number of potential scenarios (principally loss of buildings, power, ICT or staff). The PCCCFO and CCCFO have mobile ICT provision and citrix remote access.
3.19	Ensuring that any partnership arrangements are underpinned by clear and well documented internal controls.	Partnership arrangements involving the Constabulary are subject to governance arrangements appropriate to their size and risk as stipulated in the Financial Regulations and Rules.
Assurance and security		
3.20	Ensuring that financial performance of the PCC and CC and its partnerships is reported to	The PCC/CC funding arrangement and financial regulations set out the requirements in respect of financial monitoring. Cyclical Reports are presented to the Chief Officer group, Public Accountability Conference and

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	the PCC and CC and other parties as required.	Police and Crime Panel.
3.21	Ensuring that financial and performance information presented to members of the public, the community and the media covering resources, financial strategy, service plans, targets and performance, is accurate, clear, relevant, robust and objective. Apart from operational matters which are the responsibility of the Chief Constable.	The financial information in reports is reconciled to the position on the financial system. Staff producing reports are fully aware of the challenges in making financial reporting publically accessible and work hard to ensure reports present information in accessible formats e.g. treasury management reporting makes frequent use of graphs and charts to explain the arrangements. Annual budget information presented to the police and crime panel makes use of supporting contextual data, graphs and pictures to enhance the narrative and figures.
3.22	Supporting and advising the Audit Committee.	The CCCFO and PCCCFO provide support to the Deputy CFO who leads on the arrangements for the JASC providing support/advice as necessary and producing the annual report on behalf of the Committee. The arrangements for the Committee provide for independent meetings with the external and internal auditors which provides a further opportunity for members to access support. Arrangements provide that members can request training seminars at the start of committee meetings.
3.23	Ensuring that clear, timely, accurate advice is provided on what considerations can legitimately influence decisions on the	The PCCCFO works closely with the CCCFO and Deputy CFO in developing the annual budget and medium term forecasts including discussions on resource allocations. The CCCFO will brief the Chief Constable as appropriate on any principles that underpin assessments of levels of reserves, the approach to constabulary funding and

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	allocation of resources, and what cannot.	any issues with resource implications outside the on-going continuation budget prior to developing final reports for formal approval. The PCC/CC funding arrangement sets out the discretions available to the Chief Constable for in year resource allocation.
3.24	Ensuring that published budgets, annual accounts and consolidation data for government-level consolidated accounts are prepared.	The Constabulary website includes a separate page which sets out the statement of accounts and associated governance statements and includes a copy of the audit commission's document advising the public on their rights regarding information on the accounts and audit. The shared finance support team under the direction of the Deputy CFO ensures government returns including the WGA are complete and submitted to the relevant department.
3.25	Ensuring that the financial Statements are prepared on a timely basis, meet the requirements of the law, financial reporting standards and professional standards as reflected in the Code of Practice on Local Authority Accounting in the United Kingdom developed by the CIPFA/LASAAC Joint Committee.	<p>The CCCFO provides an annual letter of representation to the external auditors on behalf of the Chief Constable confirming all required standards have been met in respect of the published statement of accounts.</p> <p>Under The Accounts and Audit Regulations (2015) the date by which the Chief Constable and Commissioner are required to publish the draft (subject to audit) statement of accounts has been brought forward to 31 May (previously 30 June) and the required date to publish the final (audited) statement of accounts has been brought forward to 31 July (previously 30 September). The requirement for these accelerated dates comes into effect for the statement of accounts for the 2017/18 financial year.</p> <p>Preparations for the accelerated deadlines are well advanced. For the 2015/16 financial statements, a dry run</p>

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
		exercise was undertaken which resulted in the publication of the un-audited statements by 23 May 2016 and the audited statements by 28 July 2016. This work was well received by the external auditors and a process of refinement for the 2016/17 financial year is currently underway to cement the process.
3.26	Certifying the annual Statement of Accounts (PCC CFO and CC CFO for their separate accounts) and the group accounts (PCC CFO)	The CCCFO certifies the annual statement of accounts for the Chief Constable. The PCCCFO certifies the annual statement of accounts for the PCC and group.
3.27	Ensuring that arrangements are in place so that other accounts and grant claims (including those where the PCC is the accountable body for community led projects) meet the requirements of the law and of other partner organisations and meet the relevant terms and conditions of schemes	The shared finance support team lead on ensuring the requirements of grant claims are adhered to and will liaise directly with the relevant government department where needed to ensure requirements are fully understood. Where funded expenditure is being managed by a partner the arrangements include a funding or grant agreement with terms consistent with those issued from the relevant government department. Legal support is accessed as appropriate regarding terms and conditions of agreements.
3.28	Liaising with the internal and external auditor.	The CCCFO leads on the arrangements for audit and will meet with the external auditors at the start and close out meetings for the accounts and periodically during the audit process to discuss any issues. The CCCFO meets regularly with the internal auditors to discuss audit planning and as part of the shared audit service management board. The internal and external auditors and CCCFO attend all meetings of the JASC.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
<p>Principle 4</p> <p>The CFO must lead and direct, (as explained in this principle), a finance function that is resourced to be fit for purpose.</p>		
4.1	Ensuring that the finance function makes a full contribution to and meets the needs of the business.	The finance function is a highly valued team and critical to ensuring the Constabulary and CCCFO can fulfil their statutory and professional responsibilities. The Deputy CFO leads the team and is fully engaged in the business the Constabulary, and works very closely with the CCCFO on ensuring the delivery of financial support including a full suite of budget, monitoring and treasury reports and the financial statements in order that the Chief Constable and CCCFO can demonstrate public accountability for its funding.
4.2	Ensuring that the resources, expertise and systems for the finance function are sufficient to meet business needs and negotiating these within the overall financial framework.	The resources within the finance function are regularly assessed to ensure a balance between meeting the needs of the business and cost. Resources were increased in 2014 by one post to reflect growing demands on the function and work pressures that have been created by the deletion of a number of senior level posts with financial responsibility. Demand on finance resources is likely to remain high for a number of years due to the extent of business change arising from reductions in funding.
4.3	Ensuring that robust processes for recruitment of finance staff are implemented and/or outsourcing of functions.	The CCFO and the PCCCFO will jointly consider resources and the recruitment of senior posts within the finance team. The CCCFO/PCCCFO and Deputy CFO have jointly developed the role descriptions and person specifications for senior posts all of which were subject to review during 2014, the role of Financial Services Assistant was subject to review in 2016. There is currently no formal outsourcing of finance functions. Specialist advisory services are subject to procurement processes in line with procurement regulations. Internal audit is provided through a shared service with a management board attended by the PCCCFO.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
4.4	Reviewing the performance of the finance function and ensuring that the services provided are in line with the expectations and needs of its stakeholders.	The CCCFO is the primary stakeholder for the finance function under the shared service arrangements. The CCCFO works closely with the Deputy CFO, principal finance officers and other members of the team to communicate requirements and ensure the team is able to deliver. The team has an excellent track record of providing a qualitative and responsive service to the CCCFO.
4.5	Seeking continuous improvement in the finance function.	The CCCFO has worked with the Deputy CFO and PCCCFO to develop and fund a training and development policy for the finance function to incorporate an enhanced level of professional training. Staff are encouraged to attend regional and national seminars and events. This learning supports staff in improving the systems and processes for which they are responsible. Discussions are on-going between the PCCCFO/Deputy CFO and CCCFO about improvements to annual cyclical processes including the statement of accounts and budget and ensuring changes in requirements from codes and regulations are adopted.
4.6	Ensuring that finance staff, managers and the Leadership Team are equipped with the financial competencies and expertise needed to manage the business both currently and in the future.	The CCCFO has worked with the Deputy CFO and PCCCFO to develop and fund a training and development policy for the finance function. During 2016 CIPFA training has been arranged for the wider workforce to develop finance and business skills in appropriate roles, in addition the team members have undertaken risk management awareness training, procurement fraud training and specific training on the Bankline system.
4.7	Ensuring that responsibility for all finance staff is properly discharged.	The CCCFO has direct staff responsibility for the Deputy CFO and works closely with the Deputy CFO and PCCCFO to ensure responsibility for staff within the finance function is properly discharged.

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
4.8	Acting as the final arbiter on application of professional standards.	The CCCFO has statutory responsibility for the administration of financial affairs and is a professional member of CIPFA. As the sole post holder within the Constabulary Chief Officer Team with a professional financial qualification, all financial responsibility including that for professional standards rests with the CCCFO.

Principle 5

The CFO must be professionally qualified and suitably experienced.

5.1	<p>In order to fulfil the aims of this Principle:</p> <ul style="list-style-type: none"> ▪ Be a member of an accountancy body recognised by the International Federation of Accountants (IFAC), qualified through examination, and subject to oversight by a professional body that upholds professional standards and exercises disciplinary powers. ▪ Adhere to international standards set by IFAC on: Ethics and Continuing Professional Development. ▪ Demonstrate IT literacy. 	<p>The CCCFO is a full member of CIPFA and adheres to the requirements of that professional body including those for ethics and CPD.</p> <p>The CCCFO is literate in the use of relevant office ICT systems (Microsoft Office) and has mobile access to office ICT.</p> <p>The CCCFO has relevant experience which includes a number of senior finance roles within the corporate finance department of a county council and a several years fulfilling the role of Head of Financial Services for the Constabulary. Specific accountabilities have included consolidating statutory accounts, producing multi service revenue budgets, capital strategy and medium term financial forecasts and treasury management. The range of roles performed by the CCCFO has led to the development of a robust understanding of public service finance/regulatory requirements. More recently this has included the changes in legislation and regulations arising from the introduction of the police and crime commissioner including the Police Reform and Social</p>
-----	---	--

Role of the Chief Finance Officer (Core CFO Responsibilities)

Ref	Core CFO Responsibility	OPCC arrangements and any required actions
	<ul style="list-style-type: none"> ▪ Have relevant prior experience of financial management in the public services or private sector. ▪ Understand public service finance and its regulatory environment. ▪ Apply the principles of corporate finance, economics, risk management and accounting. ▪ Understand personal and professional strengths. ▪ Undertake appropriate development or obtain relevant experience in order to meet the requirements of the non-financial areas of the role. 	<p>Responsibility Act 2011, the policing protocol order 2011, relevant aspects of the Anti-social Behaviour, Crime and Policing Act 2014 and the changes to financial legislation arising from the Local Audit and Accountability Act 2014.</p> <p>The CCCFO ensures that the principles of corporate finance, economics, risk management and accounting are applied through leading on robust standards of financial governance that are subject to review by an independent audit committee and internal and external audit.</p> <p>The CCCFO undertakes relevant training to ensure that his knowledge is updated on a continuous basis in order to fulfil the CFO role effectively.</p>

This page is left intentionally blank



Cumbria Office of the Police and Crime Commissioner

Scheme of Delegation

Contents

Page

- 4.** Introduction
- 5.** Notes
- 6.** Key Roles of the Police and Crime Commissioner
- 9.** General principles of delegation
- 11.** Delegations to the Deputy Police and Crime Commissioner
- 12.** Functions designated to the Chief Executive, Office of the Police and Crime Commissioner
- 16.** Functions designated to the Chief Finance Officer, Office of the Police and Crime Commissioner
- 18.** Chief Executive Delegations to other Officers
- 21.** Urgent matters

Introduction

The Scheme of Delegation details the key roles of the Police and Crime Commissioner and those functions which he/she delegates to other officers. These are delegations to the Deputy Police and Crime Commissioner (Deputy PCC), the Chief Executive and the Chief Finance Officer of his/her office. It also sets out delegations by the Chief Executive to other officers who are given authority to carry out functions under the delegations within this scheme.

The Scheme of Delegation provides a framework which makes sure the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall Scheme of Governance and should be read along with other documents such as Procurement Regulations and Financial Regulations.

Procurement Regulations and Financial Regulations also specify powers given to the Chief Executive and the Chief Finance Officer. This Scheme of Delegation aims to clarify those powers. The Police and Crime Commissioner may limit these powers and/or remove delegation. This scheme, Procurement Regulations and Financial Regulations also set out the reporting arrangements in respect of any decisions or actions taken under authorised powers.

The delegations within this scheme are made under the powers are given to the Commissioner by laws, orders, rules or regulations and national conditions of employment. Legislation defines some functions that the Commissioner may not delegate and these are also clearly stated within this scheme.

All delegated functions should be exercised in line with this scheme of delegation, the law, standing orders and financial regulations. Internal policies, procedures, plans, strategies and budgets must also be complied with. This Scheme of Delegation does not identify all the statutory duties which are contained in specific laws and regulations. It is the responsibility of senior officers to ensure all business is fully compliant with all laws, regulations and codes of practice.

Notes

- I. Within this document there are references to significant financial implications. These are items of spending of £100,000 or more which have not been budgeted for.
- II. This document also refers to sensitive issues. These are unusual or exceptional circumstances which have arisen as a result of a risk assessment based on the PESTELO (Political, Economic, Social, Technological, Environmental, Legal, Organisational) method.
- III. The Police Reform and Social Responsibility Act 2011 prohibits delegation to, amongst others, a constable and a member of staff of a constable. A separate scheme of consent sets out those areas where the Chief Constable requires the authorisation of the Commissioner
- IV. The main body of this document sets out the key functions delegated to Senior Officers employed by the Police and Crime Commissioner.

Key Roles of the Police and Crime Commissioner

Introduction

The Police Reform and Social Responsibility Act 2011 established Police and Crime Commissioner's as elected officials with statutory functions and responsibilities for Policing and Crime within their area. The key roles of the Police and Crime Commissioner are:

Holding the Chief Constable to Account

The Police and Crime Commissioner must ensure that the Chief Constable is held to account for the exercise of his/her functions and the functions of the police officers and staff under their direction and control. In doing so the Commissioner must ensure that:

- Good value for money is obtained in exercising those functions
- The Chief Constable has regard to the Police and Crime Plan and Strategic Policing Requirement
- The Chief Constable in exercising duties has regard to Codes of Practice issued by the Secretary of State
- The Chief Constable's arrangements for co-operation and for engagement with local people are efficient and effective
- The Chief Constable exercises duties relating to equality and diversity, safeguarding children and the promotion of child welfare

Complaints and Conduct

The Police and Crime Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable, monitoring complaints against officers and staff, and complying with the requirements of the Independent Police Complaints Commission. The Commissioner will also appoint and if necessary dismiss the Chief Constable

Funding

The Police and Crime Commissioner has responsibility for securing the maintenance of the Police Force. The Commissioner will set the budget, and the precept (charges to be paid by the district councils in the Cumbria area), and allocate funds and assets to the Chief Constable.

The Police and Crime Commissioner will receive funding, including government grants and precept, and other sources of income, related to policing and crime reduction. Funding for the Force will come via the Commissioner. Funding from the Commissioner is agreed in consultation with the Chief Constable who must comply with any terms of that funding.

The Commissioner can also make crime and disorder reduction grants. These are grants to fund initiatives that contribute to reducing crime and disorder.

The Commissioner has overall responsibility for maintenance of the Police Fund including borrowing and investment decisions. The Commissioner is responsible for holding the Chief Constable to account for the arrangements for financial administration within the Constabulary. The Commissioner must appoint a Chief Finance Officer with statutory responsibility for the proper administration of financial affairs.

The Police and Crime Plan

The Commissioner will set the strategic direction and objectives of the Police Service in Cumbria through the Police and Crime Plan, monitoring the performance of the Force against the agreed priorities. On an annual basis the Commissioner will issue a report that sets out the performance actually achieved against the objectives and priorities.

Custody Visiting Scheme

The Commissioner must maintain an effective 'independent custody visiting scheme'. The Custody Visiting Scheme enables independent members of the local community to visit police stations unannounced to check on the welfare of people in police custody.

Community Engagement

The Police and Crime Commissioner provides a local link between the police and communities, working to translate the legitimate desires and aspirations of the public into action. In doing this the Commissioner must seek the views of the community and the views of the victims of crime on policing. The views of people in the police area must be sought on the Commissioner's proposals for expenditure ahead of the issuing of the police precept.

Wider Responsibilities

The Police and Crime Commissioner has a wider responsibility than those solely relating to the police force, namely:

- the delivery of community safety and crime reduction
 - the ability to bring together Community Safety Partnerships at a force level
 - a duty to ensure that all collaboration agreements with other local policing bodies and forces deliver better value for money and
- enhance the effectiveness of policing capabilities and resilience
 - the enhancement of the delivery of criminal justice in their area

Accountability

The Police and Crime Commissioner in exercising these functions must have regard to statutory responsibilities i.e. Freedom of Information Act 2000, and all human rights and equality laws.

The Commissioner is the legal contracting body who owns all the assets and liabilities. He/she must appoint a Chief Executive to undertake the statutory role of Monitoring Officer.

The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it.

The Commissioner is held to account by the Police and Crime Panel, who will scrutinise his/her decisions and the exercise of these functions.

Police and Crime Panel

The Panel has a check and balance role on the Commissioner, rather than the Chief Constable.

Audit Provision

The Police and Crime Commissioner is required under Home Office The Financial Management Code of Practice for the Police Service of England and Wales to appoint an independent audit committee. It is recommended that the Committee is a joint committee for the Commissioner and Chief Constable.

General Principles of Delegation

The following General Principles of Delegation apply to all specific delegations provided for within this scheme.

1. The Police and Crime Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.
2. The scheme does not attempt to list all matters which form part of everyday management responsibilities.
3. Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the Police and Crime Commissioner for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
4. When a statutory officer is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
5. All decisions statutory officers make under powers given to them by the Commissioner must be recorded and be available for inspection.
6. The Police and Crime Commissioner will want to be involved in any projects/areas of work which may have a significant impact on the people of Cumbria. He/she will want to be involved in the scope, tendering process and evaluation of any material business case.
7. In this document reference made to the statutory officers include officers authorised by them to act on their behalf.
8. The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Delegation.
9. The person appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officer (section 151 officer) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
10. The Scheme of Delegation provides an officer with the legal power to carry out duties of the Commissioner. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
 - The Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act
 - Financial Regulations
 - Home Office Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer of the Police and Crime Commissioner
 - Contract Regulations
 - The Commissioner's governance framework

- Employment law, policies and procedures
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes
11. When carrying out any duties, the Police and Crime Commissioner and staff must have regard to the following:
- The views of the people in Cumbria
 - 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. (this list is a summary and is not exhaustive)
12. The Commissioner may appoint any officer to carry out any function, with the exception of those listed below:
- Issuing the Police and Crime Plan
 - Determining objectives in the Police and Crime Plan
 - Calculation of budget requirements
 - Making recommendations to the Home Secretary in relation to the appointment of the Chief Constable
 - Making representations in relation to the appointment of Chief Officer posts
 - Being consulted in relation to the appointment or removal of Chief Officer posts
 - Suspension of the Chief Constable, or asking him or her to resign or retire
 - Attendance at the Police and Crime Panel for specified duties
 - Preparing the annual report
13. The Police and Crime Commissioner may give additional delegation to his/her officers under section 18 of the Act.

This Scheme is a record of the formal delegations that are in effect at the time of its publication and will be reviewed annually. With the exception of those matters listed in paragraph 12, the scheme allows any person, with appropriate authority, to delegate that power further.

Delegations to the Deputy Police and Crime Commissioner

The Police and Crime Commissioner may delegate functions to the Deputy Police and Crime Commissioner other than those that are statutorily prohibited. The following functions may not be delegated to the Deputy Police and Crime Commissioner under the Police Reform and Social Responsibility Act 2011:

- Issuing a Police and Crime Plan
- Appointing the Chief Constable, suspending the Chief constable or calling upon the Chief constable to retire or resign
- Calculating a budget requirement

The Police and Crime Commissioner for Cumbria has determined not to appoint a person as the Deputy Police and Crime Commissioner.

Functions delegated to the Chief Executive, Office of the Police and Crime Commissioner

Introduction

The Chief Executive is the head of the Police and Crime Commissioner's office and staff, and is also the Monitoring Officer for the Commissioner. 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.

General

- Prepare the Police and Crime Plan and draft an Annual Report in consultation with Cumbria Constabulary for submission to the Commissioner.
- Provide information to the Police and Crime Panel, as reasonably required to enable the Panel to carry out its functions.
- 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.
- To make sure, in consultation with the Chief Constable, appropriate arrangements are made to gather the community's views on the policing of Cumbria and preventing crime.
- To respond to consultations on proposals affecting the Police and Crime Commissioner, if necessary, after first taking the views of the Commissioner, the Chief Finance Officer or the Chief Constable, as appropriate.

Finance & Governance

The detailed financial management responsibilities of the Chief Executive are set out in the Financial Regulations. Specifically the Chief Executive will:

- Manage the budget, in compliance with Financial Regulations and Procurement Regulations, and in consultation with the Chief Finance Officer.

- Ensure arrangements are in place for the management of risk and business continuity and where appropriate secure that arrangements are made to insure against risks. This includes arrangements for holding to account the Chief Constable for the management of risk within the Constabulary.
- Ensure that arrangements are in place for the management and security of assets in accordance with the requirements of Financial Regulations
- To consider whether, in consultation with the Chief Finance Officer, to provide indemnity and/or insurance to the Police and Crime Commissioner, individual staff of the Commissioner, Independent Members and Custody Visitors, in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- To approve non-significant ex-gratia compensation claims for damage caused by staff in the execution of their duties.
- Manage a scheme and distribute the proceeds out of the Police Property Act Fund and manage schemes for the administration of grants awarded by the Commissioner and Deputy Commissioner.
- Make arrangements for the accepting and reporting of sponsorship, gifts, gratuities and hospitality and for the reporting of arrangements and acceptances to the Audit and Standards Committee.
- To prepare and review a scheme of expenses for approval by the Police and Crime Commissioner.
- To designate officers as 'authorised officers' for the purposes of procurement regulations.

Human Resources

- To appoint and dismiss staff.
- To make recommendations to the Police and Crime Commissioner with regard to staff terms and conditions of service, in consultation with the Chief Finance Officer.
- To make arrangements for the management of staffing resources for all staff employed by the Police and Crime Commissioner. This to include specific working agreements and the application of all personnel policies and procedures and other policies and procedures with staffing implications.
- To approve all payroll arrangements including salary advances for no more than one month, travel and subsistence claims in accordance with policy, changes to conditions of service, honoraria, starting salary within the scale, extension of half pay and no pay sickness scheme, implementation of national pay awards
- The transfer of accumulated local government pensions into the local government pension scheme after the expiry of 12 months after joining the authority.
- To settle appeals in relation to the Local Government Pension Scheme, in line with the

Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.

- To appoint Independent Custody Visitors, members of the Independent Audit and Standards Committee, members of the Ethics and Integrity Panel, Independent Tribunal Chairs and Members and terminate appointments if necessary.
- To approve arrangements for the attendance of members and custody visitors at seminars and training events and any other expenditure outside the scheme of expenses
- To exercise the statutory powers of the Police and Crime Commissioner for professional standards, as delegated to them on a temporary or permanent basis and such delegations to be documented with this Scheme.

Legal & Contracts

The delegations set out below cover legal and contractual matters. Further detail on procedure in respect of contracts can be found in the Procurement Regulations.

- To authorise people to make, defend, withdraw or settle any claims or legal proceedings on the Police and Crime Commissioner's behalf, having taken legal advice and in consultation with the Chief Finance Officer if there is significant financial implications.
- To approve settlement of any non-significant claim for damages against any individual police officer or special constable out of the police fund under section 88(4) of the Police Act 1996.
- To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.
- To get legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Police and Crime Commissioner's best interests and for his/her benefit.
- To approve financial assistance, in non-significant cases, to police officers involved in civil and criminal proceedings.
- To approve the entering into and administration of all contracts for works, goods and services in accordance with the delegated financial limits set out in the Financial Regulations and in accordance with the procurement Regulations
- To sign all contracts on behalf of the Commissioner in accordance with any decisions either has made. To approve the early termination of contracts in accordance with procurement regulations.
- To affix the common seal of the Police and Crime Commissioner or to approve the entering into framework agreements for contracts, agreements or transactions in accordance with procurement regulations

Other Delegations

- To deal with Freedom of Information Act requests and to prepare and issue Publication Schemes under the Freedom of Information Act 2000.
- To make arrangements for dealing with complaints against the Chief Constable, including the appointment of an investigating officer to investigate a recordable complaint in accordance with the appropriate regulations, and where an investigation has been undertaken, to ensure a suitable report is presented to the Commissioner to enable a decision to be made on the action to be taken.
- To review complaints of maladministration against the Commissioner and to approve the provision of any remedy, financial or otherwise.
- In relation to a grievance against the Chief Constable, to take the appropriate action to investigate the grievance, applying as appropriate the grievance procedure, and reporting the outcome to the Commissioner to enable appropriate action to be taken to resolve the grievance.
- To discharge functions and responsibilities in respect of Police Appeal Tribunals, on behalf of the Commissioner, including the appointment of members of the Tribunals.
- In relation to the Commissioner's land and property, to serve notices to quit and notices to terminate its use or occupation, and to institute court proceedings to recover arrears of rent and other payments or to recover possession from occupiers and users.
- To discharge the Commissioner's statutory duty for health and safety matters.
- To arrange for the provision of professional services as required by the Commissioner.
- In the absence of the Chief Executive, delegations can also be undertaken by the OPCC Chief Finance Officer/Deputy Chief Executive, excluding any matter that requires Monitoring Officer approval or decision.

Statutory Functions

The Chief Executive/Monitoring Officer has statutory duty in respect of the lawfulness of decision making. In the absence of the Chief Executive this duty can only be undertaken by the Deputy Monitoring Officer.

Functions delegated to the Chief Finance Officer, Office of the Police and Crime Commissioner

Introduction

The Chief Finance Officer is the financial adviser to the Police and Crime Commissioner and has statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2015 (as amended). Section 113 of LGFA 1988 requires the responsible officer to be a member of a specified accountancy body.

The Chief Finance Officer must ensure that the financial affairs of the Commissioner, and the Force are properly administered having regard to their probity, legality and appropriate standards.

The formal delegations, listed below, are those given to the Chief Finance Officer, which are in effect at the time of the publication of this scheme. In the absence of the Chief Finance Officer, the Deputy Chief Finance Officer may undertake those functions that are authorised by the Chief Finance Officer within the shared services agreement between the Constabulary and Commissioner.

Delegations

- To ensure that the financial affairs of the Office of the Police and Crime Commissioner are properly administered having regard to probity, legality, and appropriate standards.
- To assist the Police and Crime Commissioner in planning their budget and determining the level of funding and funding conditions to be provided for the Constabulary budget and those of other partners.
- To approve the commencement of capital schemes and the virement of resources between budgets and reserves in accordance with the financial regulations and funding conditions applying to partner budgets.
- To approve the arrangements for the treasury management function, including the day to day management, the production of the treasury management strategy, prudential limits and supporting policies and procedures.
- Authority to bring forward capital funding for future years from planned schemes where these have been approved and there is a requirement or capacity to commence the schemes at an earlier date.
- To approve the arrangements for securing and preparing the Police and Crime Commissioner's accounts, and seek assurances that there are appropriate arrangements in place for the preparation of the Chief Constable's accounts.
- To seek assurances that there are appropriate arrangements in place within the Constabulary for its financial management.

- To make arrangements on behalf of the Chief Executive for insurance and to seek assurance that appropriate arrangements are made for insurance with the Constabulary.
- To approve settlement figures for insurance claims on motor vehicles recommended by the Commissioner's insurers subject to the insurer's subrogated rights.
- To be responsible for all banking arrangements, together with creating, closing or authorising all bank accounts and being signatory to cheques and other mandates for payments on PCC accounts.
- To manage the financial arrangements for grants awarded by the Police and Crime Commissioner.
- To authorise payments, without having to get approval and regardless of whether or not provision has been made in the revenue budget in relation to payments that have to be made by law; payments ordered by the court; payments due under any agreement entered into by the Police and Crime Commissioner.
- To prepare and annually review draft financial and procurement regulations, in consultation with the Chief Executive, for approval by the Police and Crime Commissioner. To approve designated exceptions to the regulations.
- To determine when goods are surplus to requirements or obsolete and arrange for disposal in line with financial regulations.
- To write off debt subject to the limits within the financial regulations
- Provide for an adequate and effective internal audit service and make arrangements for the commissioning of external audit.

Statutory Functions

- To report to the Police and Crime Commissioner and the external auditor any unlawful or potentially unlawful spending by his/her officers. In the absence of the Chief Finance Officer the Deputy Chief Finance Officer will undertake this function.

Chief Executive Delegations to Other Officers

Introduction

This section of the scheme of delegation sets out those functions delegated from the Chief Executive to other officers within the office of the Police and Crime Commissioner. Those officers may discharge these functions directly or secure their discharge through the arrangements for shared support services between the Commissioner and the Chief Constable. Where functions are discharged through the provision for shared support services, required authorisations are set out within the shared services agreement.

Delegations to the Chief Finance Officer/Deputy Chief Executive

Securing the arrangements for the **management and security of the Commissioner's assets**; this to include:

- The day to day management of the property function subject to the provision of financial regulations.
- The maintenance of a register of all property owned or leased by the Police and Crime Commissioner. The register to include a range of property data (value, condition, maintenance etc.)
- Ensuring all property owned or leased by the Police and Crime Commissioner is fully compliant with all legislation, regulations and best practice codes applicable to the purpose of the asset.
- The development on an annual basis of a planned maintenance programme and providing advice on the appropriate amount to be budgeted for planned and reactive maintenance.
- Arranging for the survey and inspection of all property in compliance with legislation, regulations and best practice.
- Reporting the findings of surveys and inspections and making arrangements for necessary works where these can be met within the approved budget
- Providing a draft medium term asset management strategies and plans for the Police and Crime Commissioner's property estate and assets acquired for use by the Constabulary.
- Providing an annual schedule for approval to be submitted to the Police and Crime Commissioner at the beginning of each financial year for all property to be developed, acquired and disposed of.
- Disposing of all assets which have previously been approved by the Police and Crime Commissioner, in accordance with approved methods of disposal, in accordance with the financial limits within the scheme of delegation.

- Acquiring and granting freeholds, leaseholds, leases, licences and wayleaves and make applications for planning permission in accordance with the agreed asset management plan, capital programme and revenue budgets.
- Providing regular reports to the Police and Crime Commissioner on the implementation of the agreed capital programme.
- Securing appropriate arrangements for the safeguarding of the Commissioner's assets including those used by the Constabulary in the delivery of policing in accordance with the requirements of Financial Regulations.

Securing the arrangements for the effective **management of procurement**; this to include:

- Securing the provision of procurement support and advice to the Chief Executive and those undertaking procurement including on the approval of contract exemptions and arrangements for the maintenance and recording of contracts and records
- To make arrangements for the purchase or lease the vehicles, machinery, equipment and services needed and to make arrangements for them to be used, disposed of, returned and replaced as appropriate in accordance with the agreed revenue budget and capital programme.

Securing arrangements for the accurate and reliable **payment of wages, pensions and salaries** ensuring transactions are submitted accurately and to deadlines.

Delegations to the Head of Communications and Business Services

Securing arrangements for the **provision of human resources support services**; including:

- To secure arrangements for the provision of advice and support to the Chief Executive in the undertaking of his/her personnel responsibilities.
- To secure arrangements for the development and implementation of human resource policies and other arrangements in accordance with legislation, regulations and applicable national and local agreements and terms including those for staff welfare, management, health and safety
- To make arrangements for the management of staffing resources in line with agreed policies and procedures. This to include specific working agreements and the application of all personnel policies and procedures and other policies and procedures with staffing implications.
- To secure arrangements for the provision of transactional HR processes including the issuing and recording of contracts and personnel records

Urgent matters

If any matter which would normally be referred to the Police and Crime Commissioner for a decision arises and cannot be delayed, the matter may be decided by the appropriate chief officer. The appropriate chief officers authorised to decide urgent matters are:

- the Chief Executive (all issues other than operational matters);
- the Chief Finance Officer (financial and related issues);

Urgent decisions taken must be reported to the Police and Crime Commissioner as soon as practicably possible.

1. Human Resources Functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
1.1	Approval of appointments <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors 	Retained by Chief Executive	In consultation with line managers and senior line managers	In consultation with line managers and senior line managers
		Retained by Chief Executive	In consultation with ICV Administrator	
1.2	Termination – <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors 	Retained by Chief Executive	In consultation with line managers and senior line managers	Appeals to JASC
		Retained by Chief Executive	In consultation with ICV Administrator	Appeals to JASC
1.3	Disciplinary Action resulting in dismissal:- <ul style="list-style-type: none"> All levels of staff Independent Custody Visitors 	Retained by Chief Executive	In consultation with line managers and senior line manager	Appeals to JASC
		Retained by Chief Executive	In consultation with ICV Administrator	Appeals to JASC
1.4	To approve the early retirement all levels of staff for:	Retained by Chief Executive		

	<ul style="list-style-type: none"> • Early retirement • On the grounds of ill-health 			Appeals to JASC
				Appeals to JASC
1.5	Re-grading /evaluation of all levels of staff:	Retained by Chief Executive	If post needs to be re-graded or evaluated this will be done via a Hay Panel / North West Employers	Appeals to JASC
1.6	Financial assistance for professional training	Retained by Chief Executive		
1.7	Time off to participate in staff associations, trade union duties/activities and for other public duties for part time staff association/trade union representatives.	Retained by Chief Executive		
1.8	Compensatory Time Off Scheme (CTO) – The agreed ceiling* for hours accumulated should not be exceeded – if CTO does exceed the agreed ceiling, individual must report this	Retained by Chief Executive	Recommendations by Line Managers and approval by Senior Line Managers	*Ceiling limit as per Section 1.9 of Staff Ts&Cs is 74 hours for full time staff, and part time staff can accumulate the equivalent of 2 weeks of their contracted hours
1.9	Carry-over of more than 5 days annual leave	Retained by Chief Executive	Recommendations by Line Managers and approval by Senior Line Managers	
1.10	Granting requests for unpaid leave	Retained by Chief Executive	Recommendations by Line Managers and approval by Senior Line Managers	
1.11	Granting requests for Compassionate /special leave in excess of 3 days	Retained by Chief Executive	Recommendations by Line Managers and	

			approval by Senior Line Managers	
1.12	Granting of annual leave	Line Manager	Senior Line Manager if Line Manager absent	
1.13	Granting of flexi leave	Line Manager	Senior Line Manager if Line Manager absent	
1.14	Granting of CTO within agreed limit (otherwise see 1.8)	Line Manager	Senior Line Manager if Line Manager absent	
1.15	Return to work interview following sick absence	Line Manager	Senior Line Manager if Line Manager absent	

2. Payroll Functions.				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
2.1	Responsibility for making all necessary arrangements for ensuring the accurate and reliable payment of wages, pensions and salaries.	Chief Finance Officer		Recommendations by Head of CSD (shared support services)
2.2	Temporary Acting Up	Retained by Chief Executive		See section 1.2 Police Staff Terms and Conditions Handbook
2.3	Agreeing starting salary within the scale	Retained by Chief Executive		See section 1.3f Police Staff Terms and Conditions Handbook
2.4	Agreeing accelerated pay increments	Retained by Chief Executive		

2.5	Delayed progression through the pay scales due to poor performance	Retained by Chief Executive		
2.6	Approval of extension of Half Pay and No Pay Sickness Scheme.	Retained by Chief Executive		As per PNB Circular 03/2 and 05/1
3. Finance Functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
3.1	To raise purchase orders up to value of £5000	All budget lines: Governance Manager Training Budget: Head of Partnerships and Commissioning		
3.2	To raise purchase orders above value of £5000	Chief Executive, Chief Finance Officer, Head of Partnerships and Commissioning, Head of Business Services and Communications		
3.3	To approve invoices for payment up to value of £5000	All budget lines: Governance Manager Training Budget: Head of Partnerships and Commissioning		

3.4	To approve invoices for payment over the value of £5000	Chief Executive, Chief Finance Officer, Head of Partnerships and Commissioning, Head of Business Services and Communications		
3.5	To authorise expenses claims for all staff	Retained by Chief Executive	IT system automatically assigns claims to line managers to sign off	
3.6	To authorise expenses claims for Independent Custody Visitors	Governance Manager		

4. Procurement functions				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
4.1	<ul style="list-style-type: none"> Acting as an officer authorised to undertake procurement in accordance with the Procurement Regulations 	Chief Finance Officer Head of Partnerships and Commissioning Victims Advocate Partnership and Strategy Manager Governance and Business Services Manager		In line with Procurement Regulations

		Communication and Engagement Officer Head of Communication and Business Services		
4.2	Commissioning of services within Office of Victim Services	Head of Partnerships and Commissioning		In line with Procurement Regulations

5. Gifts and Sponsorship to the Constabulary, Officers and Staff				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
5.1	Acceptance of Gifts, Hospitality and Gratuities by staff	Individual decision subject to consultation with Line Manager	Governance Manager	Anti-Fraud and Corruption Policy and Procedures
5.2	Reporting of Gifts Hospitality and Gratuities by staff. (this does not relate to corporate mementoes etc)	Individual Officer or Staff	Governance Manager	Anti-Fraud and Corruption Policy and Procedures
5.3	Acceptance of Sponsorship and Loans for the benefit of the OPCC	Retained by Chief Executive	Governance Manager	
5.4	Reporting of Sponsorship and Loans for the benefit of the OPCC	Retained by Chief Executive	Governance Manager	

--	--	--	--	--

6. Complaints/Professional Standards				
Ref	Nature of Authority/Decision	Chief Executive Delegation To:	Functional Allocation Within OPCC	Comments
6.1	Complaints from the public against:			
	-Police and Crime Commissioner	Police and Crime Panel	Via Chief Executive	
	-Chief Constable (Conduct)	Police and Crime Commissioner	In liaison with Chief Executive and Governance Manager	
	-Officers below Chief Constable (Conduct)	PSD	In liaison with Governance Manager	
	-Quality of Service	Police and Crime Commissioner	In liaison with Governance Manager	



Cumbria Office of the Police and Crime Commissioner

Title: Annual Review of Governance - Financial Regulations

Joint Audit & Standards Committee: 24 November 2016

1. Introduction

- 1.1. The OPCC and Constabulary Financial Regulations have recently been reviewed as part of the process for the cyclical review of governance documents. The Financial Regulations are included on this agenda as **Item 7 iv (a)**.
- 1.2. The most significant change is in relation to the overall presentation of the document. The format of the Financial Regulations has been updated in an attempt to make the document more readable and accessible. The style of the publication has also been aligned to that of the Financial Rules for which the update was completed in October. The Financial Rules have been added for members' information as an additional agenda item at **Item 7 iv (b)**.
- 1.3. As part of the review process the Chief Finance Officers have verified that the procedures and controls set out within the documents are an accurate reflection of the way things work in practice and that these are deemed to be satisfactory.
- 1.4. Other changes within the document include:
 - References to the Accounts and Audit Regulations have been updated from 2011 to 2015 regulations.
 - References to the Funding Agreement have been amended to Funding Arrangement.
 - References to the Group Audit Manager (Head of Internal Audit) have been standardised throughout the document.

- References to the PCC Executive Board have been updated to reflect the revised committee arrangements since the appointment of Mr McCall in May 2016. The arrangements now include a Public Accountability Conference and a PCC Decision Making Meeting.
- References to the Medium Term Financial Forecast have been updated to reflect the annual production of a Medium Term Financial Strategy (where applicable).
- To strengthen the alignment of the regulations and actual practice, references to asset management plans have been amended to capital strategies and plans.
- References to the Scheme of Consent have been amended to Funding Arrangement as all consents are now included within the Funding Arrangement.
- The process for Ex-Gratia payments has been amended to be managed by the Constabulary with an annual review by the Chief Executive.
- Inclusion of future duty in relation to bluelight collaboration.

1.5. Following consideration and inclusion of any changes suggested by members, the Financial Regulations and accompanying Financial Rules will be presented to the Commissioner for formal approval as soon as possible. The updated documents will then be circulated to police officers and staff as appropriate, uploaded to the intranet site and included within operational and support department SMTs meetings to raise awareness of the importance of these documents.

Michelle Bellis

Deputy Chief Finance Officer

9 November 2016



The Police and Crime Commissioner for Cumbria

The Chief Constable for Cumbria Constabulary

Financial Regulations - October 2016

(approved by the PCC **XX** November 2016)

Contents & Introduction

Contents

Ref.	Section	Page
	Introduction	3
	Definitions	3
	Purpose	4
	Status	5
	Sections	6
	Other Guidance	6
A	The Financial Management Framework	8
A1	Roles and Responsibilities	9
A2	Financial Management Standards	17
A3	Accounting Systems, Records and Returns	19
A4	The Annual Statement of Accounts	21
B	Financial Planning and Control	23
B1	Financial Planning	24
B2	Budgetary Control	28
B3	Capital Programme	32
B4	Maintenance of Balances and Reserves	36
C	Management of Risks and Resources	38
C1	Risk Management and Business Continuity	39
C2	Internal Control Systems	42
C3	Audit Requirements	44
C4	Preventing Fraud and Corruption	50
C5	Assets	52
C6	Treasury Management and Banking	56
C7	Money Laundering	60
C8	Corporate Credit, Debit and Fuel Cards	61
C9	Staffing	63

Contents & Introduction

Contents (continued)

Ref.	Section	Page
C10	Police Objective Analysis /HMIC VFM Profiles	64
C11	Trust Funds	65
C12	Evidential and Non-Evidential Property	66
C13	Gifts, Loans and Sponsorship	67
D	Systems and Processes	69
D1	General Overview	70
D2	Income	72
D3	Ordering and Paying for Work, Goods and Services	75
D4	Employee Payroll, Pensions and Other Expenditure	77
D5	Taxation (PAYE, VAT and national insurance)	79
D6	Pensions	80
D7	Ex gratia Payments	82
E	Joint Working Arrangements	83
E1	General Overview	83
E2	Partnerships	86
E3	Other Joint Working Arrangements	89
F	Guidance Notes on Breach of Financial Regulations and Joint Procurement Regulations	91
G	Regulation Limits and Delegations	93

Contents & Introduction

Introduction

These financial regulations set out the internal framework and procedures for financial administration and control within the Cumbria Office of the Police and Crime Commissioner (COPCC). They are applicable at all times and must be adhered to by all employees of the Police and Crime Commissioner (Commissioner) and anyone acting on the Commissioner's behalf.

These regulations also apply to all employees and police officers of Cumbria Constabulary as part of the funding arrangements that exist between the Commissioner and the Constabulary. These regulations are part of the overall framework for governance that includes the [Scheme of Delegation](#), [Scheme of Consent](#), [Joint Procurement Regulations](#) and the [arrangements for Anti- Fraud and Corruption](#).

Definitions

These Regulations refer to:

- The Police and Crime Commissioner for Cumbria (the Commissioner)
- The Cumbria Office of the Police and Crime Commissioner (COPCC)
- The Chief Constable for Cumbria Constabulary (CC)
- The Constabulary: the entity providing policing services to Cumbria police area
- The Commissioner's Chief Finance Officer is the PCCCFO
- The Chief Constable's Chief Finance Officer is the CCCFO
- The Chief Executive also fulfils the role of Monitoring Officer
- The 'Constabulary' refers to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family.
- Chief Officers when referred to as a generic term means the Chief Executive, PCCCFO, Chief Constable and CCCFO.
- 'Employees' when referred to as a generic term refers to police officers, staff employed by the Commissioner and by the Chief Constable and other members of the wider police family.
- The expression 'authorised officer' refers to employees authorised by a Chief Officer.
- 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

Contents & Introduction

or building works made on behalf of the Commissioner, the Constabulary or their affiliated bodies.

- The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
- The term '**Funding Arrangement**' refers to an arrangement that sets out the terms and conditions for funding between the Commissioner and the Constabulary.
- The term 'Grant' refers to grants that the Commissioner has the power to issue as a means of funding activity.
- Unless stated otherwise, the responsibilities of the PCCCFO and Chief Executive relate to the COPCC and to ensuring reciprocal appropriate arrangements are made within the Constabulary.
- Unless stated otherwise, the responsibilities of the CC and the CCCFO relate to the Constabulary and include ensuring appropriate arrangements are in place for providing shared support services to the Commissioner.
- '**Financial Rules**' refer to the detailed supporting guidance and instructions that accompany the regulations
- The '**Financial Handbook**' is a term for the collection of financial policies and procedures that are referred to within the financial regulations and rules
- '**Joint Procurement Regulations**' refers to the collective document that comprises the business code of conduct, procurement policy and procedures and contract standing orders

The terms Chief Executive, PCCCFO, CCCFO and Chief Constable, include any member of staff, contractors or agents to whom particular responsibilities may statutorily 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.

Purpose

To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the Police and Crime Commissioner and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the Police and Crime Commissioner, the Chief Constable, police officers, police staff and staff

Contents & Introduction

within the Office of the Police and Crime Commissioner and in particular the need for openness, accountability and integrity.

The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the Commissioner, the Constabulary and its officers and to provide clarity about the financial accountabilities of groups or individuals. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 of ensuring that the financial affairs of the Commissioner are properly administered. This includes ensuring financial regulations are in place, observed and kept up to date.

Status

The Commissioner, Chief Constable and all officers and staff 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. These financial regulations support that duty by setting out the responsibilities of senior officers for financial management, planning and control, risk and resource management and the requirements in respect of associated systems and processes through which those responsibilities are discharged. They explain the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Finance Officers and the role played by the Commissioner's Chief Executive and Monitoring Officer. 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 Order, codes of conduct, schemes of delegation and consent and [Joint Procurement Regulations](#).

The Commissioner is responsible for approving or amending Financial Regulations. The Commissioner's CFO is responsible for maintaining and reviewing Financial Regulations and submitting any additions or amendments to the Commissioner after consulting with the Chief Executive and CCCFO. Copies will be available on the Commissioner's website and on the Constabulary Intranet.

These regulations are subject to a bi-ennial review and update, as a minimum, from the date of approval. The update process will be brought forward where appropriate following changes in external requirements or internal arrangements for financial governance.

These regulations will operate on the basis that:

Contents & Introduction

- A delegation in these financial regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
- Delegations can only operate within the separate statutory entities of the COPCC and the Constabulary. Delegations from the Commissioner and/or the Commissioner's staff to an officer or staff member of the Constabulary are prohibited under section part 1, chapter 3 (18) of the Police Reform and Social Responsibility Act 2011.
- More detailed **Financial Rules** to supplement these Regulations, shall be issued by the Constabulary's Chief Finance Officer after consultation with the Commissioner's CFO and the Chief Executive.
- 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.
- Breaches of **Financial Regulations** may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the PCCCFO and CCCFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the Commissioner and/or Chief Constable. Further guidance is set out in Section F.
- The Commissioner and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
- The Financial Regulations shall only be suspended by a formal decision of the Commissioner.

Sections

The Financial Regulations are divided into a number of sections. References are made in the individual sections to limits of authority with the actual value of each limit set out in Section G. Changes to regulation limits can then be made without reviewing the whole document. The contents page sets out the sections and subsections of the regulations.

Other Guidance

These regulations have been developed to meet the requirements of legislation, codes and guidance on financial matters that apply to the COPCC and Constabulary. They cannot however set out the full detail of all necessary arrangements. Officers with specific duties and responsibilities under these regulations are also advised that they should refer to:

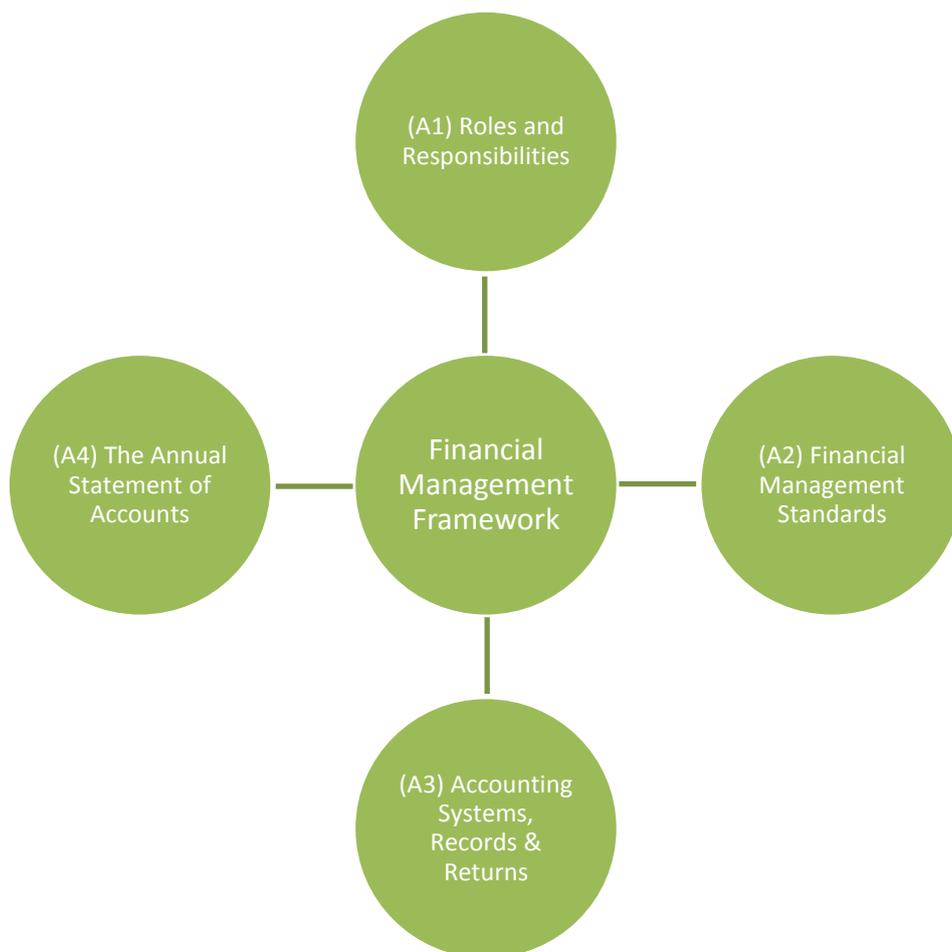
Contents & Introduction

- Relevant sections of the Police Reform and Social Responsibility Act (PR&SRA 2011), for example chapter 3 sections 21 to 27 covering financial matters
- The Accounts and Audit (England) Regulations 2015/Local Audit and Accountability Act 2014
- The Code of Practice on Local Authority Accounting issued by CIPFA/LASAAC
- Financial Management Code of Practice for the Police Forces of England and Wales issued by the Home Office
- Statement on the role of the Chief Finance Officer issued by CIPFA
- The Public Sector Internal Audit Standards (PSIAS) issued by CIPFA
- Statement on the role of the Chief Internal Auditor issued by CIPFA
- Audit Committees: Practical Guidance for Local Authorities and Police
- HM Treasury Audit Committee Handbook
- Standing Guide to Commissioning Local Authority Work and Services issued by CIPFA
- Prudential Code for Capital Finance in Local Authorities issued by CIPFA
- Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes issued by CIPFA
- CIPFA guidance note on local authority reserves and balances LAAP Bulletin 55
- Delivering Good Governance in Local Government issued by CIPFA/SOLACE
- Delivering Good Governance in Local government: Guidance Note for Police issued by CIPFA

Section A The Financial Management Framework

Introduction

This section of the financial regulations sets out the overall responsibilities for financial management arrangements, including ensuring the security of assets, that are vested in the Commissioner, Chief Constable, PCCCFO, CCCFO and Chief Executive under statute, regulations, codes of practice and financial and accounting standards. It includes financial management standards, responsibilities in respect of the overall arrangements for financial systems and control, and responsibilities in respect of the statement of accounts. In setting out these responsibilities the financial regulations ensure that statutory and other officers are clear with regard to their duties and the arrangements they must have in place to fulfil them.



A1 Roles and Responsibilities

Responsibilities of the Police and Crime Commissioner (Commissioner)

The Commissioner has a statutory duty and is ultimately accountable for the management of the Police Fund. The Commissioner is the recipient of all funding, including government grants, council tax and other sources of income, related to policing and crime reduction. The Commissioner is responsible for determining the budget and annual precept in consultation with the Police and Crime Panel.

All funding for the Constabulary must come via the Commissioner and the Commissioner is responsible for allocating this funding in consultation with the Constabulary, wider partners and in accordance with any grant terms. The Chief Constable and partners will provide professional advice and recommendations including proposals and bids for funding. In developing the budget, part one, chapter 3 (14) of the PR&SRA 2011 places a requirement on the Commissioner to obtain the views of the local community on proposed expenditure, including capital expenditure.

Under Schedule 1 of the PR&SRA 2011 (paragraph 6), the Commissioner has a statutory duty to appoint a Chief Financial Officer (the PCCCFO) to be responsible for the proper administration of the Commissioner's financial affairs. Schedules 1 and 3 of the Act also require the Commissioner to appoint a Chief Executive who will also act as the Monitoring Officer and Head of Paid Service.

The Commissioner is responsible for approving financial strategy and policy, the annual and medium term budget and for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:

- The Police and Crime Plan
- The Medium Term Financial Strategy (MTFS)
- Annual Revenue Budget and medium term forecasts
- Capital Programme
- Treasury Management Strategy, including the annual investment strategy and minimum revenue provision (MRP) policy
- Strategies for Fleet, Estates, ICT and Procurement.

Section A The Financial Management Framework

- Risk Management strategy
- Funding and grant agreements
- Overall arrangements for governance

The Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets and plans and strategies forming the policy framework.

In fulfilling these responsibilities, the Commissioner must provide the PCCCFO with such staff, accommodation and other resources as are in the opinion of the PCCCFO sufficient to allow their duties under this section to be performed.

The Commissioner may appoint a Deputy Police and Crime Commissioner (Deputy Commissioner) and arrange for the Deputy Commissioner to undertake appropriate functions of the Commissioner other than those functions that are precluded from delegation within the PR&SRA 2011.

Responsibilities of the Deputy Police and Crime Commissioner (Deputy Commissioner)

The Deputy Commissioner may exercise any of the functions conferred by the Commissioner as detailed in the Scheme of Delegation.

Responsibilities of the Independent Audit Committee

The Home Office Financial Management Code of Practice states that the Commissioner and Chief Constable should establish an independent audit committee. This is recommended to be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This Committee will advise the Commissioner and the Chief Constable according to good governance principles including those in respect of appropriate risk management arrangements. In establishing the Audit Committee the Commissioner and the Chief Constable shall have regard to CIPFA Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.

Section A The Financial Management Framework

- The Audit Committee shall comprise between three and five members who are independent of the Commissioner and the Constabulary.
- The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
- The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.

This arrangement is managed thorough a Joint Audit and Standards Committee.

Responsibilities of the Chief Executive and Monitoring Officer

The Chief Executive is responsible for the leadership and general administration of the Commissioner's office. The Chief Executive is also the Commissioner's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989. As Monitoring Officer the responsibilities of the Chief Executive are:

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

Responsibilities of the Commissioner's Chief Finance Officer (PCC CFO)

The Commissioner's Chief Finance Officer has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer. The duties of the PCCFO are set out in legislation, regulations, the Home Office financial management code of practice and CIPFA guidance. The PCCFO'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 (England) Regulations 2015

Section A The Financial Management Framework

Section 113 of the Local Government Finance Act 1988 requires that the officer must be a member of one of the chartered professional bodies of British qualified accountants. The PCCCFO is the Commissioner's professional adviser on financial matters and shall be responsible for:

- Ensuring that the financial affairs of the 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 Commissioner, the Police and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the Commissioner or officers of the Commissioner;
- Reporting to the Commissioner, the Police and Crime Panel and to the external auditor when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- Advising the Commissioner on the robustness of the estimates and the adequacy of financial reserves;
- Securing the preparation of the annual statement of accounts and group accounts;
- Ensuring the provision of an effective internal audit service;
- 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;
- Advising the Commissioner on the application of value for money principles by the Constabulary to support the Commissioner in holding the chief constable to account for efficient and effective financial management.

The PCCCFO, in consultation with the Chief Executive, Chief Constable's Chief Finance Officer and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCC and the Constabulary.

The PCCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and securing each year, in

Section A The Financial Management Framework

accordance with proper practices, a statement of the Commissioner's accounts, including group accounts.

The PCCCFO is the Commissioner's professional adviser on financial matters. To enable them to fulfil these duties and to ensure the Commissioner is provided with adequate financial advice the PCCCFO:

- Must be a key member of the Commissioner's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the 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 Commissioner, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Commissioner's financial strategy;
- Must review and provide advice on all decisions with financial implications
- Must lead the promotion and delivery by the 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.

Responsibilities of the Chief Constable

The Chief Constable is accountable to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the Constabulary. To help ensure the effective delivery of policing services the Chief Constable has day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation, conditions of funding and levels of authorisation issued by the Commissioner.

The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the Commissioner. Under paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the PR&SRA 2011, the Chief Constable is required to appoint a Chief Finance Officer who will be responsible for the proper administration of the Chief Constable's financial affairs.

Section A The Financial Management Framework

When the Chief Constable intends to make significant change of policy or seeks to move sums of their budget outside the agreed budget framework and conditions of funding then the approval of the Commissioner must be sought. Full details of the financial arrangements between the Commissioner and Constabulary including the terms of funding are set out in an annual [funding arrangement](#). The Chief Constable and CCCFO are responsible for ensuring that the terms of the funding arrangement are met.

The CCCFO shall prepare [Financial Rules](#) to supplement the [Financial Regulations](#) and provide detailed guidance on the operation of the specific delegated financial processes (the finance handbook). The Chief Constable shall ensure that all employees are made aware of the existence of these Regulations, rules and the handbook and adhere to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with. The Chief Constable shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded.

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

The Chief Constable's Chief Finance Officer has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer. Their duties are set out in legislation, regulations, the Financial Management Code of Practice and CIPFA guidance and codes of practice. They are responsible to the Chief Constable for all financial activities within the Constabulary or contracted out under the supervision of the Constabulary.

The CCCFO'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 2015

The qualifications of the Chief Finance Officer are set out in section 113 of the Local Government Finance Act 1988 requiring that the officer must be a member of one of the chartered professional bodies of British qualified accountants. The CCCFO is responsible for:

Section A The Financial Management Framework

- Ensuring that the financial affairs of the Constabulary are properly administered and that these financial regulations are observed;
- Reporting to the Chief Constable, the Commissioner, the PCCCFO and to the external auditor any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
- Reporting to the Chief Constable, the Commissioner, the PCCCFO and to the external auditor 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 (VfM) in relation to all aspects of the Constabulary's expenditure;
- Advising the Chief Constable and the Commissioner on the soundness of the budget in relation to the Constabulary;
- Ensuring the provision of an effective internal audit service;
- Advising on the safeguarding of assets owned and used by the Constabulary, including risk management and insurance
- Securing the preparation of the annual statement of accounts of the Chief Constable and providing information to the PCCCFO to enable production of the Commissioner's group accounts
- Ensuring that the terms of funding between the Commissioner and CC are met
- Securing the preparation of financial rules and the financial handbook to support the implementation of financial regulations

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

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

- 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 Commissioner's strategic objectives sustainably and in the public interest;

Section A The Financial Management Framework

- 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 by the Chief Constable 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.

It must be recognised that financial regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCCCFO, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services. This is undertaken through the more detailed guidance provided within financial rules and the financial handbook.

A2 Financial Management Standards

Overview & Control

The 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.

The Commissioner shall receive updates on the financial performance of the Constabulary and the Office of the Commissioner by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditor.

Responsibilities of the Chief Finance Officers (PCCCFO and CCCFO)

The responsibilities set out below apply to the PCCCFO and CCCFO in respect of the organisation for which they are the statutory officer. In addition, the CCCFO must provide assurance to the PCCCFO in respect of fulfilling their responsibilities, both to support the accountability of the Chief Constable to the Commissioner and to meet the conditions of the funding arrangements between the Commissioner and the Constabulary.

- To ensure the proper administration of financial affairs
- To ensure that proper financial practices are adhered to
- To advise on the key internal controls necessary to secure sound financial management
- To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators
- To ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations, financial rules and the financial handbook.
- To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

Responsibilities of the Chief Executive and Chief Constable

To ensure that specific duties and responsibilities in financial matters are made clear to individual officers and staff and that these are properly recorded in a scheme of delegation and scheme of consent.

A3 Accounting Systems, Records and Returns

Overview and Control

Maintaining proper accounting records is one of the ways in which the Commissioner and Chief Constable will discharge their responsibility for stewardship of public resources. There is a statutory responsibility to prepare annual accounts to present a true and fair view of the financial position of the OPCC and the Constabulary and of operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Responsibilities of the Chief Finance Officers (PCCCFO and CCCFO)

The responsibilities below relate to each CFO's respective organisation:

- To determine the accounting policies and procedures to be adopted, 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.
- To make proper arrangements for the audit of the Commissioner's and Constabulary's accounts in accordance with the Accounts and Audit Regulations 2015/Local Audit and Accountability Act 2014.
- To ensure that all claims for funds including grants are made by the due date
- To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis
- To prepare and publish the audited accounts in accordance with the statutory timetable.

Responsibilities of the Chief Constable and CC Chief Finance Officer (CCCFO)

- To obtain the approval of the PCCCFO before making any fundamental changes to accounting records, procedures, accounting systems or any other arrangements that have an impact on internal controls
- To ensure that all transactions, commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements
- Prime documents are to be retained in accordance with legislative, regulatory and internal requirements. The format of such documents shall satisfy the requirements of internal and external audit. A detailed schedule shall be provided of requirements and made available to all appropriate officers.
- Open book accounting is to be provided in respect of all financial information requested by the Commissioner to support the information requirements of the financial management code of practice.

A4 The Annual Statement of Accounts

Overview and Control

The Commissioner has a statutory responsibility to ensure the preparation of accounts to present a true and fair view of the financial position of the OPCC and the Constabulary and of 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 single entity statements for the Commissioner and Chief Constable as well as group accounts covering both entities. 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 made for securing economy, efficiency and effectiveness in the use of resources are adequate.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To ensure that a timetable is prepared for final accounts preparation, in consultation with the external auditor and CCCFO
- To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the Commissioner at the accounting date and its income and expenditure for the financial year just ended
- To publish the approved and audited accounts each year, in accordance with the requirements of the Accounts and Audit (England) Regulations 2015

Responsibilities of the Chief Finance Officers (PCCCFO and CCCFO)

- To select suitable accounting policies and apply them consistently
- To make judgements and estimates that are reasonable and prudent
- To comply with the Code of Practice on Local Authority Accounting
- To ensure that staff involved with the preparation of the accounts have an appropriate level of experience and technical skill

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

- To prepare the annual statement of the Chief Constable and provide information to the PCCCFO to enable production of the Commissioner's group accounts
- To sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the Chief Constable at the accounting date and its income and expenditure for the financial year just ended
- To publish the approved and audited accounts each year, in accordance with the requirements of the Accounts and Audit (England) Regulations 2015
- To comply with accounting guidance provided by the PCCCFO and supply the PCCCFO with appropriate information upon request within a reasonable timescale.

Responsibilities of the Joint Audit and Standards Committee

In relation to the Commissioner and the Chief Constable the Committee will:

- Review the Annual Statement of Accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the Commissioner and/or the Chief Constable.
- Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Responsibilities of the Police and Crime Commissioner and the Chief Constable

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

Section B Financial Planning and Control

Introduction

This section of the financial regulations covers financial planning and control. This is about responsibilities and the arrangements that must be in place to develop medium term financial forecasts, set the annual revenue budget, develop the capital programme and monitor how actual expenditure and income compares to those financial plans. It includes the controls that are in place for virements of income and expenditure between different areas of the approved budget.



B1 Financial Planning

Overview and Control

The Police and Crime Commissioner is an elected official with statutory functions and responsibilities for Policing and Crime within their area. To do this, the Commissioner is responsible for commissioning activity and holding to account the Constabulary and other partners. This is a complex business that requires scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.

The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives. The planning process should be continuous and the planning period should cover a minimum of 4 years. The process should include a more detailed annual budget plan covering the forthcoming financial year. This allows the Commissioner and the Constabulary to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term. This can be achieved by preparing a medium term financial strategy, including financial projections for 4 years together with a capital programme.

The medium term financial strategy should take into account the inter-dependencies of revenue budgets and capital investment and asset plans, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local authorities. The strategy should be aligned with the Police and Crime Plan.

The annual budget plan provides a detailed estimate of the annual income and expenditure requirements for policing and crime and sets out the financial implications of the Commissioner's strategic policies. Alongside annual grant and funding arrangements, it provides the basis on which expenditure can be incurred and a basis on which to monitor financial performance.

The Commissioner will consult with all relevant partners and stakeholders in planning the overall annual budget which will include a separate Constabulary budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of policing and crime services 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

Section B Financial Planning and Control

statutory timeframe. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate.

The annual revenue and capital budgets and medium term financial forecasts are used as the basis of forecasting the commissioner's cash flows and requirements for investment and borrowing that should be set out in a treasury management strategy.

Responsibilities of the Police and Crime Commissioner

- To approve, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial strategy which includes funding and spending plans for both revenue and capital for a minimum of 4 years.
- To agree, in consultation with the Constabulary and other partners, the planning timetable for the annual budget and setting the police precept in accordance with statutory requirements.
- 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.
- To present the proposed budget and council tax recommendations to the Police and Crime Panel and respond to their views and comments.
- To approve, in accordance with CIPFA's prudential code for capital finance, prudential indicators, the policy for minimum revenue provision (MRP) and treasury management strategy (TMS).
- To approve, alongside the capital programme, asset management strategies for the estate, ICT and fleet.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To determine the format and timing of the medium term financial strategy to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- To prepare a medium term financial strategy, including options for the use of general balances, reserves and provisions, assumptions about future levels of government funding and potential implications for local taxation.

Section B Financial Planning and Control

- To inform relevant partners of the financial planning framework and the requirements and timetable for funding proposals
- To provide advice and information on the value for money of services to facilitate the prioritisation of expenditure by the Commissioner in addressing any gap that may be identified between available and required resources.
- To determine the format of the revenue budget to be presented to the Commissioner ensuring it complies with all legal requirements and with latest guidance issued by CIPFA
- To obtain timely and accurate information from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations
- To advise the Commissioner on appropriations from/to and the appropriate level of general balances, earmarked reserves or provisions to be held.
- To submit a report to the Commissioner on the robustness of the estimates and the adequacy of reserves;
- To recommend to the Commissioner an annual revenue budget and capital programme, including a policy on minimum revenue provision and a suite of prudential indicators for the next three years.
- To recommend to the Commissioner a treasury management strategy incorporating an investment strategy
- 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.
- To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.
- To provide advice to the Commissioner with regards to asset management strategies for the property estate, ICT requirements and fleet proposed by the Chief Constable.

Responsibilities of the Chief Constable and Chief Constable's Chief Finance Officer (CCCFO)

- To prepare a medium term forecast of proposed Constabulary income and expenditure for submission to the Commissioner. The forecast shall have regard to:
 - i. the police and crime plan
 - ii. policy requirements approved by the Commissioner as part of the policy framework
 - iii. the strategic policing requirement
 - iv. unavoidable future commitments, including legislative requirements
 - v. initiatives already underway
 - vi. revenue implications of the draft capital programme
 - vii. proposed service developments and plans which reflect public consultation
 - viii. the need to deliver efficiency and/or productivity savings
 - ix. government grant allocations
 - x. potential implications for local taxpayers

- To prepare detailed budget estimates for the Constabulary for the forthcoming financial year in accordance with the timetable, assumptions and format agreed with the PCCCFO and to submit estimates and workings in the agreed format to the PCCCFO for approval.
- To identify all proposed individual major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).
- To support the development of the capital programme by providing a proposed strategy for the Commissioner's property estate, ICT requirements and Fleet.

B2 Budgetary Control

Overview and Control

Budget management ensures that once the 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 budget targets to be reviewed and adjusted during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

Continuously identifying and explaining variances against budgetary targets enables changes in trends and resource requirements to be identified at the earliest opportunity. The budget and funding arrangements provide an annually approved cash limit within which total expenditure must be managed, subject to the rules of virement, funding conditions and the terms of grant agreements.

The key controls for managing and controlling the budget are that:

- There is a nominated budget manager for each budget line and capital scheme who is accountable for the budgets under his/her direct control; and
- Funding and grant agreements include appropriate terms and conditions and require expenditure and performance/outcomes to be monitored and evidenced
- Regular monitoring and reporting of actual expenditure and income against set budgets

Responsibilities of the Chief Executive and PCC Chief Finance Officer (PCCCFO)

The Chief Executive and PCCCFO have joint responsibility to manage the overall budget for Policing and Crime, including funding arrangements and terms, in consultation with partners. The PCCCFO will establish the timetable and reporting arrangements with funded partners and will provide a revenue budget monitoring report for presentation to the Commissioner. This will ensure financial monitoring information is received and can be reviewed throughout the financial year, alongside information on performance and outcomes in line with funding arrangements provided by the Commissioner.

Section B Financial Planning and Control

The Chief Executive will ensure that total spending for the Commissioner's Office remains within the overall allocation of resources and take 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 Executive, the Commissioner shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the Commissioner.

Responsibilities of the Chief Constable and Chief Constable's Chief Finance Officer (CCCFO)

The Chief Constable and CCCFO will receive a funding arrangement setting out the terms and conditions of the Constabulary annual budget funding. The agreement requires the Constabulary to operate within these regulations. The Chief Constable and CCCFO, as part of the conditions of funding, will:

- Adopt these financial regulations and maintain, in consultation with the PCCCFO a detailed set of Financial Rules to support the proper administration of the Chief Constable's financial affairs.
- The financial rules must ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility, as set out in financial delegations, should be aligned as closely as possible to the decision making process that commits expenditure. The PCCCFO must be provided with a copy of budget holders and their budgetary responsibilities.
- Ensure that spending for the Constabulary remains within the overall allocation of resources and virement limits within each area of the budget set out within the funding arrangement.
- Take corrective action where significant variations from the approved budget are forecast. Where projected income or expenditure varies from the budget by more than the limit set in section G, both the PCCCFO and Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Commissioner.
- Submit budget monitoring information to the PCCCFO in accordance with the requirements of the funding arrangement, containing the most recently available financial information. The reports shall be in a format and based on a timetable agreed with the Commissioner and PCCCFO and set out in the funding arrangement.

Section B Financial Planning and Control

- Ensure that budget holders manage income and expenditure within their area, monitor performance and support the reporting of variances within their own areas to the Chief Constable and CCCFO, take any action necessary to avoid any adverse variation to their budget allocation and alert the Chief Constable and CCCFO to any problems.
- Manage the performance of budget holders and require detailed budget monitoring to be undertaken on a monthly basis and for this to be reported to the CCCFO.
- Ensure that budget holders receive sufficient training and financial support to enable them to undertake their budgetary control responsibilities.
- Provide reciprocal support arrangements for budget holders within the COPCC ensuring appropriate lines of escalation to the Chief Executive and PCCCFO in respect of variations and the need to take action.

The Chief Constable and the CCCFO must keep the Commissioner and PCCCFO regularly briefed on the implementation of major revenue projects, including those that are being delivered to generate savings that will have a substantial implication on the budget and the allocation of resources within the budget. These projects must be referred back to the Commissioner for further approval where amendments to the nature of the project are sought or the cost of the scheme are varying from budget in excess the limits shown in Section G.

Revenue Virement

A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget. The scheme of virement is intended to enable budgets to be managed with a degree of flexibility within the overall policy framework determined by the Commissioner and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

The rules of virement in these Regulations cover the arrangements and responsibilities for the whole of the Commissioner's budget. The funding arrangement between the Commissioner and Chief Constable sets out the terms of funding for the Constabulary including the Chief Constable's powers of virement.

Section B Financial Planning and Control

The overall principles of virement within these rules are to provide discretion in managing budgets responsibly and prudently such that there will only be a requirement to refer back to the Commissioner when a virement would incur changes in policy or where a virement might create a future year or continuing commitment.

The Chief Officers and partners shall still be held to account by the Commissioner for decisions made and the way in which resources are deployed. Key controls for the scheme of virement are:

- It is administered by chief officers within delegated powers or within the terms of the funding arrangement given by the Commissioner. Any variation from this scheme requires the approval of the Commissioner;
- The scheme of virement may not apply to all funding arrangements or a specific element of the funding arrangement. Where the scheme does not apply this will be stated in the arrangement;
- Chief officers and budget managers are authorised to incur expenditure in accordance with the estimates that make up the budget and ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring within the framework of the virement controls;
- When the virement is between an income budget line and an expenditure budget line which is directly related, approval is by the PCCCFO and the income and expenditure budgets will be increased for budget monitoring purposes;
- Virement is not permitted in relation to: financing items such as asset charges; where the virement creates additional overall budget liability in existing or future years; where a virement would incur a change in policy; or where resources to be transferred were originally provided to meet expenditure of a capital nature.
- Virements are actioned on the financial system through journal entry and are subject to internal and external audit

The limits that apply on virements between budget headings are defined in Section G. All requests for virement must be made in the format prescribed by the PCCCFO and CCCFO and information on the virements within the limits set out in section G will be available to support budget monitoring report information. Any virement request outside the limits of these regulations requires the approval of the Commissioner.

B3 Capital Programme

Overview and Control

Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of ICT and other equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.

Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the Commissioner will consider capital spending plans.

The capital programme comprises the medium term strategy for acquisition, planned improvements and disposal of major items of ICT equipment, the property estates and the vehicle fleet and is an integral part of the Medium Term Financial Strategy. The programme is approved on a 4 year basis but includes a long term 10 year capital forecast to aid financial planning. The requirement for assets including planned cyclical replacement and in year revenue running costs should be set out in linked asset strategies.

The asset estate incorporating property, fleet, ICT and other equipment is owned by the Commissioner. The Commissioner funds the improvements and on-going investment in assets that are available for use by the Constabulary and other partners. The PR&SRA 2011 provides that the Chief Constable can own assets, other than land, subject to the consent of the PCC.

The capital programme is approved in three status categories:

- **Firm** - where a firm scheme is approved, procurement can commence without delay. They will typically relate to cyclical replacement programmes and maintenance works. They will either be supported by the relevant capital strategy or a business case, at or before the approval of the capital programme.
- **Delegated** – where a scheme is approved in principle but there are fine details with regard to procurement and costs that have been delegated to the Commissioner's CFO for final approval. PCCCFO delegations are limited to the financial amounts included for the scheme within the capital programme plus a variance of up to 10% or 100,000 whichever is the lower.

Section B Financial Planning and Control

The PCCCFO may vire from capital reserves to fund any balance for the scheme within the delegated limit.

- **Indicative** – Where a scheme requires a full detailed business case to be submitted to the Commissioner for formal approval. The information requirements for schemes subject to PCCCFO approval are subject to agreement with the PCCCFO.

Responsibilities of the Police and Crime Commissioner

- Approve the estates, fleet and ICT strategy together with other proposals and plans for assets involving significant investment, together comprising the capital programme.
- Approve a fully funded long term capital programme including approval of those capital schemes that can commence and those that are subject to business case approval.
- Agree the annual capital programme, and how it is to be financed.
- Approve delegations to the Chief Finance Officer in respect of managing the capital programme, including the commencement of capital schemes subject to business case
- Receive monitoring reports on the implementation of the approved programme
- Provide consent for the CC to enter into contracts for the acquisition of assets

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- Working with the Deputy Chief Finance Officer secure the development and implementation of capital strategies as part of the development of the Medium Term Financial Strategy for consideration and approval by the Commissioner.
- Submit a capital programme to the Commissioner for approval within the overall de-minimus limits set out in section G and including recommendations regarding the approval of capital schemes as firm or delegated, setting out the reason for the recommendation.
- Identify, in consultation with the CCCFO, available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property.
- Make recommendations to the Commissioner on the most appropriate arrangements for financing the programme including the level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.

Section B Financial Planning and Control

- Make recommendations with regard to the prioritisation of capital schemes, amount of funding for each scheme and phasing.
- Scrutinise and challenge business cases and other proposals for asset investment from the Constabulary and other partners.
- Authorise capital schemes to commence under delegations granted by the Commissioner.
- Provide advice and recommendations to the Commissioner in respect of consents for the CC to acquire assets.
- Prepare monitoring reports for the Commissioner on implementation of the approved programme and report on the outturn of capital expenditure as part of the annual report on the statutory accounts.
- Approve capital virements within the limits set out in section G

Responsibilities of the Chief Constable and Chief Constable's Chief

Finance Officer (CCCFO)

The Constabulary are the primary partner who uses the assets comprising the Asset Estate to deliver operational policing and the priorities within the Police and Crime plan. The Chief Constable, in consultation with the CCCFO, is responsible for fully assessing the assets needed to meet operational requirements and preparing proposed capital strategies and detailed business cases for consideration by the Commissioner. The Chief Constable is also responsible for the day to day management of operational assets and this will include the implementation of approved capital schemes.

Approval of the annual capital programme by the Commissioner authorises the Chief Constable to incur expenditure on schemes other than those requiring a detailed business case and providing expenditure on the scheme does not exceed the sum contained in the approved programme by more than the amounts identified in Section G. The Chief Constable and CCCFO will:

- Prepare a 4 year capital budget and a 10 year rolling programme of proposed capital expenditure for consideration and approval by the PCCCFO and Commissioner. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.

Section B Financial Planning and Control

- Prepare a business case for all schemes in the capital programme that are subject to a business case prior to scheme commencement. The business case to be approved by the Commissioner or PCCCFO subject to delegations. Ensure each capital project has a named officer responsible for managing the scheme, monitoring progress and ensuring completion of the scheme. No capital expenditure shall be incurred unless the scheme is approved to commence. A list of capital scheme managers must be provided to the PCCCFO.
- Ensure that, apart from agreed professional fees (e.g. feasibility studies and planning fees), no other capital or related revenue expenditure is incurred before the scheme is approved for commencement. Ensure that adequate records are maintained for all capital contracts
- Monitor the progress of the capital programme and expenditure throughout the year against the approved programme.
- Submit capital monitoring information to the PCCCFO on a regular basis throughout the year based on the most recently available financial information. Monitoring information will show spending to date and compare projected income and expenditure with the approved programme. The information shall be in a format and frequency agreed by the PCCCFO.
- Have effective arrangements in place to ensure that operational assets are appropriately maintained and secured in accordance with the overall terms between the Commissioner and CC for assets in operational use.
- Submit, for specified capital schemes in excess of £500k, an evaluation of the business benefits of the scheme compared to the original business case.

Responsibilities the Chief Executive

- To enter into property leases, finance leases or other credit arrangements with the value or term up to the limits set out in Section G on behalf of the Commissioner.
- To determine, in consultation with the PCCCFO, the terms of any agreement between the Commissioner and CC for the use of operational assets and the terms of any consent under which assets can be acquired by the CC.
- Approve capital virements within the limits set out in section G

B4 Maintenance of Balances and Reserves

Overview and Control

The Commissioner must decide the level of general reserves before deciding the level of council tax. Reserves are maintained as a matter of prudence. 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.

Responsibilities of the Police and Crime Commissioner

- To approve a policy on reserves and balances, including the level of general balances.
- To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
- To approve the allocation of monies to and from general and earmarked reserves
- To approve the arrangements for drawing down earmarked reserves including any delegations granted to the PCCCFO.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To advise the Commissioner on reasonable levels of balances and reserves and report to the Commissioner on the adequacy of reserves and balances before the annual budget and council tax is approved.
- To approve in-year appropriations to and from earmarked reserves in accordance with the budget plan and the arrangements for drawing down earmarked reserves set out in section G.

Responsibilities of the Chief Constable and Chief Constable's Chief Finance Officer (CCCFO)

- To ensure that the annual revenue budget, including planned movements in earmarked reserves is sufficient to finance foreseeable operational needs without having to request additional approval.

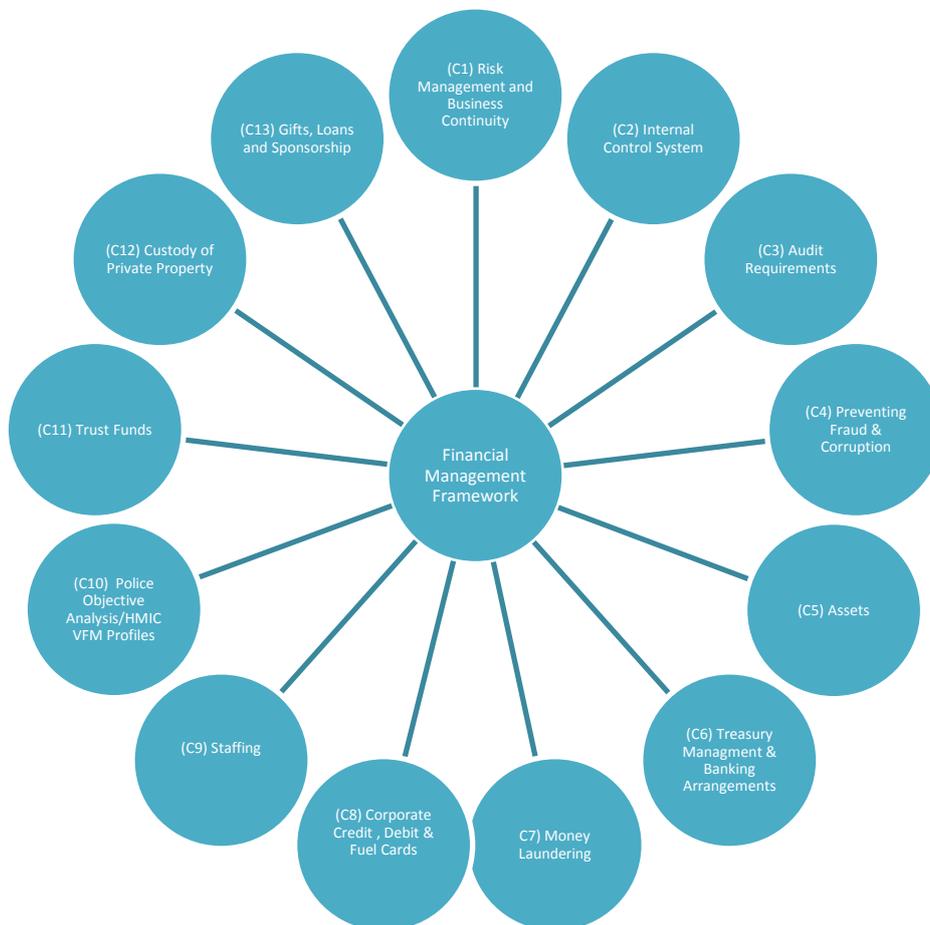
Section B Financial Planning and Control

- To present a business case to the PCCCFO for specific one-off expenditure items to be funded from general reserves.
- To operate within the terms and conditions as set out in the funding arrangement for any reserves delegated by the Commissioner for the Chief Constable to manage.

Section C Management of Risks and Resources

Introduction

This section of the regulations covers risk and resources and the controls we have in place to manage both. It incorporates responsibilities and requirements in respect of risk management and business continuity. It also covers our internal control environment including responsibility and arrangements for audit, preventing fraud and corruption, ensuring the security of our assets and investments and controls over the employment of staff. This section of the regulations also sets out the controls that must be in place to protect resources we hold in trust, including trust fund and property and how we manage resources that are gifted to us.



C1 Risk Management and Business Continuity

Overview and Control

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.

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 and includes consideration of the overall arrangements for insurance. Its objectives are to secure the assets of the Commissioner and the Constabulary and to ensure continued corporate and financial objectives are met. In essence it is, therefore, an integral part of good business practice.

Overall responsibility for risk management rests with the Commissioner who must also hold the Chief Constable to account for the effectiveness of arrangements for managing risk within the Constabulary. These arrangements are set out within the COPCC risk management strategy and framework. These financial regulations set out the minimum requirements in respect of risk management that the Chief Officers of the COPCC and Constabulary must comply with. Arrangements for insurance are made jointly between the Commissioner and Chief Constable.

Responsibilities of the Police and Crime Commissioner

- To annually approve a risk management strategy and strategic risk register.
- To receive a report on an annual basis setting out the overall arrangements for insurance.
- To receive regular reports from the Chief Constable on the management of Constabulary strategic risks.

Responsibilities of Chief Officers

- To prepare a risk management strategy, subject to scrutiny by the Joint Audit and Standards Committee, that promotes a culture of risk management awareness and review risks as an ongoing process.
- 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.
- To ensure that a comprehensive risk register is produced and updated regularly, that the strategic risk register and significant operational risks are subject to scrutiny by the Joint Audit and Standards Committee, and that corrective action is taken at the earliest possible opportunity in respect of identified risks
- To make all appropriate employees aware of the risk management strategy and their responsibilities for managing relevant risks
- To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis
- To evaluate and authorise any terms of indemnity that is requested by external parties
- To approve, before any contract for work is made, that insurance cover is to be furnished by the contractor in respect of any act or defaults, unless cover is provided by the Commissioner
- To ensure that appropriate insurance arrangements are put in place on the advice of the CFO's
- To administer insurance matters including the settlement of liability claims
- To ensure that employees, or anyone covered by insurance, is 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
- To ensure arrangements exist for the notification of any terms of indemnity that are requested

Responsibilities of the Chief Finance Officers (PCCCFO & CCCFO)

- To advise the Chief Executive/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
- To arrange for regular reviews to be undertaken of own self-insurance arrangements and, following these reviews, to recommend to the Chief Executive/Chief Constable a course of action to ensure that, over the medium term, the funds are available to meet all known liabilities
- To ensure that appropriate insurance cover is provided including where new risks are identified or circumstances affecting risks change
- To ensure that claims made against insurance policies are made promptly

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

- To advise the PCCCFO of any matters likely to have a financial implications in respect of future insurance costs, the ability to insure or the level of funding and annual contribution to any insurance provision and reserves.

Responsibilities of the Joint Audit and Standards Committee

- To monitor the effective development and operation of risk management, review the risk profile and monitor progress of the Commissioner and the Chief Constable in addressing risk-related issues reported to them.

C2 Internal Control System

Overview and Control

Internal control refers to the systems of control devised by management to help ensure objectives of the organisation are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.

Policing and crime is a complex area and requires an internal control framework to manage and monitor progress towards strategic objectives and the fulfilling of statutory obligations. There are a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of objectives and priorities. Systems of internal control are necessary to manage these risks. Systems of internal control are established in order to provide achievement of:

- Efficient and effective operations
- Reliable financial information and reporting
- Compliance with laws and regulations
- Effective management of risk

Overall responsibility for the system of internal control rests with the Commissioner who must also hold the Chief Constable to account for the effectiveness of internal control arrangements within the Constabulary.

Responsibilities of Chief Officers

- To implement effective systems of internal control, in accordance with advice from the PCCCFO and CCCFO. 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.
- To ensure that effective key controls exist and that management control systems are operating effectively. These should include the development and implementation of appropriate policies, the setting of objectives and plans, monitoring financial and other performance/operational information and taking appropriate anticipatory and remedial action where necessary. The key

Section C Management of Risks and Resources

objective of these control systems is to define roles and responsibilities and ensure appropriate arrangements are in place.

- To ensure that effective key controls are operating in financial and operational systems and procedures. This includes ensuring the safeguarding of assets, establishing appropriate segregation of duties, putting in place authorisation and approval procedures and ensuring robust information systems to support monitoring, management and control.
- The Chief Executive and the Chief Constable must secure the production of an Annual Governance Statement for their respective organisations. The statement for the COPCC must be signed by the Commissioner, the Chief Executive and the Chief Finance Officer. The statement for the Constabulary must be signed by the Chief Constable and the Chief Constable's Chief Finance Officer.

Responsibilities of the Joint Audit and Standards Committee

- To review the Annual Governance Statements of the Commissioner and Chief Constable prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

C3 Audit Requirements

Overview and Control

Internal Audit

Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating the effectiveness of that organisation in achieving its objectives. Internal audit 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.

In the Police Service the requirement to maintain effective audit arrangements is derived from the Accounts and Audit Regulations 2015 (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”.

In fulfilling this requirement regard must be given to the Public Sector Internal Audit Standards (PSIAS) and the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA. These documents set out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

An effective internal audit function provides assurance with regard to the operation of internal control systems, that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Police and Crime Commissioner and the Chief Constable

The Commissioner and Chief Constable are responsible for ensuring the provision of an adequate and effective internal audit service for their respective organisations. The Chief Constable must make available to the Commissioner the right of access to all Constabulary audit and inspection reports and provide the Commissioner with the authority to instruct internal audit investigations as part of the conditions of funding between the Commissioner and the Constabulary.

Section C Management of Risks and Resources

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

The PCCCFO shall advise the Commissioner and make arrangements for internal audit on behalf of the Commissioner and the Chief Constable. The PCCCFO will ensure that an annual review of the effectiveness of the internal audit service is undertaken in line with the 2015 Accounts and Audit regulations and that the findings of the review are reported to the Joint Audit and Standards Committee and Commissioner as part of consideration of the Annual Governance Statement including the effectiveness of internal controls.

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

The CCCFO will advise the Chief Constable as to the effectiveness of audit arrangements made by the PCCCFO. The CCCFO will also 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 PCCCFO and internal audit prior to implementation.

Responsibilities of Joint the Audit and Standards Committee

The Joint Audit and Standards Committee will fulfil the terms of reference recommended by the CIPFA Audit Committees/Practical Guidance for Local Authorities and Police. The Committee will:

- Annually review the internal audit charter and resources.
- Review the internal audit plan and any proposed revisions to the internal audit plan
- Oversee the appointment and consider the adequacy of the performance of the internal audit service and its independence
- Consider the Group Audit Manager's (head of Internal Audit) annual report and opinion, and a regular summary of the progress of internal audit activity against the audit plan, and the level of assurance it can give over corporate governance arrangements
- Consider summaries of internal audit reports and such detailed reports as the committee may request from the Police and Crime Commissioner/the Chief Constable including issues raised or recommendations made by the internal audit service, management response and progress with agreed actions.
- Consider a report on the effectiveness of internal audit to support the Annual governance statement, where required to do so by the Accounts and Audit regulations

Section C Management of Risks and Resources

Responsibilities of the Police and Crime Commissioner and Chief Officers

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

- Access premises at all 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, supplies or any other police and OPCC asset under their control
- Access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
- Internal Audit shall have direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Group Audit Manager (Head of Internal Audit)

- To prepare, in consultation with the Commissioner, PCCCFO, Chief Constable, and CCCFO, a medium term strategic audit plan and an annual audit plan that conforms to the PSIAS and the internal audit charter, for consideration by the Independent Audit Committee.
- To attend meetings of the Joint Audit and Standards 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.
- To present an annual report to the Joint Audit and Standards Committee, including an opinion on the effectiveness of the internal control environment within the COPCC and within the Constabulary.

Responsibilities of Chief Officers

- 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.
- To ensure relevant senior managers contribute to the development of the annual audit plan through the identification of all significant financial and operational risks in order that they are subject to cyclical audit.
- To notify the PCCCFO and CCCFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Executive/Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

Investigation of internal financial irregularities within the Constabulary shall normally be carried out by the Professional Standards Department, who shall consult with the Group Audit Manager (Head of Internal Audit) as appropriate and keep them informed of progress. At the conclusion of the investigation the Group Audit Manager (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.

External Audit

The Local Audit and Accountability Act 2014 sets out the requirements for relevant authorities in respect of the requirements for accounts and audit. This includes the requirements in respect of procedures for appointment of local auditors and the requirement to have an auditor panel. For the purposes of appointment and establishment of the auditor panel, the Commissioner is the relevant authority.

The Joint Audit and Standards Committee is an auditor panel for the purposes of the Local Audit and Accountability Act. The Committee, acting as the panel is responsible for:

- Advice to the Commissioner on the maintenance of an independent relationship with the local auditor appointed to audit its accounts,

Section C Management of Risks and Resources

- Advice to the Commissioner on the maintenance of an independent relationship between the local auditor and the Chief Constable for the area.
- Advice on the selection and appointment of external auditors to audit its accounts

The legislation sets out the general duties of auditors in respect of auditing the accounts and complying with the code of audit practice. The Act requires the Comptroller and Auditor General to prepare a code of audit practice that sets out the way in which local auditors are to carry out their functions under the act. The Code must embody best professional practice with respect of standard procedures and techniques to be adopted by local auditors. The legislation sets out the local auditor's rights to access documents and information and the rights of the public in relation to inspection of documents and the right to make objections.

Responsibilities of the Police and Crime Commissioner, PCC Chief Finance Officer, the Chief Constable and Chief Constable's Chief Finance Officer

- To ensure that for the purposes of their work the external auditors are given the access to that which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
- To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner and achieve outcomes as expected.
- To receive and agree the annual audit letter and governance report

Responsibilities of the PCCCFO and CCCFO

- To liaise with the external auditor and advise the Commissioner and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.
- To provide the Home Office with a copy of the annual audit letter

Responsibilities of the Joint Audit and Standards Committee

The Joint Audit and Standards Committee will fulfil the terms of reference recommended by the CIPFA Audit Committees/Practical Guidance for Local Authorities and Police. The Committee will:

- Advise on the selection and appointment of external auditors from the date that the relevant provisions within the Local Audit and Accountability Act 2014 come into effect.
- Comment on the scope and depth of external audit work, its independence and whether it gives satisfactory Value for Money.
- Consider the external auditors annual management letter, relevant reports, and the report to those charged with governance
- Consider specific reports as agreed with the external auditor
- Advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

Other Inspection Bodies

The Constabulary and the OPCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC and the HM Revenue & Customs, who have statutory rights of access.

C4 Preventing Fraud and Corruption

Overview and Control

The Commissioner and the Chief Constable will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside their organisations. Expectations of propriety and accountability are that the Commissioner and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom business is transacted will act with honesty and integrity and without thought or actions involving fraud or corruption.

Responsibilities of the Police and Crime Commissioner

- To approve the overall arrangements recommended by the Chief Executive to protect against fraud and corruption within the COPCC and hold the Chief Constable to account for arrangements within the Constabulary

Responsibilities of the Chief Executive (Monitoring Officer) and the Chief Constable

- To foster a culture that will not tolerate fraud and corruption.
- To adopt and maintain effective anti-fraud and corruption arrangements incorporating arrangements for whistle blowing.
- To ensure that adequate and effective internal control arrangements are in place.
- To adopt and maintain respective rules and procedures for the registering of interests and the receipt of hospitality and gifts.
- To maintain respective registers of interests and a register of hospitality and gifts, in a manner to be determined by the monitoring officer.
- To implement and maintain a clear internal control framework to be followed by all members and employees.

Section C Management of Risks and Resources

Whistle blowing arrangements must 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. Chief Officers shall ensure that all employees are aware of whistle blowing arrangements.

Responsibility of the Chief Executive (Monitoring Officer)

- To ensure effective arrangements are in place to protect against fraud and corruption, including arrangements for whistle-blowing for approval by the Commissioner
- To provide assurance to the Commissioner of the effectiveness of arrangements for anti-fraud and corruption, including whistle-blowing, within the Constabulary
- To adhere to appropriate legislation, e.g. the Public Disclosure for 1998
- To arrange for any suspected incidents of fraud or corruption to be reported and investigated in conjunction with the PCCCFO and Group Audit Manager (Head of Internal Audit).

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To undertake an annual Fraud Risk Assessment on behalf of the COPCC and Constabulary.
- To ensure any fraud in relation to the OPCC or Constabulary are communicated immediately to the internal auditors in order that any internal control weaknesses can be addressed.

C5 Assets

Overview and Control

Assets are held in the form of land, property, vehicles, ICT and other equipment, furniture and other items, together worth many millions of pounds. The Commissioner can determine to retain ownership of all assets or provide consent for the Chief Constable to own some types of assets. Irrespective of where ownership rests, it is important that assets are safeguarded and used efficiently in service delivery.

There should be arrangements in place for the security of both assets and information required for service operations and proper arrangements must be in place for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. The asset register should provide information about assets so that they are:

- Accurately recorded and classified
- Safeguarded against loss
- Used efficiently and effectively
- Adequately maintained
- Valued in accordance with statutory and management requirements

The Commissioner funds all assets regardless of whether they are used by the Commissioner, by the Constabulary, by both bodies and other partners. The Commissioner consults the Chief Constable in planning the budget and developing a medium term financial forecast. Both these processes involve a full assessment of the assets required to meet operational policing requirements, including ICT infrastructure, land, property, fleet and equipment.

Responsibilities of the Police and Crime Commissioner and the Chief Constable

In respect of all assets that are owned and/or used, the Commissioner and Chief Constable will ensure that:

- Assets are only used for official purposes and are available for use when required and are properly accounted for

Section C Management of Risks and Resources

- An asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements
- 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
- Lessees and other prospective occupiers of land owned by the Commissioner are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate
- Title deeds to property are held securely
- No asset is subject to personal use by an employee without proper authority
- Valuable and portable items such as computers, cameras and video recorders are identified with security markings
- Assets are insured where appropriate
- 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
- Assets no longer required are disposed of in accordance with the law and these financial regulations
- 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
- Statutory, regulatory and other inspection/tests are conducted in accordance with cyclical asset management and maintenance plans to ensure assets meet health and safety and other regulatory requirements in operational use

Responsibilities of the Chief Executive and the Chief Constable

- An asset register shall be maintained for accounting purposes all fixed assets with a value in excess of the limits shown in schedule G, in a form approved by the PCCCFO. 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

Section C Management of Risks and Resources

United Kingdom and the requirements specified by the PCCCFO

- To ensure that inventories are maintained for insurance purposes in a format approved by the PCCCFO and CCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops). A central register shall be maintained for all ICT hardware by the ICT Department.
- To ensure that there is at least an annual check of all items on the inventory in order to verify their location, review condition and investigate any surpluses or deficiencies. The annual check is to be co-ordinated by the Central Services Department but will be the responsibility of Heads of Service or his or her representative who shall not be responsible for the day to day maintenance of the inventory.

Stocks and Stores

Responsibilities of Chief Officers

- To make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the PCCCFO.
- To undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and verified by separate individuals and then signed as an accurate record. The stock returns are then subject to independent reconciliation to the general ledger by the finance team. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the PCCCFO.
- To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above this value must be referred to the PCCCFO for approval supported by a written report.
- To ensure that significant values of stocks and stores at 31 March each year are certified and included in the annual accounts.

Intellectual Property

Intellectual property is a generic term that includes inventions and writing. If any Intellectual property 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 within the OPCC and the Constabulary may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.

In the event that the COPCC or the Constabulary decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive. In these circumstances, the Commissioner and the Chief Constable will approve an intellectual property policy and procedures for their respective organisations. The Chief Executive and Chief Constable will be responsible for the preparation of guidance on intellectual property procedures and ensure all employees are aware of and comply with the procedures.

Asset Disposal

Assets shall be disposed of when in the best interests of the organisation and at the most advantageous price. Where this is not the highest offer, a report must be prepared for the PCCCFO outlining the reasons.

Responsibilities of the Chief Executive and PCC Chief Finance Officer (PCCCFO)

- To dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section G.
- To ensure that items above this value being disposed of by public auction or sealed bids after advertisement.
- To record all asset disposals in the asset register or inventory as appropriate.
- To ensure that income from disposals is received, properly banked and accounted for.
- To where necessary write off or write down the value of assets in compliance with the Code of Practice on Local Authority Accounting

C6 Treasury Management and Banking

Overview and Control: Treasury Management

Treasury Management is defined as 'the management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'

It is important that treasury activities are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.

The Commissioner has adopted the CIPFA Code of Practice on Treasury Management. The primary requirements of the Code are to have arrangements in place for:

- A treasury management strategy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- Approved 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.
- Approval of the annual Treasury Management Strategy Statement (TMSS) including the annual investment strategies and MRP policy
- An annual report and as a minimum a Mid Term Review report covering Treasury Management activities.

Responsibilities of the Police and Crime Commissioner

- To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice
- To approve the annual TMSS including the annual investment strategy and MRP policy

Section C Management of Risks and Resources

- To receive and approve an annual report on treasury management activity and in year review reports

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
- To prepare reports on the PCCs treasury management policies, practices and activities, including, an annual Treasury Management Strategy Statement, including annual investment strategy and MRP policy and quarterly review reports
- To ensure the treasury management strategy and in year review reports are subject to review by the Joint Audit and Standards Committee as part of the arrangements for approval by the Commissioner
- To execute and administer treasury management in accordance with the CIPFA Code and the Commissioner's strategy
- To arrange borrowing and investments, in compliance with the CIPFA Code and strategy
- To ensure that all investments and borrowings are made in the name of the Police and Crime Commissioner for Cumbria
- To secure specialist consultancy and advice in respect of treasury management activity

Responsibilities of the Joint Audit and Standards Committee

In compliance with the CIPFA Code of Practice on Treasury Management, the Commissioner has nominated the Joint Audit and Standards Committee to be responsible for ensuring effective scrutiny of the Treasury Management strategy and policies. In fulfilling this role the Committee will:

- Review the Treasury Management policy and procedures to be satisfied that controls are satisfactory
- Receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the Committee is not responsible for the regular monitoring of activity.
- Review the treasury risk profile and adequacy of treasury risk management processes.

Section C Management of Risks and Resources

- Review assurances on Treasury Management (for example internal audit reports)

Overview and Control: Banking Arrangements

The Commissioner and Constabulary's banking activities are controlled by a single contract which provides a wide range of specialist banking services. 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.

The Commissioner undertakes to provide banking arrangements that may be used by authorised officers of the Constabulary in order to ensure efficiency in the financial arrangements between the Commissioner and the Chief Constable.

Responsibilities of the PCC Chief Finance Officer (PCCFO)

- To have overall responsibility for the banking arrangements for the Commissioner
- To oversee the establishment and maintenance of bank accounts, in consultation with the CCCFO
- 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. PCCFO of a charitable body) in their own right
- To arrange for bank reconciliations to be undertaken on a timely and accurate basis
- To determine signatories on all bank accounts

The Deputy CFO may undertake daily management and operation of bank accounts under the arrangements between the Commissioner and CC for shared financial services. The Deputy CFO is responsible under this arrangement for ensuring the operation of satisfactory control systems, seeking confirmation from the bank that it is satisfied with such control systems and providing assurance of such to the PCCFO. The Chief Constable may determine to open bank accounts subject to the consent of the Commissioner. Where this is the case, the CCCFO will have the responsibilities set out above, in respect of those accounts of the Chief Constable.

Overview and Control: Imprest Accounts/Petty Cash

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 Chief Officers

- To provide appropriate employees with cash, bank imprests to meet minor expenditure on behalf of the OPCC/Constabulary.
- To 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.
- To prepare detailed Financial Rules for dealing with petty cash, to be agreed with the PCCCFO/CCCFO, and these shall be issued to all appropriate employees.
- To ensure the financial hand book includes records of the petty cash limits, a list of the petty cash floats, a list of approved items that can be spent on petty cash and arrangements for reconciliation and spot checks on petty cash.
- To ensure the petty cash facility is not used as a mechanism to avoid normal procurement routes.

C7 Money Laundering

Overview and Control

The COPCC and the Constabulary are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. There is a requirement to report suspicious cash deposits in any currency in excess of €15,000 (or equivalent) to the Serious Organised Crime Agency (SOCA).

In order to protect the Commissioner and Constabulary from money laundering internal control procedures will be monitored to ensure they are reliable and robust and cash deposits will be limited to a maximum of £5,000 (excluding seized cash). Any suspicious activity or transaction will be reported to the relevant body at the earliest opportunity. Chief Officers must undertake appropriate checks to ensure all new suppliers and counterparties are bona fide.

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

- To be the nominated Money Laundering Reporting Officer (MLRO) for the Chief Constable and the Commissioner under the arrangement for shared financial services and nominate the function to the Deputy CCCFO during periods of absence
- Upon receipt of a disclosure, to consider, in the light of all information, whether it gives rise to suspicion of money laundering.
- To disclose relevant information to the Serious Organised Crime Agency (SOCA).
- To ensure that the arrangements for shared financial services between the Commissioner and Chief Constable make adequate arrangements for protection from money laundering including awareness raising and training for staff engaged in cash receipting.

Responsibilities of Officers and Staff

- To notify the CCCFO 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
- Cash bankings from a single source over £5,000 should be refused and reported to the CCCFO. This instruction does not apply to seizures and subsequent banking under the Proceeds of Crime Act.

C8 Corporate Credit, Debit and Fuel Cards

Overview and Control

Expenditure on credit cards must only be for official business and must be appropriately authorised and recorded. All credit cards are issued in the name of the Commissioner. The Chief Constable is prohibited statutorily from entering into credit arrangements.

Credit and debit cards are used by the Constabulary in the course of business. Credit cards are made available as an alternative method of payment in a number of circumstances including:

- in relation to senior officers who, in the course of their official business, have an immediate requirement for expenditure;
- in specialist business continuity circumstances where goods are needed urgently;
- for making on line purchases where this method of purchasing achieves the best value for money and payment must be made at the point of placing an order.

Debit Cards are used only for official business and only by specifically authorised officers for operational purposes.

Fuel cards are provided to ensure the economic purchase of fuel for the vehicle fleet and hire cars used in the course of business. All staff must use fuel cards for the purchase of business fuel wherever it is possible to do so.

Responsibilities

- The PCCCFO will approve credit/debit card policy and procedures.
- The PCCCFO will authorise the application for all credit cards and debit cards in conjunction with advice from the CCCFO, where these are outside the arrangements within credit/debit card policy
- The CCCFO will, in conjunction with the PCCCFO, provide financial rules and credit and debit card policy and procedures to all card holders; procedures will specify items that must not be purchased using the corporate credit card, the process and evidence required to substantiate card expenditure and arrangements for authorising that expenditure is in line with the procedure.

Section C Management of Risks and Resources

- Chief Officers will ensure that arrangements for authorising expenditure are undertaken by a member of staff more senior to the credit/debit card holder. The Chief Executive will authorise credit card expenditure made by the Chief Constable.
- Credit Card holders must ensure that purchases are in accordance with approved procedures and provide receipted details of all payments made by corporate credit/debit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.
- Fuel cards must be used wherever possible for the purchase of business fuel. The use of fuel cards must comply with relevant procedures.

C9 Staffing

Overview and Control

Police Staff are employed by both the Commissioner and the Chief Constable and form the largest element of the annual policing budget. An appropriate HR strategy and workforce plan should exist, in which staffing requirements and budget allocations are matched. This is particularly important for support staff who provide shared services to meet the needs of both the Commissioner and the Constabulary.

The responsibilities below are those of the Chief Executive in respect of staff who are employed by the Commissioner and are those of the Chief Constable for staff who are employed by the Constabulary.

Responsibilities of the Chief Executive and the Chief Constable

- To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements, HR policies, budgets and strategies and that there is a proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- To ensure that staffing budgets provide an accurate forecast of staffing levels and advise the Commissioner on the budget necessary in any given year to cover estimated staffing levels
- 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
- 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.
- To approve, in consultation with the PCCCFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

C10 Police Objective Analysis/HMIC VFM Profiles

Overview and Control

CIPFA introduced the Police Objective Analysis (POA) to enable policing bodies and Constabularies to compare costs in relation to specific categories of policing. The results can be used to help ensure activities and resources are aligned with local policing plan priorities and to match supply and demand. HMIC VFM profiles provide support for more detailed benchmarking on a range of expenditure and performance data, against statistical neighbours, to help support work to improve economy, efficiency and effectiveness.

The Commissioner is responsible for maintaining an efficient and effective police force for the police area. The Chief Constable is accountable to the Commissioner for the delivery of efficient and effective policing.

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

- To analyse costs on the basis of the POA/HMIC profiles in accordance with CIPFA requirements.
- To secure the timely provision of financial and other data to HMIC/CIPFA in accordance with the annual data returns/POA deadlines
- To provide a quality assurance role with regard to provisional/draft POA/HMIC reports
- To carry out VFM comparisons as considered appropriate to aid business planning and in accordance with strategies for value for money and efficiency.
- To ensure that appropriate reports are prepared for the Chief Constable and the Commissioner.

Responsibilities of the Joint Audit and Standards Committee

- To consider the Commissioner and Chief Constable's arrangements to secure value for money and to review reports and assessments regarding the effectiveness of these arrangements.

C11 Trust Funds

Overview and Control

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

Trust funds can only be opened with specific approval from the Chief Constable/Commissioner. Examples of Trust Funds include the Cumbria Constabulary Benevolent Fund and the Cumbria Constabulary Mutual Aid Fund.

Responsibilities

- The Chief Executive must be aware of all trust funds associated with the COPCC and the Chief Constable must be aware of all trust funds associated with the Constabulary.
- The respective PCCCFO and CCCFO must be informed of the purpose and nature of all trust funds and shall be entitled to verify that adequate standards are being observed, identify whether funds are properly audited and report on the arrangements.
- All employees acting as trustees on behalf of the Commissioner or Chief Constable shall ensure that a treasurer and independent auditor are appointed, that reliable accounting systems and procedures are operated, and investments are properly managed and that accounts are audited as required by law and submitted annually to the appropriate body.

C12 Evidential and Non-Evidential Property

Overview and Control

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

Responsibilities of the Chief Constable and the Chief Constable's Chief Finance Officer (CCCFO)

- To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision; these procedures shall be made available to all appropriate employees. For more detailed information please refer to the Evidential and Non-Evidential Standard Operating Procedure (SOP).
- To determine procedures for the safekeeping of evidential or non-evidential property; these procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items where appropriate.
- To issue separate financial procedures for dealing with cash, including seized cash under the Proceeds of Crime Act
- To deduct income tax on any interest earned on seized cash or found monies whilst held in his possession and account to both HMRC and to any person to whom such monies are subsequently returned.

Responsibilities of all Officers and Staff

- To comply with standard operating procedures in relation to evidential, non-evidential and other private property.
- To notify the Chief Constable's Chief Finance Officer immediately in the case of loss or diminution in value of such property.

C13 Gifts, Loans and Sponsorship Policy

Overview and Control

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

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

The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the Commissioner's annual gross revenue budget in accordance with section 93 of the Police Act 1996.

Responsibilities of the Chief Officers

- To determine whether gifts, loans or sponsorship will be accepted
- To ensure there are guidelines in place for staff with regard to gifts, loans and sponsorship and that all staff are aware of and operate within the guidelines.
- To ensure guidelines provide that the PCCCFO/CCCFO are advised of any gifts, loans or sponsorship prior to acceptance to ensure that decision making takes into consideration any financial implications including those pertaining to insurance and taxation.

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO) and Chief Executive (Monitoring Officer)

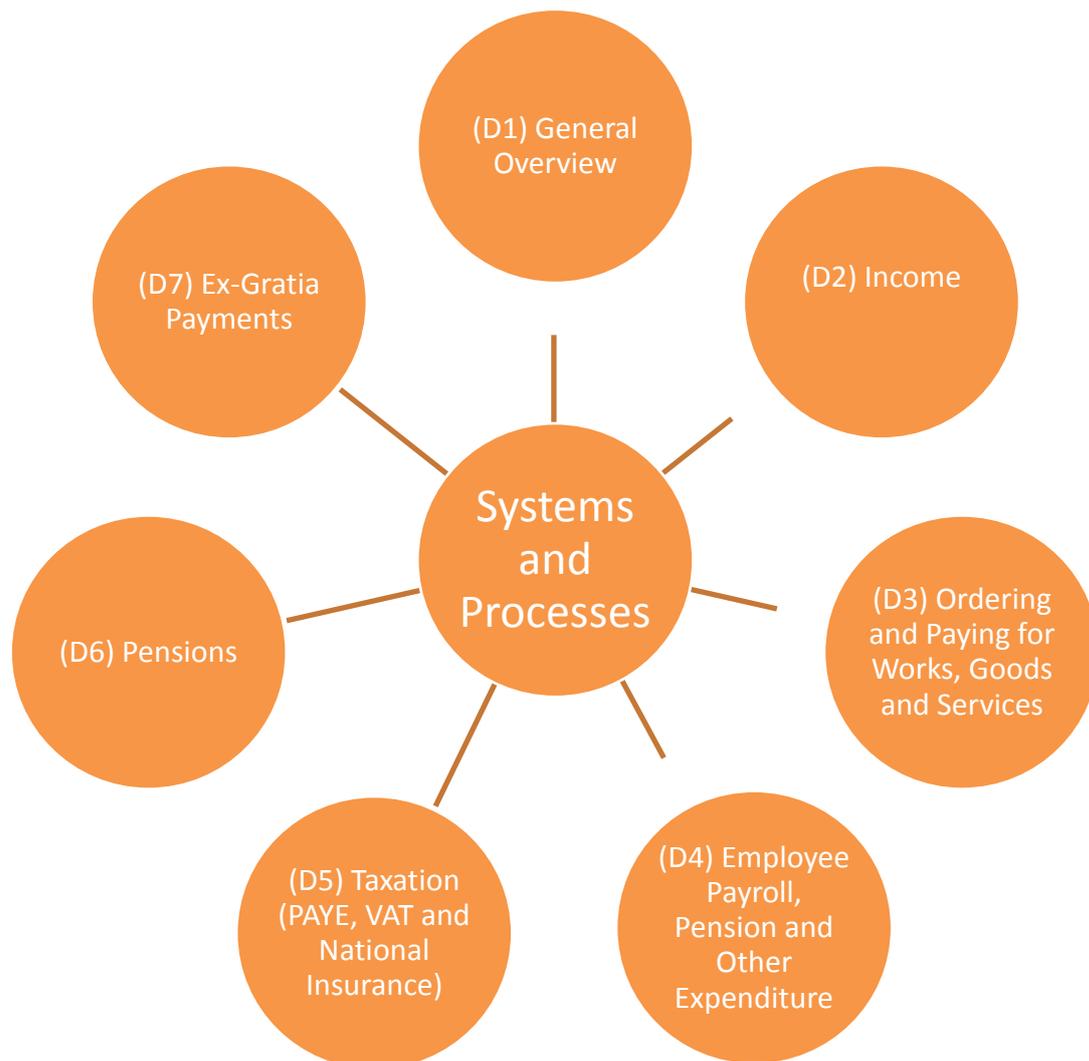
- To present an annual report listing all Constabulary gifts, loans and sponsorship.
- To maintain a central register of all sponsorship initiatives and agreements including their true market value. The register will be made available to the Commissioner, who shall satisfy himself/herself that it provides a suitable account of the extent to which such additional resources have been received.
- To bank cash from sponsorship activity in accordance with normal income procedures.

Section D Systems and Processes

Introduction

This section of the financial regulations sets out responsibilities and the required arrangements for systems and processes to manage income, including external funding, ordering and paying for goods and services, ensuring staff and members are properly paid, including ex-gratia payments and that all those systems and processes include proper arrangements to account for tax.

Arrangements for systems and processes are managed by the CCCFO as part of the arrangements for shared support services between the Commissioner and the Chief Constable. This includes all arrangements for financial systems and administration, including receiving income, incurring expenditure, discharging creditors and recovering debt.



D1 General Overview

Overview and Control

There are many systems and procedures relating to the control of assets and resources, including purchasing, costing and management systems. There is increasing reliance 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. The PCCCFO and CCCFO both have a statutory responsibility, within their respective organisations, to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

Responsibilities of the Chief Constable and the Chief Executive

To ensure all staff and those acting on behalf of the Constabulary and COPCC adhere to processes and procedures, taking management action where there is failure to comply

Responsibilities of the Chief Finance Officers (PCCCFO and CCCFO)

The responsibilities below are in respect of the COPCC for the PCCCFO and the Constabulary for the CCCFO. To make arrangements for the proper administration of the financial affairs, including to:

- Issue advice, guidance and procedures for staff and others acting on behalf of the COPCC and the Constabulary
- Determine the accounting systems, form of accounts and supporting financial records
- Establish arrangements for the audit of the financial affairs of the Constabulary and the COPCC
- Approve any new financial systems to be introduced
- Approve any changes to existing financial systems

Section D Systems and Processes

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

- Systems are secure, adequate internal control exist 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 that staff and others acting on behalf of the Commissioner/Chief Constable are appropriately trained in relevant processes and procedures
- 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
- To establish a Scheme of Delegation, identifying staff authorised to act upon the behalf of Chief Officers in respect of income collection, placing orders, making payments and employing staff.

D2 Income

Overview and Control

The Commissioner is the recipient of all funding relating to policing and crime reduction, including government grant and precept and other sources of income. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

The Commissioner should ensure that there are arrangements in place to ensure that expected charges are clearly identified in budgets and that costs are accurately attributed and charged. When considering budget levels the Commissioner 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.

The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Commissioner and Chief Constable should adopt National Police Chiefs' Council (NPCC) charging policies in respect of mutual aid.

Responsibilities of the Police and Crime Commissioner and the Chief Constable

- To adopt the NPCC national charging policies and national guidance when applying charges, including those for special policing services, under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- 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
- 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; charges should be at full cost recovery except where regulations recommend otherwise or with the express approval of the Commissioner or Chief Constable.
- To ensure that all income is paid fully and promptly into the designated Income Bank Account; appropriate details should be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
- To ensure income is not used to cash personal cheques or make other payments.
- To ensure appropriate controls exist over the management and supply of receipt forms, books or tickets and similar items. Official receipts or other suitable documentation shall be issued for all income received
- To operate effective debt collection procedures
- To secure appropriate arrangements, in consultation with the Chief Executive, for debt recovery, including legal action where necessary
- To approve the write-off of bad debts, in consultation with the Chief Executive, up to the level shown in Section G. Amounts for write-off above this value must be referred to the Commissioner for approval, supported by a written report explaining the reason(s) for the write-off.
- The CCCFO will prepare detailed Financial Rules for dealing with income under the arrangements for shared support services, to be agreed with the PCCCFO, and to issue them to all appropriate employees.

External Funding

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 police and crime objectives to be delivered. However, in some instances, such funding is linked to tight specifications and may not be flexible enough to link to the Police and Crime Plan.

The main sources of such funding will tend to be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs), central government and charitable funding accessed through bidding rounds, and donations from third parties (e.g. towards capital expenditure)

Responsibilities of Chief Officers

- To pursue actively any opportunities for additional funding where this is considered to be in the interests of the organisation
- 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
- To ensure that funds are acquired only to meet police and crime needs and objectives
- 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
- To ensure that any conditions of external funding are in accordance with the approved policies of the Commissioner. If there is a conflict, this needs to be taken to the Commissioner for resolution.
- To ensure that any opportunities to pursue external funding are authorised and that applications are made in the Commissioner's name as the statutory recipient of all funding

Responsibilities of the Chief Finance Officers (PCCCFO and CCCFO)

- 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 arrangement are met.

D3 Ordering and Paying for Work, Goods and Services

Overview and Control

Controls for ordering and paying for works, goods and services aim to protect public money by ensuring that purchasing follows legal requirements, achieves value for money and commitments are only made for authorised items within approved budgets. Those responsible for ordering and paying for works, goods and services should have a good understanding of these financial regulations and accompanying joint procurement regulations.

The responsibilities set out below are those of the PCCCFO. All ordering and payments are made in the name of the Commissioner although the goods and services procured will be used by the Commissioner and the Constabulary. The Commissioner will make appropriate charges to the Chief Constable for goods and services procured on behalf of the Constabulary.

Under the terms of the agreement for shared support services, staff of the Chief Constable will transact procurement, ordering and payment processes in the Commissioner's name. The Chief Constable must ensure that the requirements of these regulations and the joint procurement regulations are fully adopted within the Constabulary financial rules as responsibilities of the CCCFO.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To maintain procurement regulations covering the principles to be followed for the purchase of goods and services and to ensure that all payments are made in accordance with this policy.
- To secure the issue of 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 authorised exceptions.
- To approve the form of orders and any exceptions to official orders.
- Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of OPCC contracts.

Section D Systems and Processes

- Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with the joint procurement regulations.
- To ensure orders for goods and services are appropriately authorised by a designated officer in accordance with the scheme of financial control
- Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.
- To ensure that payments are made to the correct person, for the correct amount, on time (i.e. within supplier payment terms) and are recorded properly, regardless of the method of payment.
- To ensure that VAT is recovered where appropriate
- To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- To ensure that all purchases made through e-procurement follow the procedures set out within the joint procurement regulations
- To ensure adequate separation of duties between ordering, receiving and paying for goods and services
- To secure the preparation of detailed Financial Rules for dealing with the ordering and payment of goods and services, and to ensure these are issued to all appropriate employees.

Responsibilities of the Chief Officers

- 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 on behalf of the organisation and that such persons take no part in the selection of a supplier or contract with which they are connected.
- To ensure declarations are made and recorded as appropriate within the register of interests, secondary employment register and related party transaction disclosure forms
- To ensure that staff are aware of and comply with the joint procurement regulations
- To nominate the CCCFO as lead officer with responsibility for ensuring the provision of services for ordering and payment under the terms of the shared services agreement. To make provision within the Constabulary financial rules that the lead officer is responsible for adopting the standards within these regulations and providing assurance of such.

D4 Employee Payroll, Pension & Other Expenditure

Overview and Control

Employee payroll costs comprise the largest item of budget expenditure within Cumbria Constabulary. The Commissioner's statutory duty to maintain the force means that payroll, pension and related employee costs form the single largest element of within the funding arrangement between the Commissioner and the Chief Constable. Employee costs also make up the single largest element within the costs of the Commissioner's office. 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.

The responsibilities set out below are those of the Chief Executive for employees of the Commissioner. The Chief Constable is required to fulfil the same responsibilities for employees of the Constabulary under the terms of funding between the Commissioner and the Chief Constable and within the terms of the shared service arrangements.

Responsibilities of the Chief Executive/Chief Constable

- To ensure, in consultation with the CFO, the secure, accurate and reliable payment of salaries, overtime, pensions, allowances, compensation and other emoluments to existing and former employees and members.
- To ensure that tax, pension and other deductions are made correctly and paid over at the right time to the relevant body.
- To pay all valid travel and subsistence claims or financial loss allowance, where they comply with policy and are authorised.
- To pay salaries, wages, pensions and reimbursements by the most economical means.
- To ensure any contract for payroll services will incorporate reimbursement by the provider of any costs associated with any payroll error and associated corrective action in the event of an error and the provider having received the correct payroll data
- 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

Section D Systems and Processes

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.

- To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
- To ensure that, in consultation with the CFO, specialist advice is obtained as necessary and adequate and effective procedures are operated to comply with statutory requirements for payroll deductions.
- To secure the preparation of detailed Financial Rules for dealing with payments to employees, to be agreed with the CFO, and these shall be issued to all appropriate employees.

D5 Taxation (PAYE, VAT and national insurance)

Overview and Control

Like all organisations, the COPCC and Constabulary are responsible for ensuring their tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. The following responsibilities are those of the PCCCFO for relevant transactions of the Commissioner. Equivalent responsibilities fall to the CCCFO in relation to relevant transactions of the Constabulary and transactions made on behalf of the Commissioner under the shared services arrangements for financial administration.

Responsibilities of the Chief Finance Officers (PCCCFO/CCCFO)

- To ensure that arrangements are in place for the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements
- To ensure that arrangements are in place for the timely completion and submission of VAT claims, inputs and outputs to HMRC
- To ensure taxable transactions are identified, properly carried out and accounted for within stipulated timescales with a record maintained in accordance with requirements
- To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations
- To provide details to the HMRC regarding the construction industry tax deduction scheme.
- To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

D6 Pensions

Overview and Control

Employers including the Constabulary and Office of Police and Crime Commissioner have a legal obligation to offer employees a pension scheme. Police officers are automatically joined into the Police Pension scheme and police staff are automatically joined into the Local Government Pension Scheme. Pensions are a complex and ever changing area with new legislation, taxation implications and reporting requirements to meet. The Local Government Pension Scheme is managed by Cumbria County Council and the Constabulary and Office of the Police & Crime Commissioner are the Local Government scheme administrating authorities.

Responsibilities

Responsibilities of the Chief Constable and Police and Crime Commissioner

The Chief Constable and the Commissioner must also ensure that all people involved in governing and administering public service schemes should have the appropriate skills and expertise. However, there's a specific legal obligation on pension board members to have knowledge and understanding of their scheme rules, their scheme's documented administration policies and pensions law.

The Chief Constable and the Commissioner have the responsibility for ensuring they each produce an Employer Discretion policy in relation to the Local Government Pension scheme.

Responsibilities of the Chief Constable

To ensure compliance with the Public Services Pensions Act 2013 the Chief Constable has a number of legal responsibilities acting in the role of Pension Scheme Manager for the Police Officer Pension Scheme ensuring the following:

- ensuring that appropriate arrangements for the management of police officer pensions are put in place

Section D Systems and Processes

- establishment of a Police Pension Board.
- provision benefits information to members
- publishing information on pension boards
- keeping certain records
- that pension boards members don't have conflicts of interest
- adequate internal controls are established and operate effectively
- reporting late payment of contributions

D7 Ex Gratia Payments

Overview and Control

An ex gratia payment is a payment made where no legal obligation has been established. An example may be recompense to a police officer or employee 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.

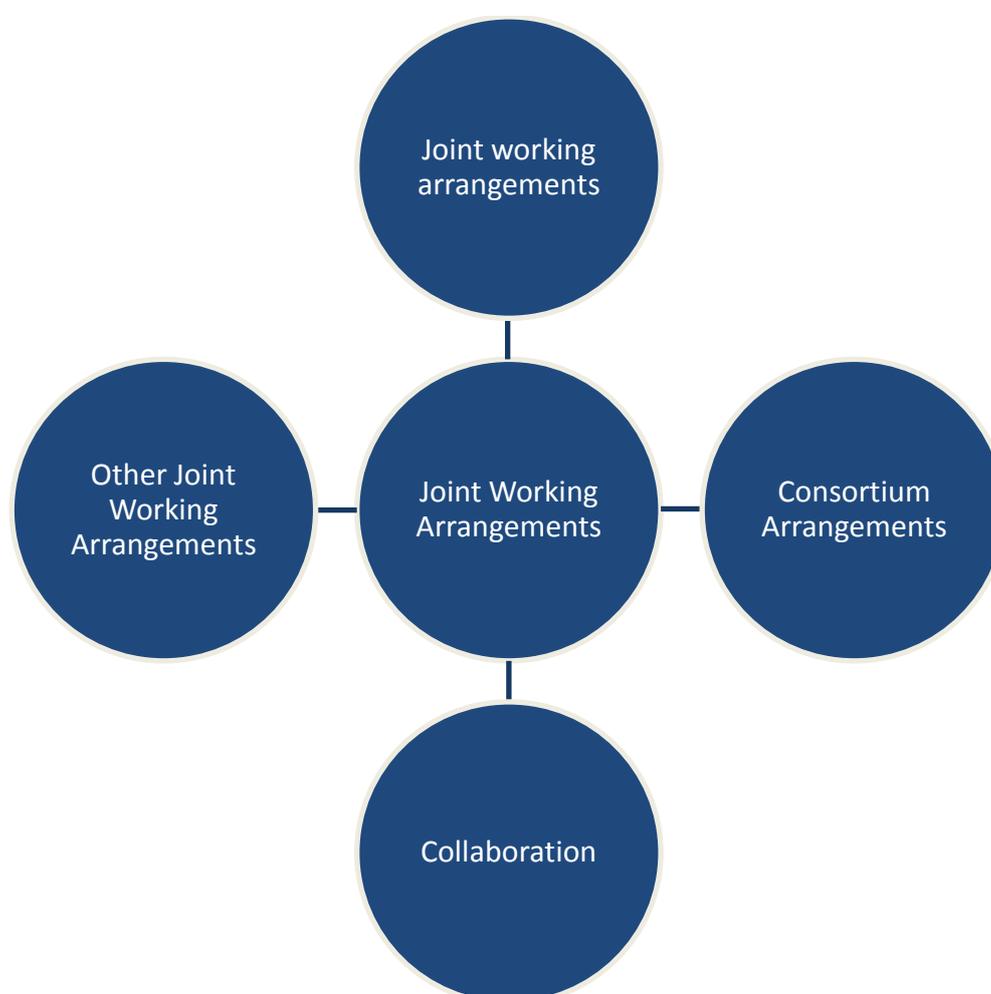
Responsibilities of the Chief Constable

- To make ex gratia payments, on a timely basis, to members of the public or employees 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 COPCC and the Constabulary up to the limits set and in section G;
- To maintain details of ex gratia payments in a register. Any amounts greater than those specified must be referred to the Commissioner for approval. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules. Any ex gratia payment above the limit in section G will require the approval of the Commissioner.
- To provide a copy of the ex-gratia payments register to the Chief Executive for review at the end of each financial year.

E1 General Overview

Introduction

Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers. Joint working arrangements can take a number of different forms, each with its own governance arrangements. The OPCC and Constabulary element of all joint working arrangements must comply with the financial regulations.



Section E Joint Working Arrangements

These joint working arrangements can be grouped under the following headings:

- Partnerships
- Consortia
- Regional working
- Collaboration

Joint working arrangements entail common responsibilities:

- To act in good faith at all times and in the best interests of the joint working arrangement'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 joint working arrangement activities or duties that is of a confidential or commercially sensitive nature
- Where appropriate, to promote the project

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

- The arrangements to enter into joint working must have been authorised by the Commissioner or Chief Constable as appropriate
- Before entering into the agreement, a risk assessment has been prepared
- Such agreements do not impact adversely upon the services provided by COPCC or Constabulary
- 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

Section E Joint Working Arrangements

- Accounting and taxation requirements, particularly VAT, are understood fully and complied with
- An appropriate exit strategy has been produced

E2 Partnerships

Overview and Control

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, process or agreed programme, and share information, risks and rewards

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:

- Comply with statutory requirements
- Deliver strategic objectives in new and better ways
- Improve service quality and cost effectiveness
- Ensure the best use of scarce resources and access new resources
- Deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need
- Forge new relationships and find new ways to share risk

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

- Statutory based: These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs) and Local Strategic Partnerships (LSPs)

Section E Joint Working Arrangements

- Strategic: These are partnerships set up to deliver core policing objectives. They can either be Constabulary-wide or local.
- Ad-hoc: These are typically locally based informal arrangements.

As set out in Part 1, chapter 3 (10) of the Police Reform and Social Responsibility Act 2011, the 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 Commissioner is free to pool funding as they and their local partners see fit. The Commissioner can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies. This may include acting as a lead commissioner of services, agreeing jointly the shared priorities and outcomes expected to be delivered through the contract, grant or funding arrangement with each provider.

Responsibilities of the Police and Crime Commissioner

- To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan.
- To make appropriate arrangements to commission services from either the Constabulary, external providers or jointly with partners
- To make decisions in respect of awards of grant and entering into grant arrangements under the Anti-Social Behaviour, Crime and Policing Act 2014.

The commissioner is able to make grants in connection with commissioning of services that:

- In the opinion of the Commissioner, will secure, or contribute to securing, crime and disorder reduction
- Are intended by the Commissioner to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour.

Section E Joint Working Arrangements

Responsibilities of Chief Officers

- To consult, as early as possible, the PCCCFO and the CCCFO in respect of any partnering arrangements to ensure the correct treatment of taxation and other accounting arrangements
- To produce a Memorandum of Understanding (MOU), funding arrangement or conditions of funding as appropriate for any partnership arrangement incorporating appropriate terms and conditions for the project; this document should be signed by the Chief Executive

Responsibilities of the Chief Constable

- To ensure approval is granted from the Commissioner prior to entering into any contracts

Responsibilities of the Chief Executive

- To secure the safekeeping of registers of grant awards and grant agreements and for ensuring that records are maintained of exemptions to grant procedures.

Responsibilities of the Head of Partnerships and Commissioning

- To maintain robust and up to date grant regulations; to ensure the grant regulations are complied with
- To ensure the exercise of due diligence through effective processes and procedures prior to decision making
- To ensure the overall arrangements for assurance when awarding funding and that total funding awarded through grants and granted agreements is in line with allocated budgets.
- To meeting all publication requirements in respect of grants and grant agreement.

Responsibilities of the Director of Legal Services

- To provide legal advice on grant agreements including grant terms and conditions.

E3 Other Joint Working Arrangements

Overview and Control

Where services are provided to other bodies outside of 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 compliant with any applicable regulations and legislation, including ensuring there are powers to undertake the work.

Responsibilities of Chief Officers

- 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.
- To ensure that appropriate insurance arrangements are in place.
- To ensure that all contracts are properly authorised and documented
- To ensure that such contracts do not impact adversely on the services provided by the organisation.

Consortium Arrangements

A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure and must be approved by the Commissioner. The Chief Constable has no statutory powers to enter into a consortium without the Commissioner's approval.

Responsibilities of Chief Constable

- To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework
- To consult, as early as possible, their respective CFO to ensure the correct treatment of taxation and other accounting arrangements

Section E Joint Working Arrangements

- To produce a business case to show the full economic benefits to be obtained from participation in the consortium
- To produce a Memorandum of Understanding (MOU), funding arrangement or conditions of grant agreement as appropriate for any partnership arrangement incorporating appropriate terms and conditions for the project; this document should be signed by the Chief Executive
- To seek the Commissioner's approval for the entering into a Consortium

Collaboration

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 PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police Constabulary or Commissioners. Any collaboration which relates to the functions of a police Constabulary must first be agreed with the Chief Constable of the Constabulary concerned.

Bluelight Collaboration - The Policing and Crime Bill introduces a statutory duty for the three emergency services (Police, Fire and Ambulance) to keep collaboration opportunities under review and to collaborate where a proposal is in the interests of efficiency, effectiveness or public safety.

The Commissioner's shall jointly hold their Chief Constables to account for any collaboration in which their Constabulary is involved and any such proposal must be discussed with the PCCCFO and CCCFO in the first instance.

Section F Guidance Notes on Breach of Financial Regulations and Joint Procurement Regulations

These guidance notes are supplemental to the arrangements for Anti-Fraud and Corruption and should be read in conjunction with those documents.

The PCCCFO and the CCCFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or employee or member of any collaborative body on which the Commissioner or the Constabulary is represented:

- Has made, or is about to make a decision which involved or would involve the Commissioner or the Chief Constable incurring expenditure which is unlawful;
- Has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Commissioner or the Chief Constable; and
- Is about to enter an item on account, the entry of which is unlawful.

It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the Commissioner with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the PCCCFO and the CCCFO. A copy of such a report shall be sent to the external auditor.

To provide for effective action to deal with any fraud and corruption and to assist the PCCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Constabulary and the OPCC are properly conducted, the Commissioner and Chief Constable will approve arrangements for an Anti- Fraud and Corruption Policy and a Plan that will be adhered to in the circumstances of any suspected or actual breach of financial regulations or joint procurement regulations.

Section F Guidance Notes on Breach of Financial Regulations and Joint Procurement Regulations

Where a breach of standing orders or financial regulations has occurred of a non-malicious nature this will be dealt with by management action. Management action may result in the instigation of disciplinary proceedings. Management action will be directed toward the member of staff or officer responsible for the breach. This may be a manager where there has been a failure in the responsibility to ensure subordinates are aware of and trained in the use of the orders/regulations.

There are no formal exemptions to the financial regulations. Where there is a robust reason that the regulations are unable to be applied, authorisation must be given by the PCCCFO for exemptions regarding the Commissioner's Office and the CCCFO for exemptions regarding the Constabulary.

Section G Regulation Limits and Delegations

Introduction

The Commissioner expects anyone acting under this scheme to draw to their attention any issue which is likely to be regarded as novel, contentious or repercussive. In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred; prior written approval must be obtained from the Commissioner's office. Delegations for such approval are set out in this scheme. References to Sections refer to the relevant part of these regulations where the regulation limit is to apply.

The regulation limits apply in respect of delegations between the Commissioner and the Commissioner's staff and between the Chief Constable and the Chief Constable's staff. The financial freedoms and flexibilities provided to the Chief Constable from the Commissioner are detailed with the Chief Constable's annual [Funding Arrangement](#).

Section B: Financial Planning and Control

Financial Planning: The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of an estimated value of **£100,000**

Budgetary Control: Major projects need not be referred back to the Commissioner for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the lesser of **10%** or **£100,000**. Where the net position on the Constabulary budget is forecast to over or underspend by more than **£500,000** or where the position is known to have changed by more than **£500,000** since the last monitoring report, the PCCCFO must be notified as soon as the variation is known.

Virements: The levels of authorisation for virements are:

Limit	PCCCFO	Chief Executive
Up to £100,000	✓	
Up to £150,000	✓	✓

Section G Regulation Limits and Delegations

In addition, the Chief Constable is authorised to approve virement within Constabulary budgets as set out within the [Funding Arrangement](#). Any further virement within the Constabulary budget must comply with the approvals set out above, being authorised by the PCCCFO or the PCCCFO and Chief Executive.

The PCCCFO is authorised to approve a virement of any amount within the capital budget to address issues of timing where the scheme is approved and the virement is consistent with the business case for the scheme. This includes virements to and from capital reserves and future year budgets to bring forward schemes where there is capacity and a business imperative to commence schemes in advance of the planned programme.

Year End Balances: Year end balances will be returned to general balances other than where specific approval has been given to carry forward those budgets. Budget holders may apply to the PCCCFO to carry forward any underspend. The PCCCFO may authorise budget underspend where the amount of the individual application is less than [£100,000](#) and where the under spend is due to circumstances beyond the budget holders control and there is likely to be an unbudgeted liability for the unspent sum in the following financial year. Budget holders who overspend their budget in any financial year may have their budget reduced for the following year subject to the determination of the Commissioner after consultation with the PCCCFO.

Any other application to carry forward budgets must be approved by the Commissioner.

Capital Programme: The Chief Executive must be notified of all proposed property leases or renewals before any agreement is made. Any lease with a value in excess of [£50,000](#) pa or any lease over 5 years in duration shall be subject to the Commissioner's approval.

Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the Commissioner for further approval unless the cost of the scheme exceeds [10%](#) or [£100,000](#) whichever is the lower amount

Section G Regulation Limits and Delegations

The capital programme is approved in three status categories:

- **Firm** - where a firm scheme is approved, procurement can commence without delay. They will typically relate to cyclical replacement programmes and maintenance works. They will either be supported by the relevant capital strategy or a business case, at or before the approval of the capital programme.
- **Delegated** – where a scheme is approved in principle but there are fine details with regard to procurement and costs that have been delegated to the Commissioner’s CFO for final approval. PCCCFO delegations are limited to the financial amounts included for the scheme within the capital programme plus a variance of up to 10% or £100,000 whichever is the lower. The PCCCFO may vire from capital reserves to fund any balance for the scheme within the delegated limit.
- **Indicative** – Where a scheme requires a full detailed business case to be submitted to the Commissioner for formal approval. The information requirements for schemes subject to PCCCFO approval are subject to agreement with the PCCCFO.

Section C: Management of Risk and Resources

Assets: The de-minimus for capital expenditure is £25,000. The de-minimus for capital income is £10,000. Single items below this amount are treated as revenue. Items of individual cost value below £25,000 are capitalised where they are acquired as part of a rolling programme and combined for the purposes of procurement. For capitalised expenditure, the Chief Executive shall secure that an asset register is maintained. The asset register will comprise:

- Land & Buildings - All values of land and building
- Vehicles – vehicle assets procured within the rolling annual capital programme with cumulative value above £25,000
- Computers – computer assets procured within the rolling annual capital programme with cumulative value above £25,000
- Plant & Equipment – plant and equipment assets procured within the rolling annual capital programme with cumulative value above £25,000

The Chief Officers shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value of £250.

Section G Regulation Limits and Delegations

Discrepancies between the actual level of stock and the book value of stock may be written off by the Deputy Chief Finance Officer up to the level shown below. Amounts for write off above this value must be referred to the CCCFO for approval.

- Individual items £5,000
- Overall annual limit on all stock £15,000

Obsolete stock, or equipment and materials surplus to requirements may be written off by the Deputy Chief Finance Officer up to the level shown below. Amounts for write off above this value must be referred to the CCCFO for approval.

- Individual items £5,000
- Overall annual limit on all stock £15,000

The Chief Executive may dispose of surplus land, buildings, vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the Commissioner for prior approval.

- Land & Buildings £250,000
- Equipment £10,000
- Vehicles £10,000

Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement.

- Land & Buildings £500,000
- Equipment £15,000

Section G Regulation Limits and Delegations

Section D: Systems and Processes

Income: Individual amounts may be written off by the PCCCFO up to £10,000. Amounts for write off above this value must be referred to the Chief Executive for approval.

All cases where write off action results from theft or fraud shall be referred to the PCCCFO for approval up to a maximum of £10,000 and to the Commissioner for approval of amounts in excess of that sum.

Ordering of Goods and Services: Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in the joint procurement regulations

Ex Gratia Payments: Chief Officers may make ex gratia payments to members of the public up to £10,000 in consultation with the Chief Constables Chief Finance Officer (CCCFO).



The Police and Crime Commissioner for Cumbria

The Chief Constable for Cumbria Constabulary

Financial Rules - October 2016

Contents and Introduction

Contents

The Financial Rules 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 G.



Section	Title	Pages
Section A	The Financial Management Framework	8-24
Section B	Financial Planning and Control	25-45
Section C	Management of Risk and Resources	46-92
Section D	Systems and Processes	93-118
Section E	Joint Working Arrangements	119-126
Section F	Guidance Notes on breaches of Financial Regulations, Rules and Procurement Regulations	127-128
Section G	Summary of Delegated Limits	129-132

Introduction

Overview

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. The Police and Crime Commissioner for Cumbria and Chief Constable for Cumbria Constabulary were established as separate statutory entities under the Police Reform and Social Responsibility Act 2011 (PRSRA 2011). The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office under the legislation issues a Financial Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework by setting out the financial relationships and requirements of the Commissioner and Chief Constable.

2. To conduct their business effectively, the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary need to ensure that sound financial management policies exist and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations and Rules. This document containing the Financial Rules is consistent with and is in a broadly similar format to the Financial Regulations approved by the Commissioner and Chief Constable. The Financial Rules, in conjunction with the Financial Regulations, form a key part of the organisation's system of corporate governance by providing a control framework to help ensure that:-
 - Robust, effective and well documented financial management systems are in place
 - all staff are aware of their responsibilities in relation to financial matters
 - that the organisation's assets are safeguarded
 - the organisation complies with all statutory and legislative requirements relating to finance.

3. The Financial Regulations are designed to establish overarching financial responsibilities and explain their statutory foundation. They focus, at a high level, on the respective duties, rights and powers of the Commissioner, the Chief Constable and senior officers of both parties in relation to financial management. The Financial Rules provide a greater level of detail, dealing primarily with financial matters delegated to the Chief Constable to manage by the Commissioner.
4. Both the financial regulations and rules apply to every member, employee and officer of the service and anyone acting on its behalf.
5. A modern organisation should also be committed to innovation. These financial rules aim to strike a balance between ensuring that such innovation is not stifled and need to ensure that adequate risk assessment and approval safeguards are in place to protect the Commissioner and the Chief Constable.

Status

6. The Financial Rules should not be seen in isolation, but rather as part of the overall regulatory framework of the organisation that includes the Financial Regulations, codes of conduct for members, employees and officers, the scheme of delegation, the standing orders in relation to contracts, the scheme of Devolved Resource Management (DRM) and the role of committees.
7. These Financial Rules are intended to:
 - (a) ensure that the financial dealings of the Commissioner and the Chief Constable are conducted properly and in a way which meets the requirements of best practice;
 - (b) include sufficient safeguards for the Chief Finance Officers (PCC CFO and CC CFO), who have statutory responsibility for ensuring that the financial affairs of the Commissioner and Chief Constable are properly administered, to discharge properly his/her statutory obligations;
 - (c) encourage the delegation of responsibility to the lowest level consistent with 7(a) and (b); this applies to the delegation of financial responsibility between the Commissioner and the Chief Constable, and within the Constabulary itself.

8. In relation to 7c, a hierarchy of accountability exists within the Office of the Police and Crime Commissioner (OPCC) and the Constabulary for the effective management and operation of financial processes, ranging from the Commissioner, the Chief Constable and the Chief Finance Officers, who have ultimate responsibility for financial management within the organisation, to those actually administering processes. As these Financial Rules are intended to act as a practical document, wherever possible, those post-holders who exercise day to day responsibility for specific tasks and processes are named. This does not, however, abdicate more senior employees and officers with financial responsibilities from their ultimate responsibility for the effective operation and control of financial processes. The rules are also equally applicable to authorised persons acting on behalf of the named post holder.
9. As part of the overall internal control framework for finance within the OPCC and Constabulary, the financial rules are supported by a number of more detailed policies and procedures for example the scheme of devolved resource management, budget protocols and detailed procedures for key processes. These supporting policies and procedures are referenced within specific sections of the financial rules to which they are applicable and wherever possible a link providing easy access to these subsidiary documents is embedded within the rules.
10. All employees and officers have a general responsibility for taking 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 and provides value for money. Employees and officers also have a general duty to seek value for money in their activities through economic, efficient and effective use of resources.
11. The Police and Crime Commissioner and the Chief Constable are responsible for approving or amending Financial Rules. However, in all cases, the Chief Finance Officers must be consulted prior to any change in the rules. The Financial Rules will be subject to the organisations policy consultation process prior to agreement by the Police and Crime Commissioner and Chief Constable.

Introduction

12. The Financial Rules will be subject to continuous review. Any changes to their content or prescribed limits shall be agreed by the Chief Finance Officers and communicated to key stakeholders.
13. The Chief Finance Officers and staff within the Financial Services team have a general duty to promote the existence and content of the Financial Rules within the organisation and ensure that they are complied with. However, Commanders, Directors and Heads of Department are responsible for making all staff under their management aware of the existence and content of the Financial Rules and any associated procedure notes. They are also responsible for ensuring that their staff comply with the rules.
14. Breaches of Financial Rules of a serious nature may result in disciplinary proceedings. Such cases shall be reported in the first instance to the Chief Finance Officer(s) who shall determine, after consulting with the Chief Executive (Monitoring Officer), the Commissioner and the Chief Constable how the matter should be dealt with.
15. All employees and officers have a duty to abide by the highest standards of probity in dealing with financial issues.

Definitions within the Rules

16. The 'Police and Crime Commissioner for Cumbria' shall refer to the Commissioner or members of the Office of the Police and crime Commissioner (OPCC).
17. The 'Constabulary' shall refer to the Chief Constable for Cumbria, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his /her direction.
18. 'Employees' when referred to as a generic term shall refer to police officers, police staff, OPCC staff and other members of the wider police family.
19. The expression 'authorised officer' refers to employees authorised by another officer specifically described in these rules.

Introduction

20. 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 Authority, the Constabulary or their affiliated bodies.
21. The expression 'value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
22. The expression 'he' shall refer to both male and female.

Key Stakeholders

Throughout this document, individuals or teams of individuals are allocated specific responsibility for tasks, these individuals/teams are known as key stakeholders. The key stakeholders identified within the document are:

- The Police and Crime Commissioner
- The Chief Constable
- The Deputy Chief Constable
- The Assistant Chief Constable
- The Chief Constable's Chief Finance Officer (CC CFO)
- The PCC Chief Finance Officer/Deputy Chief Executive (PCC CFO)
- The Chief Executive
- The Governance and Business Services Manager
- The Deputy Chief Finance Officer
- The Head of Central Services
- The Head of ICT
- The Head of Estates and Fleet
- The Head of Professional Standards
- The Head of Human Resources
- The Head of Procurement
- The Director of Corporate Improvement
- The Director of Legal Services
- The Chief Officer Group
- Commanders
- Directors
- Senior Managers
- Budget Holders
- Heads of Service
- All Officers and Staff
- The Joint Audit and Standards Committee
- Group Audit Manager (Head of Internal Audit)
- Financial Services Team
- Central Services Department
- OPCC Management Team
- Asset Managers
- Managers/Supervisors
- Credit, Debit & Fuel Card Holders



Financial Management Framework

Introduction

This section of the financial rules sets out the responsibilities for financial management including financial management standards, accounting systems, records and returns. The financial regulations set out in detail overall responsibilities for financial management including security of assets, that are vested in the Commissioner, Chief Constable, their respective CFOs and the Chief Executive under statute, regulations, codes of practice and financial and accounting standards. The financial rules are intended to complement the financial regulations and to provide a practical day to day guide to ensure that all officers and staff are clear with regard to their duties in relation to financial management. Accordingly wherever possible the financial rules refer to the roles who have practical responsibility for specific elements of financial management, whilst recognising the overarching responsibilities of statutory officers in relation to financial management.

Section A The Financial Management Framework

A1 Roles and Responsibilities

To deliver high quality financial management it is essential that all officers and staff are clear and aware of their roles and responsibilities in relation to finance. These financial rules are designed to complement the Schemes of Delegation of the Commissioner and Chief Constable and the financial regulations by setting out at a practical level responsibilities of all officers and staff. Where possible responsibilities have been categorised to facilitate accessibility.

Key Controls

That all officers and staff are aware and clear of their responsibilities with regard to financial management.

That roles and responsibilities are formally documented in Schemes of Delegation, Financial Regulations, Financial Rules and other procedures.

Responsibilities of the Police and Crime Commissioner

The Financial Regulations set out in detail the responsibilities and statutory basis for the Commissioner's role in relation to financial management. In summary, the Commissioner has a statutory duty and is ultimately responsible for management of the Police Fund. The Commissioner is the recipient of all funding including government grants and council tax. The Commissioner is responsible for determining the budget and the annual precept in consultation with the Police and Crime Panel.

The Commissioner is responsible for allocating funding in consultation with the Chief Constable, wider partners, the views of the community and in accordance with any grant conditions with the aim of achieving the objectives set out in the Police and Crime Plan. All funding for the Constabulary must come via the Commissioner.

The Commissioner is responsible for approving financial strategy and policy, the annual and medium term budget and for approving the overall framework of accountability and control, and monitoring compliance. In relation to these financial rules this includes:

Section A The Financial Management Framework

- The Police and Crime Plan
- The Medium Term Financial Forecast (MTFF)
- Annual Revenue Budget
- Capital Programme
- Treasury Management Strategy (including the annual investment strategy and minimum revenue provision (MRP) policy)
- Estates Strategy and other Asset Management Plans
- Risk Management Strategy
- Funding and other agreements
- Overall arrangements for governance.

The Commissioner will hold the Chief Constable to account for proper administration of resources made available to the Constabulary.

Responsibilities of the Chief Constable

The Chief Constable is accountable to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the Constabulary. To help ensure the effective delivery of policing services the Chief Constable has day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation, conditions of funding as set out in the funding arrangement, and levels of authorisation issued by the Commissioner.

The Chief Constable must ensure that the financial management of the budget remains consistent with objectives and conditions set by the Commissioner in the Police and Crime Plan. When the Chief Constable wishes to make a significant change in policy or seeks to move sums of their budget outside the agreed budget framework approval of the Commissioner must be sought. The Chief Constable and the CCCFO are responsible for ensuring that the terms and conditions of the Commissioner's funding arrangement are met.

The Chief Constable is responsible for approving the Constabulary's framework of accountability and control. For the purposes of these rules this includes:

Section A The Financial Management Framework

- The Constabulary's annual budget proposal and medium term financial forecast.
- The Constabulary's capital expenditure proposals.
- The Constabulary Scheme of Delegation
- The Constabulary's Scheme of Devolved Resource Management
- The Constabulary's annual Statement of Accounts
- The Constabulary's Code of Corporate Governance and Annual Governance Statement.

In practice all of the above documents are presented to the Constabulary Chief Officer Group for consultation and collective assurance prior to the formal authorisation by the Chief Constable. Accordingly, in these rules the responsibilities of the Chief Officer Group are most frequently referenced and can be read as being synonymous with those of the Chief Constable.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

Under the terms of Police and Social Responsibility Act 2011 both the Commissioner and Chief Constable must appoint an appropriately qualified Chief Finance Officer for their respective organisations, who will be responsible for the proper administration of their financial affairs.

The duties of the Chief Finance Officers are set out in legislation, regulations, the Financial Management Code of Practice, CIPFA guidance and various codes of practice. The legal basis and duties are covered in detail within the Financial Regulations, but in summary both CFOs are required to support the Commissioner and Chief Constable respectively in relation to their organisations by:

- Ensuring that the financial affairs are properly administered.
- Ensuring that all expenditure is lawful and report any unlawful or potentially unlawful expenditure.
- Providing advice on Value for Money.
- Ensuring that the financial position is communicated to senior management on a timely basis and to advise if the overall budget is likely to be exceeded.
- Advising on the soundness of the budget.
- Ensuring that an effective internal audit service is in place.
- Advising on safeguarding assets including arrangements for risk management and insurance.

Section A The Financial Management Framework

- Securing preparation of the annual statement of accounts including the single entity and group accounts.
- Leading on the promotion of good financial management to ensure that public money is safeguarded and used appropriately, economically and efficiently.

In addition to the above responsibilities the PCCCFO has specific responsibilities for:

- Advising on the robustness of estimates for both organisations and the adequacy of financial reserves.
- Ensuring that funding is available to support agreed expenditure.
- Securing an effective treasury management function.
- Reporting to the Police and Crime Panel on financial matters.
- Arranging for the determination and issue of the precept.
- Supporting the Commissioner in holding the Chief Constable to account for efficient and effective financial management.

To ensure that the Chief Finance Officers are able to fulfil these duties they must be part of the respective senior management teams, be consulted and have influence on all strategic business decisions and have an adequately resourced and fit for purpose finance function.

Responsibilities of the Deputy Chief Finance Officer

The Deputy Chief Finance Officer reports jointly to both CFOs and manages the Financial Services Team, which provides a full spectrum of financial support services to both the OPCC and Constabulary. The detailed responsibilities of the Deputy Chief Finance Officer are set out within the various sections of these rules, but, in summary include:

- Day to day management of the Financial Services Team
- Co-ordination of the annual revenue budget and medium term financial forecast.
- Co-ordination and review of the monthly management accounts.
- Preparation of the Capital Strategy and annual Capital Programme and revenue effects of capital projects.
- Provision of financial information and advice to capital budget holders, monitoring and reporting of expenditure against the capital programme.
- Ensuring that budget holders receive appropriate financial advice.

Section A The Financial Management Framework

- Oversight of the central debtors system and debt collection procedures.
- Ensuring that the Commissioner and Constabulary comply with VAT legislation including VAT returns.
- Production of the annual statutory Statement of Accounts.
- Monitoring compliance with the Financial Regulations and Rules within the Constabulary.
- Management of the Treasury Management function, including production of the Treasury Management Strategy Statement.
- Co-ordination of information for the annual insurance renewal and provision of insurance advice.
- Provision of strategic VAT advice and monitoring new VAT developments.
- Implementation and communicating emerging technical accounting changes.
- Ensuring the integrity and internal controls in relation to the accounting system.

Responsibilities of the Head of Central Services

The Head of Central Services has responsibility for the management of transactional support services processes within the Constabulary and OPCC including those with a direct link to financial management such as payment of salaries and suppliers. The detailed responsibilities of the Head of Central Services are set out within the various sections of these rules, but, in summary include:

- Ensuring the accurate and timely payment of employees and pensioners in accordance with relevant legislation and staff terms and conditions of service.
- Management of the payment of expenses to employees.
- Ensuring that all payments to employees comply with taxation legislation and that payments to HM Revenues and Customs are made by statutory deadlines.
- Administration of the ordering and supplier payment processes.
- Management of the income collection and debtors process.
- Provision of strategic PAYE and Taxation advice and monitoring new PAYE and Taxation developments.
- Manage payroll service contract.
- Provision of strategic advice on Police Pensions Regulation changes ensuring regulations are correctly implemented and officers informed.
- Manage the contracts for the provision of pensions administration services.

Responsibilities of Commanders, Directors, Senior Managers and Budget Holders

Many senior managers within the OPCC and Constabulary have responsibilities which link either directly or indirectly to financial management and are referenced in these rules. These responsibilities may be specific to their role such as the Head of HR in relation to staff matters. In addition, there are more generic financial responsibilities which apply to a wider number of managers including:

- Responsibilities for managing specific budgets relating to their areas of business.
- Responsibilities to safeguard assets which they manage on behalf of the Commissioner and Chief Constable.
- Development of business strategies and ensuring that the financial implications are outlined and planned.
- Ensuring that all staff under their supervision are aware of and comply with their responsibilities as set out within the financial regulations and financial rules.

Responsibilities of All Officers and Staff

All officers and staff have general duties to ensure that they comply with financial regulations and financial rules including securing value for money. These responsibilities include:

- Ensuring that assets owned by the Commissioner and Constabulary are safeguarded and used appropriately for business purposes through compliance with budget protocols.
- Ensuring that all expenditure is incurred for legitimate business purposes.
- Ensuring that appropriate systems administered by the Central Services Department are used for ordering goods and services, business travel and claiming expenses etc.

Responsibilities of the Joint Audit and Standards Committee

In compliance with the Home Office Financial Management Code of Practice the Commissioner and Chief Constable have established an independent audit committee. The Joint Audit and Standards Committee supports both the Commissioner and Chief Constable and its role includes considering and advising on:

- The Internal Audit Plan.
- Internal and external audit reports.
- The internal control environment.
- Governance arrangements.
- Arrangements for risk management.
- The Statement of Accounts.
- Value for Money.

A2 Financial Management Standards

Overview

All employees and police officers have a duty to abide by the highest standards of probity (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.

Key Controls

The key controls and control objectives for financial management standards are:

A culture of abiding by the highest standards of integrity and best practice in relation to all financial matters is actively promoted throughout the OPCC and Constabulary.

That officers and staff are clear with regard to their responsibilities in relation to financial management, which is facilitated by the existence of and communication of a scheme of delegation, the financial regulations and rules.

That a monitoring system is in place to review compliance with financial standards

Responsibilities of the Chief Finance Officers (PCC CFO and CC CFO), the Deputy Chief Finance Officer, Head of Central Services and the Financial Services Team

These officers have primary responsibility to:

- Ensure the proper administration of financial affairs and that correct financial practices are adhered to.
- Advise on the key strategic controls necessary to secure sound financial management.
- Ensure that financial information is available to enable accurate and timely monitoring, reporting and decision making.

Section A The Financial Management Framework

- Ensure that all members, staff and police officers are aware of, and comply with, proper financial management standards, including the Financial Regulations and these Financial Rules.
- Ensure that financial staffing resources are sufficiently available to support all areas of business activity.
- Ensure that staff within the Financial Services team are properly managed, and that all staff within the organisation are developed, trained and have adequate support to carry out their financial duties effectively.

Responsibilities of Commanders, Directors, Senior Managers and Budget Holders

Commanders, directors, senior managers and budget-holders also have a key responsibility in relation to the areas of business and staff they control to:

- Promote a culture of integrity and high standards of financial management including the financial regulations and rules.
- Ensure that officers and staff are aware of their responsibilities in relation to financial management and are adequately developed, trained and supported in carrying out these duties.

A3 Accounting Systems, Records and Returns

Overview

Maintaining proper accounting records is one of the ways in which the Commissioner and Chief Constable will discharge their responsibility for stewardship of public resources. There is a statutory responsibility to prepare annual accounts to present a true and fair view of the financial position of the OPCC and Constabulary and of operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Key Controls

The key controls for accounting records and returns are:

- Relevant accounting standards and timetables are understood and observed.
- Appropriate accounting policies and procedures are adopted to ensure compliance with relevant accounting standards and codes of practice.
- All transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Reconciliation procedures are carried out on a timely basis to ensure transactions are correctly recorded.
- Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
- Documents are retained in accordance with legislative and other requirements e.g. retention and disposal policies.
- Procedures are in place to ensure that the Statement of Accounts and all statutory returns are completed within the statutory timescale.
- Effective internal controls are in place to ensure the integrity of financial records.

Responsibilities of the Chief Finance Officer (CC CFO), Deputy Chief Finance Officer and Head of Central Services

- To ensure that financial data held within the accounting system and financial spreadsheets are maintained accurately and reliably, updated in accordance with agreed timescales and deadlines and in a structure which facilitates compliance with relevant accounting standards and reporting requirements.
- To ensure that all financial transactions are recorded electronically on the financial system.
- To ensure that a clear audit trail from a prime document confirming the source of income and expenditure through to the accounting statements for all transactions is maintained.
- To ensure that all financial transactions entered onto the financial system are supported by appropriate input documentation, authorisation and validation checks. The input of feeder data to the financial system shall be controlled by the Deputy Chief Finance Officer and for the payroll system by the Head of Central Services.
- To ensure that all financial records are uniquely and individually numbered, which is recorded in financial systems.
- To ensure that all financial systems, processes and records are subject to regular checks, balances and reconciliation to provide management assurance as to their accuracy and integrity.
- To ensure that financial data is only disclosed to third parties with a legitimate interest. Where there is any doubt as to whether information should be disclosed, particularly where there is a danger that misuse could subject the OPCC, Constabulary or its staff to the possibility of fraud, the approval of the Chief Executive and the Data Protection Officer should be sought.
- To ensure that access to the financial system and financial records will be restricted to staff with a legitimate interest as part their role. Access to the financial system will be controlled by the Deputy CFO and to the payroll and expenses systems by the Head of Central Services.
- To ensure that periodic checks regarding access to financial systems are undertaken.
- To ensure that users of the financial system should be appropriately trained. Under normal circumstances access to financial systems should not be granted until users have received training.

Section A The Financial Management Framework

- To ensure that all data is held and transmitted securely. The content and accessibility of data shall be regularly monitored and must conform to the requirements of the Data Protection Act 1998.
- To ensure that prime financial records are retained in accordance with legislative, regulatory and internal requirements. The format of such documents shall satisfy the requirements of internal audit, external audit and regulatory bodies such as HM Revenues and Customs (HMRC).
- To ensure that the prior approval of the PCCCFO is obtained before making any fundamental changes to accounting records, procedures and or systems.
- To ensure that all relevant returns are appropriately certified in accordance with stipulated conditions.

Responsibilities of the Chief Finance Officer (CC CFO)

- To ensure that where financial systems and processes are out-sourced to third party contractors, appropriate internal controls are in place to ensure the integrity and accuracy of data and that there are adequate disaster recovery procedures.

Responsibilities of the Deputy Chief Finance Officer

- To co-ordinate the monthly closedown of the financial ledger to facilitate production of budget monitoring information. The closedown position must reflect the principal areas of cash expenditure up to that point, most notably the monthly payroll and all creditor payment runs.
- To produce a timetable for the monthly closure of the ledger and subsequent production of the monthly management accounts before the start of the financial year, which is agreed by the CFOs.
- To be responsible for the maintenance of accounting codes (known as the Chart of Accounts). The accounting code structure should:
 - Conform to CIPFA'S Standard Service Specification for Home Office Services.
 - Facilitate production of the Statement of Accounts in accordance with the Statement of Recommended Practice and the Best Value Accounting Code of Practice.

Section A The Financial Management Framework

- Clearly distinguish between revenue, capital and balance sheet items.
 - Support the production of the Police Objective Analysis
-
- To approve the creation, amendment or deletion of codes.
 - To ensure the completion of all financial returns within stipulated deadlines, where required this may include gaining audit certification prior to submission.
 - To maintain a register of all returns, a named officer responsible for completion and their ultimate dispatch dates.
 - To ensure that returns are subject to quality assurance ensuring that all returns are consistent with the data held in the financial system and shall supported by prime documentation for the inspection of internal and external auditors.
 - To ensure that all completed returns, together with supporting information, are retained either in the designated returns and statistics electronic folder within the finance directory or as a hard copy file within the Financial Services department.

Responsibilities of the Head of ICT

- To ensure that a back-up of all data held on the financial system is undertaken on a daily basis and disaster recovery processes are in place to allow financial records to be re-constituted.

A4 The Annual Statement of Accounts

Overview

The Commissioner has a statutory responsibility to ensure the preparation of accounts which present a true and fair view of the financial position of the OPCC and the Constabulary and of operations during the year. They must be prepared in accordance with proper practices as set in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code)

The accounts will comprise separate statements for the Commissioner and Chief Constable as well as group accounts covering both entities. 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 made for securing economy, efficiency and effectiveness in the use of resources are adequate.

Key Controls

The preparation of the statement of accounts is a complex process and therefore requires a comprehensive plan if the deadline is to be achieved.

The accounts must be prepared in accordance with proper practices as set out in *the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom: (The Code)*.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

The financial regulations set out in detail the responsibilities of the CFOs in relation to production of the statements of accounts for their respective organisations. They also set out the PCCCFO responsibilities in relation to the group accounts and the CCCFO responsibility to support this task.

The responsibilities include:

- Ensuring that a timetable for final accounts preparation is produced.

Section A The Financial Management Framework

- Preparing, signing and dating the statement of accounts and certifying that they represent a true and fair view of the financial position of each entity.
- To publish approved and audited accounts following completion of the audit in accordance with the Accounts and Audit (England) Regulations 2015.

In addition the Financial Regulations set out the CFOs' responsibilities in relation to the content of the accounts.

To select suitable accounting policies and apply them consistently.

To make judgements and estimates that are reasonable and prudent.

To comply with the Code

The CFOs will also ensure the production of an Annual Governance Statement in liaison with other senior managers for their respective organisations. This is a statutory document which outlines the governance arrangements in place to demonstrate compliance with each entity's Code of Corporate Governance. It is subject to audit, scrutiny by the JASC and sits alongside the statement of accounts.

Responsibilities of the Deputy Chief Finance Officer

The Deputy CFO has primary day to day responsibility for production of the statement of accounts supported by the Financial Services team. In order to achieve this, the Deputy CFO shall:

- Prepare and distribute to all staff involved in the accounts closure process, a detailed timetable for the production of the Statement of Accounts in advance of the year end, which must accord with the statutory reporting period and deadline for approval. The timetable must be agreed with the CFOs
- Put in place procedures to ensure that the statement of accounts is delivered in accordance with the agreed timetable.
- Prepare the annual statements of accounts for the single entities and group for approval by CFOs. The statements must:
 - Reflect all financial transactions attributable to the reporting period.
 - Report expenditure and income on a full accruals basis.
 - Ensure the application of consistent and appropriate accounting policies.

Section A The Financial Management Framework

- Ensure that judgements and estimates that are reasonable and prudent.
 - Ensure compliance with the CIPFA Code.
 - Ensure that the accounting statements are prepared in sufficient time to allow scrutiny by the CFOs and approval by the Police and Crime Commissioner and the Chief Constable respectively by the statutory deadline for the approval of the accounts.
- To report periodically to the CFOs on progress against the accounts closure timetable.
 - To ensure that all budget holders and other stakeholders are sent a draft outturn for comments prior to the finalisation of the accounts, and that all such comments are responded to.
 - To ensure that the accounting statements are supported by comprehensive working papers, which should, where practicable, be agreed with the external auditors in advance.

Responsibilities of Commanders, Directors, Senior Managers and Budget Holders

- To support preparation of the financial statements by providing, where relevant, details of the following items (for their respective areas of responsibility) to the Deputy CFO in accordance with the deadlines outlined in accounts closure timetable:
 - All goods and services received but not invoiced at the year end.
 - Any income due to but not received by the relevant budget holder.
 - Where relevant, year-end stock and work in progress valuations.
 - Any other information required for the production of the financial statements.
- To contribute to the production of the Annual Governance Statement by providing details of governance arrangements in relation to their areas of responsibility.



B1 Financial Planning

Overview

The Chief Constable and Police and Crime Commissioner have statutory functions and responsibilities for policing and crime within their area. This is a complex task requiring scarce resources to be allocated in accordance with carefully considered priorities. The Constabulary is the major recipient of the Commissioner's funding, delivering a wide range of policing services. Proper financial planning is essential if an organisation is to function effectively in delivering service objectives within the level of resources available.

The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives. The planning process should be continuous and the planning period should cover at minimum of 4 years. The process should include a more detailed annual budget plan covering the forthcoming financial year. This allows the Commissioner and Constabulary to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term. This can be achieved by preparing a medium term financial forecast, including financial projections for 4 years together with a capital programme.

The medium term financial forecast should take into account the interdependencies of revenue budgets, capital investment plans, external funding, asset plans, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in local authorities. The strategy should be aligned to the Police and Crime Plan and the Chief Constable's operational policing priorities.

The annual budget plan provides a detailed estimate of the annual income and expenditure requirements for policing and crime. Alongside annual grant and funding agreements, it provides the basis on which expenditure can be incurred and a basis on which to monitor financial performance.

Key Controls

- A detailed plan setting out key milestones in producing annual budgets and business plans in accordance with the Commissioner's funding arrangement.
- Clear responsibility for ownership and planning each budget.
- The development of business strategies
- Alignment of the budget and MTFF to business strategies.
- Processes to ensure the accuracy of budget modelling and opportunities to subject the budget to management scrutiny in advance of submission.
- That there is expert financial advice to support formulation of the budget.

Responsibilities of the PCC Chief Finance Officer (PCC CFO)

- To determine the format and timing of the budget and medium term financial plans to be presented to the Commissioner. The format shall comply with all legal requirements and with latest guidance issued by CIPFA and any other relevant advice.
- To prepare the proposed budget and medium term forecast for the Commissioner.
- To consolidate the budget and MTFF proposals of the Constabulary and Commissioner to prepare the overall budget for approval of the Commissioner, including assurance on the robustness of budget estimates.

Responsibilities of the Chief Officer Group

- To approve the draft Constabulary budget proposal prior to submission to the PCCCFO.

Responsibilities of the Chief Constable's Chief Finance Officer

(CC CFO)

- To prepare a budget proposal and medium term forecast of Constabulary income and expenditure (MTFF) in accordance with the timetable outlined in the Constabulary funding arrangement from the Commissioner based on assumptions and in the format agreed with the PCCCFO. This will cover the forthcoming financial year and the following three years. To submit supporting workings in the agreed format to the PCCCFO. The budget and medium term financial forecast will have regard to:
 - The Police and Crime Plan.
 - Policy requirements approved by the Commissioner as part of the policy framework.
 - The strategic policing requirement.
 - Unavoidable future commitments including legislative change.
 - Initiatives already underway.
 - Constabulary business strategies.
 - Revenue implications of the proposed capital programme including capital financing.
 - Proposed service developments and plans which reflect public consultation.
 - The need to deliver savings and efficiencies through the Change Programme.
 - Funding from government grants and local taxpayers.
 - Forecasts of economic variables such as inflation and interest rates.
- To ensure there is consultation with Chief Officers, Senior Officers and Managers in the preparation of the budget to ensure that service plans, budgetary pressures, developments and savings are identified and integrated into the formulation of the budget and MTFF. This can include the 'Star Chamber' budget scrutiny process.
- To ensure that the main messages from the budget and the medium term financial outlook are communicated and understood by Chief Officers, Senior Officers and Managers within the Constabulary and that a high level summary of the financial position is communicated to all officers and staff.
- To ensure that responsibility and accountability for financial and resource management is appropriately devolved to managers who are responsible for service provision and use of resources. Whilst recognising that most Constabulary budgets are now centrally managed the framework of resource management must:

Section B Financial Planning and Control

- Outline the respective roles and responsibilities of budget holders and those who provide them with financial advice in relation to financial management.
- Set down rules to be followed by budget holders in the management of budgets and assets.
- Provide definitions and rationale for the classification and subsequent management of budgets between those which are delegated to budget holders and those which are managed or administered by single departments on behalf of the Constabulary.
- Outline rules for virement between budgets.
- Set out rules for the carry forward of year end balances.
- Outline an emergency delegated authority framework to enable staff to commit resources in the event of a business continuity event.

Responsibilities of the Deputy Chief Finance Officer

- To have primary responsibility for co-ordinating for the preparation and consolidation detailed budget and MTFE estimates of expenditure and income and the provision of clear guidance on the rules and timetable to be followed by finance staff constructing the budget.
- To ensure that all budget submissions are supported by adequate supporting workings.
- To ensure that all budgets are subject to a process of quality assurance as to their robustness, accuracy and that the sum of detailed budgets agrees with total approved budget.
- To ensure that all growth is clearly identified and supported by an appropriate business case which incorporates any indirect cost implications such as additional ICT, training or estates costs.
- To ensure that the financial implications of savings and efficiencies as a result of the Constabulary's Change Programme are evaluated and included in the budget.
- To communicate the agreed budget to all budget holders giving a detailed subjective analysis of budgets and ensuring that there is clear responsibility for all budgets.
- To ensure that the base budget is loaded into the financial ledger and appropriately profiled as a basis for subsequent monitoring.
- To ensure a list of delegations and sub delegations of budgets is maintained.

Section B Financial Planning and Control

- This compile a register of names and specimen signatures for audit and control purposes, of those employees authorised to certify invoices, also indicating the purpose and extent of each role. Also to ensure this register is kept up to date and provided to Central Services on a regular basis.

Responsibilities of the Head of Central Services

- To ensure that members of the Central Services Team refer to the most recent version of the register (provided by Financial Services) of those authorised to certify invoices when processing invoices for payment.

Responsibilities of Budget Holders / Heads of Service

- To develop, where appropriate, business strategies for their respective areas of responsibility incorporating financial implications over the four year MTF period (ten years for capital).
- To prepare budget submissions in liaison with finance staff for all budgets under their respective responsibilities aligned to service demands and plans.
- To develop protocols for the use and safeguarding of assets under their respective areas of responsibility.

Responsibilities of Commanders, Directors and Senior Managers

- To understand, communicate and ensure adherence to budget protocols issued by Head of Service, which will outline respective responsibilities for financial and asset management, between central functions and asset users. These protocols will be published in the Constabulary's annual budget book and will include:
 - Information Technology
 - Estates
 - Fleet
 - Human Resources
 - Finance
 - Procurement

B2 Budgetary Control

Overview

Budget management ensures that once the 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 budget targets to be reviewed and adjusted during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

Continuously identifying and explaining variances against budgetary targets enables changes in trends and resource requirements to be identified at the earliest opportunity. The budget and funding agreements provide an annually approved cash limit within which total expenditure must be managed subject to the rules of virement, funding conditions and terms of grant agreements.

A virement is a planned reallocation of resources between approved budgets or heads of expenditure. (A budget head is a line in the approved budget). The scheme of virement is intended to enable budgets to be managed with a degree of flexibility within the overall policy framework determined by the Commissioner and, therefore, to provide the opportunity to optimise the use of resources in response to emerging needs. The virement rules are set out in the Financial Regulations (section B2) and the Commissioner's funding arrangement to the Chief Constable. More detailed virement guidance is provided in the finance section of the budget protocols.

Under the Commissioner's funding arrangement the Constabulary's budget is split into a number of separate funding areas for example police officer pay, transport etc. The conditions of the funding agreement permit virement within each area, but virements between pots requires the approval of the Commissioner. The fact that the majority of the Constabulary's budgets are now managed centrally, also limits the circumstances in which virements can be permitted.

Given the complexities outlined above, all proposed virements should be directed through the Deputy Chief Finance Officer. Circumstances where virements are legitimate include:

Section B Financial Planning and Control

- Budget coding corrections.
- Transfer of resources between budget holders following a decision to change expenditure plans.
- Transfers between revenue and capital following a decision to change expenditure plans.
- Virements which increase or decrease expenditure but have a corresponding effect on income.
- Transfers between police staff and other employees is permitted where agency staff are being used to cover vacancies.

Key Controls

The key controls for managing and controlling the revenue budget are:

- There is a specific budget approval for all expenditure and income.
- There is a nominated budget holder for each budget line and capital scheme who is accountable for the management of budgets under their control.
- Each budget holder is provided with dedicated advice and support from the financial services team.
- Budget holders should understand and formally acknowledge their responsibilities for budget management.
- That the budget position is regularly reviewed and reported both at departmental management team and corporate levels in accordance with a timetable issued by the Deputy Chief Finance Officer.
- The management of budgets must not be seen in isolation. Funding and grant agreements require performance and outcomes to be measured and evidenced alongside the budget.
- Income and expenditure are properly recorded, authorised and accounted for.
- Provision of a system of controlled virements between expenditure headings to respond to emerging services demands and other budget changes.

Responsibilities of the Chief Constable

- The Chief Constable shall ensure that expenditure to maintain the force remains within the overall 'cash limit' provided by the Commissioner and takes corrective action where significant variations from the approved budget are forecast. Where the Constabulary's projected net expenditure is forecast to exceed or underspend against the total allocation of resources by £500k or has moved by more than £500k since the last reported position, this must be communicated to the Commissioner and PCCCFO immediately and a plan to fund any additional spending developed.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To ensure that adequate and effective systems are in place to monitor and control expenditure.
- To review the monthly management accounts report for reasonableness and consistency.
- To formally report the overall forecast budget position to the Chief Officer Group and the Commissioner at least at each quarter end. Under normal circumstances a monthly budget monitoring report at force level will be provided to the Chief Officer Group, although in recognition of competing priorities, on occasion, the CCCFO may permit a less intensive review of the management accounts focused on identifying changes in the projected budget position.
- To report significant changes to the Constabulary's overall forecast financial position, in the intervals within the formal reporting cycle, to the Chief Officer Group and the PCCCFO at the first opportunity in accordance with the Commissioner's funding agreement to the Chief Constable.
- To ensure that virements comply with the Financial Regulations and the conditions of the funding arrangement between the Commissioner and Chief Constable and that appropriate approval is sought.

Responsibilities of the Deputy Chief Finance Officer

- To ensure that adequate and effective systems are in place to monitor and control expenditure
- To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned to the decision making process that commits expenditure and should be subject to annual review.
- To ensure that timely and appropriate financial information is provided to budget holders to enable budgets to be monitored effectively. This will be achieved through the allocation of a designated budget monitoring officer to each area budget-holder, who will provide financial advice to the relevant budget holder.
- To ensure that budget and actual data submitted from budget holders is reconciled to the general ledger.
- To collate a draft consolidated set of management accounts report based on budget-holder submissions which has been subject to review to ensure that overall forecasts and variance analysis are reasonable and consistent.
- To ensure that the consolidated management accounts reports are communicated to the respective Chief Finance Officers at the earliest opportunity.
- To monitor and maintain a clear record of virement requests ensuring that appropriate approval is in place before virements are actioned in accordance with the financial regulations, funding agreements and budget protocols.
- To ensure that budget holders receive sufficient financial support and training to enable them to undertake their budgetary control responsibilities.
- To maintain and provide on-going monitoring of agreed year end carry forwards, which will be matched by specific earmarked reserves in the statutory accounts.
- To ensure that designated Financial Services Officers provide budget holders with information and advice to allow budget holders to carry out their budget monitoring responsibilities. Financial Services Officers should provide their respective senior management teams with a report outlining the financial position and explanations of variances on a monthly basis.
- To ensure that all virement requests are submitted to the Deputy Chief Finance Officer for approval by FSOs. Details of virement rules can be found in the funding Commissioner's funding agreement to the Chief Constable and the budget protocols (appendix b).
- To prepare a schedule of requests to carry forward unspent balances, as earmarked reserves, at the year end, which will be subject to approval by the Commissioner.

Section B Financial Planning and Control

- To prepare a schedule of budget holders at the start of the financial year for submission to the PCC CFO in accordance with the funding arrangement.

Responsibilities of Budget Holders

- Budget holders will be required to sign up to a statement of agreed responsibilities in support of their annual budget allocations.
- To sub-delegate responsibility, where appropriate, for the management of functions or lines within their budget to other staff members, subject to the sub-delegate formally accepting their responsibilities. Any sub-delegation arrangement does not abdicate the budget-holder from ultimate responsibility for control of the budget.
- The arrangements for financial delegation must clearly specify the limit(s) upon the authority delegated to each individual, and the circumstances in which a decision must not be taken but must be referred back to a higher management level
- To manage income and expenditure within their area of responsibility and to monitor performance, taking account of advice and financial data provided by their nominated financial services officer. Budget holder responsibilities in relation to financial management are detailed more fully in the finance section of the budget protocols section of the budget book.
- To take any action necessary to avoid exceeding their budget allocation and alert the Chief Constable, via the Deputy Chief Finance Officer at the earliest opportunity if this is likely to occur.
- To ensure that review and consideration of budgets occurs on at least a monthly basis and finance should be a standing item on departmental management team meetings. Minutes should be provided on request to the Deputy Chief Finance Officer to evidence the debates taking place.
- To ensure that a submission of the current financial and projected financial position for their area of responsibility is provided on a monthly basis to the Deputy Chief Finance Officer, in accordance with the budget monitoring timetable and in the prescribed format.
- To respond to challenge in relation to budget management through the Performance Development Conference process.
- To ensure that all virement requests are submitted to the Deputy Chief Finance Officer for approval. Details of virement rules can be found in the funding Commissioner's funding agreement to the Chief Constable and the budget protocols (appendix b).

B3 Capital Programme

Overview

Capital expenditure involves acquiring or enhancing fixed assets with a long term value such as land, buildings and major items of ICT, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.

Capital expenditure can be undertaken providing that spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out a framework under which the Commissioner considers capital spending plans. The Prudential Code gives additional freedoms to borrow money to finance capital expenditure providing processes are in place to evidence the decision-making. The Code states that a soundly formulated capital programme must be driven by the desire to provide high quality, value for money public services. As a consequence the Code recognises that in making its decisions to make capital investment there must be explicit regard to:

- option appraisal
- asset management planning
- strategic planning for the Commissioner
- achievability of the forward plan.

To demonstrate that the capital programme is affordable, prudent and sustainable the Commissioner is required to set and monitor performance on a suite of prudential indicators under the following headings:

- Affordability
- Capital expenditure
- External debt
- Treasury management

Section B Financial Planning and Control

The capital programme comprises the medium term strategy for acquisition, planned improvement and disposal of major items of ICT equipment, the property estate and the vehicle fleet and is an integral part of the Medium Term Financial Forecast. The programme is approved on a four year basis, but includes a 10 year forecast to aid financial planning. The requirements for assets should be supported by linked asset strategies.

The asset estate including property, fleet, ICT and other equipment is owned by the Commissioner. The Commissioner funds the improvements and on-going investment in assets that are available for use by the Constabulary and other partners. The PR&SRA 2011 provides that the Chief Constable can own assets other than land subject to the consent of the Commissioner.

Capital schemes within the capital programme are approved on either a firm, delegated or indicative basis:

- **Firm schemes** are schemes that can commence without delay following the approval of the capital programme. They will typically relate to cyclical replacement programmes and maintenance works. They will either be supported by the relevant capital strategy or a business case at or before the approval of the capital programme.
- **Delegated schemes** are schemes that are approved in principle but there are fine details with regards to procurement and cost that have been delegated to the PCCCFO for final approval. The PCCCFO delegations are limited to the financial amounts included for the scheme within the capital programme plus a variance of up to 10% or £100,000 whichever is the lower. The PCCCFO may vire from capital reserves to fund any balance for the scheme within the delegated limit.
- **Indicative schemes** are schemes where a scheme requires a full detailed business case to be submitted to the Commissioner for formal approval.

Key controls

- A fully funded, 4 year Capital Programme approved by the Commissioner is in place, together with longer term financial estimates for 10 years.
- The capital programme is underpinned by capital strategies for each category of asset, which outline capital requirements, cyclical replacement costs and any on-going revenue costs.

Section B Financial Planning and Control

Key controls (continued)

- The capital programme is supported by agreed Prudential Indicators which demonstrate that the programme is affordable, prudent and sustainable in the context of the overall financial position.
- All major capital projects are supported by a business case.
- The approval status of each capital project is clearly understood and firm approval is obtained before expenditure is incurred.
- Capital expenditure should be in accordance with the requirements of the approved capital strategy.
- Each capital scheme has a designated budget holder and project manager responsible for the delivery and management of the project within the agreed budget and timetable.
- There are appropriate governance arrangements to support the delivery of each project. For significant projects governance may be undertaken under a formal board structure.
- There is a process of regular monitoring and reporting of progress against the Capital Programme.

Responsibilities of the Police and Crime Commissioner

- To approve the capital programme and funding arrangements on an annual basis as part of the budget setting process. New schemes emerging after the annual programme has been approved can be incorporated in the capital programme subject to approval by the Commissioner, identification of funding and compliance with the Prudential Code.
- To approve prudential indicators demonstrating that the capital programme is affordable, prudent and sustainable. The suite of prudential indicators will be presented to the Commissioner alongside the Treasury Management Strategy Statement.

Responsibilities of the Chief Officer Group

- To approve the Constabulary's proposed capital programme prior to submission to the Commissioner.
- To approve capital strategies in support of the capital programme prior to submission to the Commissioner.

Section B Financial Planning and Control

- To approve business cases to support significant capital projects prior to submission to the Commissioner.
- To prioritise capital projects and consider capital requirements in the context of the overall financial position, balancing capital and revenue demands in the delivery of policing priorities.

Responsibilities of the PCC Chief Finance Officer (PCC CFO)

- To submit a capital programme for the Commissioner to approve including recommendations regarding the approval of schemes as firm, delegated or indicative and the basis for the recommendation.
- To identify, in consultation with the CCCFO, sources of funding for the capital programme.
- To make recommendations to the Commissioner on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.
- To approve all capital financing and funding arrangements.
- To authorise capital schemes to commence.
- To scrutinise business cases in support of capital schemes.
- To approve quarterly monitoring reports for the Commissioner on implementation of the capital programme and an outturn report on capital expenditure as part of the annual report on the statutory accounts.
- To approve capital virements.

Responsibilities of the Chief Constable's Chief Finance Officer (CC CFO)

- To ensure that a 4 year capital budget and 10 year programme of capital expenditure is prepared for consideration and approval by the PCCCFO in accordance with the timescales outlined in the funding arrangement between the Commissioner and Chief Constable.
- To ensure that all proposed capital schemes are supported by business cases in an agreed format.
- To ensure that on approval each capital project has a nominated budget-holder who will be responsible for financial management of the project within the resources allocated, including any revenue consequences of the project.

Section B Financial Planning and Control

- To ensure that monitoring reports on the capital programme are submitted to the PCCCFO on a in an agreed format on a periodic basis in accordance with an agreed reporting timetable.

Responsibilities of the Director of Corporate Support, Head of ICT, Head of Estates and Fleet

- To develop capital programme requirements for each category of asset updated on an annual basis covering a ten year forecast. The programme must include new asset purchases, disposals, asset replacement and any associated revenue costs. For each scheme the total capital cost profiled between years and any associated revenue commitments must be identified. Costs should be based on a realistic assessment of what the scheme is likely to cost to procure or develop including an allowance for future inflation.
- For each scheme the total capital cost must be profiled between years and any associated revenue commitments must be identified. Costs should be based on a realistic assessment of what the scheme is likely to cost to procure or develop including an allowance for future inflation.
- The De-minimis sum for a scheme to be included in the capital programme is deemed to be £25,000.
- To develop asset strategies in support of and consistent with the capital programme for each category of asset, refreshed on an annual basis.
- To ensure that there is comprehensive engagement with business stakeholders in the development of the capital programme and asset strategies. This must also include support functions where there are associated implications arising from a project. This will ensure that the full cost of each capital project is fully understood in the decision making process.
- To develop business cases to support significant capital investments projects in the format set out by the PCCCFO. Business cases would be expected to incorporate the following:
 - A project overview.
 - Nominated project lead and budget holder
 - Reasons for undertaking the project
 - Options appraisal.
 - Risks analysis if the project is not approved.

Section B Financial Planning and Control

- A full life cost analysis clearly differentiating between one off project implementation costs and any on-going revenue effects, which should be profiled and analysed subjectively.
- A benefits statement, which should be linked to the Police and Crime Plan
- Efficiency savings
- An exit strategy

Responsibilities of the Deputy Chief Finance Officer

- To support the Director of Corporate Support and Heads of Service in the development of the capital programme providing advice and quality assurance in relation to financial and other aspects of the programme. This will include guidance on what constitutes capital expenditure together with a checklist of potential items of expenditure which should be considered when developing a bid. The Deputy Chief Finance Officer will scrutinise all capital bids and will ensure that they fall within local and national definitions of capital expenditure. It is recognised that some complex capital schemes may include elements of one off capital, one off revenue and recurring revenue expenditure.
- To produce a consolidated capital programme in a format agreed with the PCCCFO, including:
 - Ten year expenditure forecasts for each category of asset on an individual scheme basis.
 - Proposed capital funding for the period of the forecast, including potential capital receipts from the disposal of assets.
- To ensure that the revenue effects of the capital programme both in terms of direct revenue costs and capital financing costs are reflected in the revenue budget and medium term financial forecast.
- To produce and monitor compliance with a suite of prudential indicators consistent with and supporting the capital programme and MTFP.
- In accordance with the Local Authority Capital Finance and Accounting Regulations to produce a statement of Minimum Revenue Provision (MRP) policy, setting out the way in which the MRP will be calculated for the following financial year and shall be agreed by the Commissioner as part of the Treasury Management Strategy Statement.
- To ensure that the revenue budget is consistent with the MRP policy and forecast.
- To communicate capital budgets and the approval status of each scheme following approval of the annual capital programme by the Commissioner.

Section B Financial Planning and Control

- To ensure that capital expenditure, financing and assets are properly accounted for in the Commissioner / Chief Constable's accounts Statement of Accounts in accordance with the provisions of CIPFA's Statement of Recommended Practice (The Code). Capital assets should be depreciated in accordance with the Code and the Commissioner's depreciation policy.
- To ensure that transactions relating to each capital project and associated revenue costs are recorded against a unique project reference code on the financial system to enable effective and transparent monitoring to take place.
- To provide a detailed report of all transactions relating to each scheme to budget holders and project managers on a monthly basis. The report will also show the total of expenditure and the remaining funds available.
- To prepare a quarterly consolidated capital monitoring report, which will be submitted to the Commissioner for consideration. The reports will be based on the most recently available financial information and will include:
 - Total expenditure and income on each project to date.
 - A comparison of projected income and expenditure with the approved budget for each project.
 - A profile of expected future expenditure.
 - Identification and explanation for all variances, particularly where these exceed £100,000 or 10% of the scheme budget.
 - Proposed financing of the programme.
- To produce an annual capital out-turn report for submission to the Commissioner.

Responsibilities of Capital Budget Holders

- To financially manage the capital project within the resources allocated, including any revenue consequences.
- To submit a forecast of expenditure for each project on a monthly basis, which must be signed off by the budget-holder on a quarterly basis, including explanations for any variances. This will facilitate capital monitoring and production of the quarterly capital monitoring report.

Section B Financial Planning and Control

- To ensure that no expenditure is incurred in respect of a capital scheme until firm approval (see B3 overview) has been granted. Firm approval of a scheme by the Commissioner within the capital programme authorises budget holders to seek any approvals necessary for site purchase, to seek planning permissions, to incur professional fees and preliminary expenses as appropriate. This also recognises that should such costs prove abortive in the event that the scheme does not ultimately proceed, they will constitute a commitment on the Constabulary's revenue budget.
- To highlight as soon as practicable when the cost of a scheme is likely to exceed the approved budget by the lesser of 10% of the project value or £100k. In these circumstances further approval must be sought from the Commissioner to incur additional expenditure.
- To ensure that business benefits are updated and reported regularly to project boards. For specified non-rolling capital schemes with a value of more than £500,000, to submit a report to the Commissioner setting out the final cost of the scheme compared to the original estimate / budget and an evaluation of the business benefits delivered, compared with the original business case for the project.

B4 Maintenance of General Balances and Earmarked Reserves

Overview

The Police and Crime Commissioner must decide the level of general reserves it wishes to retain consistent with the level of risk faced as part of the process of agreeing annual budgets and setting the council tax. Reserves are maintained as a matter of prudence. 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 liability will arise in the future.

Key Controls

- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed accounting policies together with any relevant CIPFA guidance.
- A reserves policy is in place to ensure that reserves are adequate.
- For each earmarked reserve established, the purpose, usage and basis of transactions should be clearly identified.

Responsibilities of the Police and Crime Commissioner

- The Commissioner shall approve a general strategy for the level of general balances and purpose and application of earmarked reserves, which shall be reflected in the budget and medium term financial forecast. Currently the Commissioner aims to maintain general reserves at 3% of the annual revenue budget.
- The Commissioner shall approve the creation of each earmarked reserve. The purpose, usage and governance arrangements should be clearly identified for each reserve established.

Responsibilities of the PCC Chief Finance Officer (PCC CFO)

- To advise the Commissioner on reasonable levels of balances and reserves in accordance with the policy and to report to the Commissioner on the adequacy of reserves and balances before the annual budget and council tax is approved.
- To approve in year appropriations to and from earmarked reserves in accordance with the budget plan and arrangements for drawing down reserves.

Responsibilities of the Chief Constable and Chief Constable's Chief Finance Officer (CC CFO)

- To ensure that the annual revenue budget including planned movements in earmarked reserves is sufficient to finance foreseeable operational needs without having to request additional approval.
- To present a business case to the PCCCFO for specific one-off expenditure items to be funded from general reserves.
- To approve a policy on those reserves and balances delegated by the Commissioner to the Chief Constable to manage.

Section C Management of Risks and Resources



C1 Risk Management and Business Continuity

Overview

It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing all potential significant business and operational risks which may threaten the achievement of organisational objectives. This should include the proactive participation of all those associated with planning and delivering services.

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 and includes consideration of the overall arrangements for insurance. Its objectives are to secure the assets of the Commissioner and the Constabulary and to ensure continued corporate and financial objectives are met. In essence it is, therefore, an integral part of good business practice.

Overall responsibility for risk management rests with the Commissioner who must also hold the Chief Constable to account for the effectiveness of arrangements for managing risk within the Constabulary. The Police and Crime Commissioner and Constabulary maintain separate risk registers and procedures. These arrangements are set out within the COPCC risk management strategy and framework and Constabulary Risk Management Policy. These financial rules set out the minimum requirements in respect of risk management that the senior officers of the COPCC and Constabulary must comply with and roles and responsibilities of all officers and staff in relation to risk management.

Insurance is one of the principal means by which potential losses arising from risks can be mitigated. Arrangements for insurance are made jointly between the Commissioner and Chief Constable. This section of the financial rules also sets out the principal responsibilities in relation to insurance.

Section C Management of Risks and Resources

Effective business continuity arrangements ensure that services can continue to be delivered and objectives met in the event that an adverse event takes place and are therefore inextricably linked to risk management processes. The financial rules set out responsibilities in relation to business continuity.

Key Controls

- Procedures are in place to identify, assess, prevent or contain material known risks.
- Risks are formally reviewed and reported on an on-going basis including regular review of the effectiveness of risk reduction strategies.
- Managers and staff aware of their responsibilities for risk management.
- Where cost effective Insurance arrangements are put in place to offset losses that might result from risks which cannot be eliminated.
- Business continuity arrangements are in place both organisationally and for individual functions.

Responsibilities of the Police and Crime Commissioner

- To approve the COPCC Risk Management Strategy.
- To consider and review periodic strategic risk management reports in relation to the COPCC.
- To hold the Chief Constable to account for his arrangements for management of risks within the Constabulary.

Responsibilities of the Chief Officer Group

- To consider and approve a risk management strategy for the Constabulary, subject to scrutiny by the Joint Audit and Standards Committee, that promotes a culture of risk management awareness and review risks as an ongoing process.
- To consider and review periodic strategic risk management reports. This includes review of the risk environment, identification of new and emerging risks, evaluation of strategic risks, ensuring that there is clear ownership of risks and recommending actions in response to risks.

Section C Management of Risks and Resources

- To communicate the Constabulary risk register to the Commissioner and Joint Audit and Standards Committee on a periodic basis.
- To approve and oversee the Constabulary business continuity strategy and to receive regular updates on business continuity planning activity making recommendations where necessary.
- To ensure that the Constabulary's business continuity arrangements are communicated to the Commissioner on a regular basis.
- To approve the Constabulary's insurance arrangements.

Responsibilities of the Director of Corporate Improvement and the Chief Executive / Governance and Business Services Manager

- To act on behalf of the Chief Constable and Commissioner as lead officers for risk management within the Constabulary and COPCC respectively.
- To prepare a risk management strategy, subject to scrutiny by the Joint Audit and Standards Committee, that promotes a culture of risk management awareness and review risks as an ongoing process.
- To co-ordinate the risk management monitoring process within each organisation, including regular review of:
 - Departmental risk registers.
 - Evaluating the effectiveness of risk reduction strategies and the operation of controls.
 - Production and updating the strategic risk register.
 - Escalation of significant risks to the strategic risk register.
 - Provision of quarterly risk management monitoring reports for consideration by Chief Officer Group (Constabulary) and Executive Team (Office of the Police and Crime Commissioner) in accordance with an agreed timetable.
 - To ensure that risk management training is provided to all appropriate officers and staff within each organisation.

Responsibilities of the Assistant Chief Constable/Chief Executive

- To prepare the Constabulary/OPCC business continuity strategy and co-ordinate the update, review and storage of departmental business continuity plans.

Section C Management of Risks and Resources

- Ensure that business continuity activities are reported to the Chief Officer Group on a periodic basis.
- To ensure that business continuity plans are accessible, communicated and tested on a regular basis against a range of risks.

Responsibilities of All Commanders, Directors and Heads of Service

- To implement procedures to identify, assess, prevent or contain material known risks for their respective areas of business responsibility, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls in accordance with the Constabulary and COPCC risk management arrangements. The risk management process should be formalised and conducted on a continuing basis.
- To ensure that a comprehensive departmental risk register is produced and updated regularly in accordance with the respective risk management arrangements and that corrective action is taken at the earliest possible opportunity in respect of identified risks.
- To promote a culture of risk management awareness, ensuring that all staff are aware of the risk management strategy, the departmental risk register and their responsibilities for managing relevant risks.
- To produce and regularly update business continuity plans for their respective areas of business.
- To inform the Deputy Chief Finance Officer with regard to any changes to business arrangements which have potential insurance implications in advance of the change.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To advise the Chief Executive/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.
- To ensure that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
- To arrange for regular reviews to be undertaken of own self-insurance arrangements and, following these reviews, to recommend to the Chief Executive/Chief Constable a course of action to ensure that, over the medium term, the funds are available to meet all known liabilities.

Responsibilities of the Deputy Chief Financial Officer

- To support Chief Finance Officers in making appropriate arrangements for insurance including identification of new risks and determining the level of self-insurance and determining the level of insurance reserve.
- To collate information in support of the annual insurance renewal exercise and any re-tendering of the insurance contract.
- To ensure that any changes to circumstances which could affect insurance cover are communicated to insurers promptly.
- To provide insurance advice and respond to queries in relation to insurance matters from officers, staff and third parties.
- To collate information in support of insurance claims and ensure that claims against insurance policies are made promptly.

Responsibilities of the Director of Legal Services

- To evaluate and authorise any terms of indemnity that is requested by external parties.
- To administer all self-insured insurance claims including those which fall below policy excesses.
- To maintain a central register of all insurance claims settled either internally or by insurers.

Responsibilities of All Officers and Staff

- To ensure that any risks which they identify are communicated to line managers at the earliest opportunity.
- To ensure that they do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- To ensure that they do not indemnify any third parties against risks without the approval of the Director of Legal Services

Responsibilities of the Joint Audit and Standards Committee

- To review and advise on the risk management arrangements of the Commissioner and Constabulary.

C2 Internal Control System

Overview

Internal control refers to the systems of control devised by management to help ensure objectives of the organisation are achieved in a manner that promotes:

- Efficient and effective operations and use of resources.
- Reliable financial information and reporting.
- Compliance with laws and regulations.
- Effective management of risk.
- Safeguarding of assets and interests.

Internal controls operate within all functions and systems and at all levels within the organisation from strategic (e.g. operational performance monitoring and reporting) to tactical (e.g. checks and balances in the payroll system to ensure payments are correct).

The internal audit function in liaison with the Joint Audit and Standards Committee provide independent assurance as to the effectiveness of the internal control framework.

Key Controls

- A framework of effective internal control exists with the aim of ensuring that business objectives are met.
- Internal controls are regularly reviewed and appropriate remedial action taken in response to deficiencies.
- Effective internal controls are in place for financial systems and processes.
- An adequately resourced Internal Audit function is in place to give assurance regarding the effectiveness of internal controls.
- That the framework of internal control is formally outlined within the Annual Governance Statement.

Responsibilities

Primary responsibility for the system of internal control rests with the Commissioner in relation to the OPCC and the Chief Constable respect of the Constabulary. Similarly responsibility for the effectiveness of financial controls rests with the respective Chief Finance Officers.

Responsibilities of the Chief Officer Group / OPCC Management Team

- To implement effective systems of internal control, in accordance with advice from the PCCCFO and CCCFO. 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.
- To ensure that at a strategic level effective internal controls exist for managerial control systems, including the development and implementation of appropriate policies, the setting of objectives and plans, monitoring operational, financial and other performance information and taking appropriate anticipatory and remedial action where necessary. A key objective of these systems is to ensure that organisational objectives are achieved and to clearly define roles and responsibilities as set out in the Chief Constable's Scheme of Delegation to ensure that there is clear ownership of all systems and processes.
- To consider and recommend for approval the Constabulary's and Commissioner's Annual Governance Statements.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To oversee the existence, operation and monitoring of internal controls in relation to financial systems for their respective organisations.
- To ensure production of the Annual Governance Statements in their respective organisations. The AGS should demonstrate how each organisation has complied with its respective Code of Corporate Governance and must have regard to relevant guidance and in particular the Accounts and Audit Regulations 2015 and CIPFA guidance applicable to the Police.

Responsibilities of All Commanders, Directors and Heads of Service

- To ensure that for their respective areas of responsibility, key internal controls exist for managerial control systems, including the development and implementation of appropriate policies, the setting of objectives and plans, monitoring operational, financial and other performance information and taking appropriate anticipatory and remedial action where necessary. A key objective of these systems is to ensure that organisational goals are achieved and to clearly define roles and responsibilities.
- To ensure that effective internal controls are operating in relation to managerial control systems and procedures. This includes ensuring the safeguarding of assets, establishing appropriate segregation of duties, putting in place authorisation and approval procedures and ensuring robust information systems to support monitoring, management and control.
- To contribute to the preparation of the Annual Governance Statement in accordance with recommended best practice.

Responsibilities of the Deputy Chief Finance Officer and Head of Central Services.

- To ensure that in relation to financial systems, key internal controls exist for managerial control systems within their respective areas of responsibility including
 - the development and implementation of appropriate policies
 - the setting of control objectives and implementation plans in relation to financial systems.
 - the monitoring of financial and other performance / operational information and take appropriate anticipatory and remedial action where necessary.
 - Ensuring clear definition of roles and responsibilities.
- To ensure that effective key controls are operating in relation to financial systems and procedures. This includes ensuring that:
 - There are timetables, which are adhered to, and which ensure that tasks are completed in compliance with statutory and internal deadlines.
 - All financial processes are documented and responsibilities clearly assigned.
 - The accountabilities of all officers and staff with financial management responsibilities are clearly understood and appropriate training given.

Section C Management of Risks and Resources

- Robust authorisation and approval processes are in place for all financial transactions, which are clearly documented and checked.
- There are appropriate checks and balances within all financial processes to provide assurance as to their accuracy.
- Compliance with the financial regulations, financial rules and the scheme of financial delegation is monitored and appropriate action taken when breaches are identified.
- There is adequate segregation of duties in all financial processes to provide a safeguard against potential fraud.
- Business continuity arrangements are in place for financial processes, which are reviewed periodically.
- A performance management framework for financial tasks is agreed and regularly reported upon.
- To provide management assurance on key financial systems as part of the accounts closure process.

Responsibilities of the Group Audit Manager (Head of Internal Audit)

- To prepare reports on the effectiveness of the internal control environment in accordance with the agreed audit plan.
- To provide an annual statement on the overall effectiveness of the internal control environment as part of the assurance framework.

Responsibilities of the Joint Audit and Standards Committee

- To consider reports on the effectiveness of internal controls, suggest improvements and monitor the implementation of agreed actions.
- To review the Annual Governance Statements of the Commissioner and Chief Constable prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions for improvement.

C3 Audit Requirements

A) Internal Audit

Overview

Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment by evaluating the organisation's effectiveness in achieving its objectives. Internal audit 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

In the police service the requirement to maintain effective internal audit arrangements is derived from the Accounts and Audit Regulations 2015 (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 proper practices in relation to internal control”*.

In fulfilling this requirement regard must be given to the Public Sector Internal Audit Standards (PSIAS) and the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA. These documents set out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

An effective internal audit function provides assurance with regard to the operation of internal control systems, that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Key Controls

- That an effective internal audit function exists, which complies with Public Sector Internal Audit Standards.
- That the Internal Audit function operates independently.
- That the senior officers and staff engage openly with internal audit in the formulation of the audit plan and co-operate fully in supporting internal audit reviews.

Responsibilities of the Police and Crime Commissioner and Chief Constable

- The Commissioner and Chief Constable are responsible for ensuring the provision of an adequate and effective internal audit service for their respective organisations. The Chief Constable must make available to the Commissioner the right of access to all Constabulary audit and inspection reports and provide the Commissioner with the authority to instruct internal audit investigations as part of the conditions of funding between the Commissioner and the Constabulary.

Responsibilities of the Chief Officer Group / OPCC Management Team

- To consider and approve the annual internal audit plan in relation to their respective organisations produced by the Group Audit Manager (Head of Internal Audit).

Responsibilities of the PCC Chief Finance Officer (PCC CFO)

- To advise the Commissioner and make arrangements for internal audit on behalf of the Commissioner and the Chief Constable. The PCC CFO will ensure that an annual review of the effectiveness of the internal audit service is undertaken in line with the 2015 Accounts and Audit Regulations and that the findings of the review are reported to the Joint Audit and Standards Committee as part of consideration of the Annual Governance Statement including the effectiveness of internal controls.

Responsibilities of the Chief Constable's Chief Finance Officer (CC CFO)

- To advise the Chief Constable as to the effectiveness of audit arrangements made by the PCC CFO.
- To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing financial systems and processes are discussed with and agreed by the PCC CFO and internal audit prior to implementation.

Responsibilities of All Commanders, Directors, Heads of Service & Senior Managers

- To actively contribute to the development of the annual Internal Audit Plan through identifying all significant operational and financial risks and communicating such risks to the Group Audit Manager (Head of Internal Audit).
- To engage with Internal Audit in the development of the scope and terms of reference for audits covering their areas of responsibility, this will include the identification of a key point of contact who has appropriate knowledge to assist in the conduct of the audit.
- To ensure that internal audit have access to all staff and information required.
- 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.
- To ensure that at the conclusion of an audit that a feedback form is completed with the aim of increasing the effectiveness of the internal audit function.

Section C Management of Risks and Resources

Responsibilities of All Officers and Staff

- In relation to the conduct of audits, officers and staff must ensure that internal auditors, having been security cleared, are permitted to:
 - Access premises at all reasonable times.
 - Access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance.
 - Access to relevant staff.
 - Receive any information and explanation considered necessary concerning any matter under consideration.
 - Require any employee to account for cash, supplies or any other police and OPCC asset under their control.
 - Access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

Responsibilities of the Group Audit Manager (Head of Internal Audit)

- To prepare, in consultation with the Commissioner, PCCCFO, Chief Constable, and CCCFO, a medium term strategic audit plan and an annual audit plan that conforms to the PSIAS and the internal audit charter, for consideration by the Joint Audit and Standards Committee.
- To attend meetings of the Joint Audit and Standards 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.
- To present an annual report to the Joint Audit and Standards Committee, including an opinion on the effectiveness of the internal control environment within the COPCC and within the Constabulary.

Responsibilities of the Joint the Audit and Standards Committee

- To fulfil the terms of reference recommended by the CIPFA Audit Committees/Practical Guidance for Local Authorities and Police. These include:

Section C Management of Risks and Resources

- review of the adequacy of internal audit resources and effectiveness,
- review of the audit plan,
- consideration of internal audit reports,
- review and monitoring of COPPC & Constabulary action plans in response to audit recommendations,
- consideration of the Group Audit Manager (Head of Internal Audit) annual report and opinion.

B) External Audit

Overview

The Local Audit and Accountability Act 2014 sets out the requirements for relevant authorities in respect of the requirements for accounts and audit. The legislation sets out the general duties of auditors in respect of auditing the accounts and complying with the code of audit practice, which must embody best professional practice with respect of standard procedures and techniques to be adopted by local auditors. The legislation sets out the local auditor's rights to access documents and information and the rights of the public in relation to inspection of documents and the right to make objections.

There is also a requirement to have an auditor panel whose role is to advise the Commissioner and Chief Constable in relation to the independent relationship with external audit and the appointment of auditors. This role is fulfilled by the Joint Audit and Standards Committee (more detail is provided in section 3c of the Commissioner's Financial Regulations).

The Commissioner's and Chief Constable's accounts are scrutinised by external auditors in accordance with the above legislation, who must be satisfied that the statement of accounts 'gives a true and fair view' of the financial position of the organisation and its income and expenditure for the year in question and complies with the legal requirements.

The external auditors are also required to give an opinion on both the Commissioner's and Chief Constable's arrangements for securing Value for Money.

Responsibilities of the Police and Crime Commissioner, the Chief Constable and the Chief Finance Officers (PCC CFO and CC CFO)

- To ensure that for the purposes of their work the external auditors are given the access to that which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
- To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner and achieve outcomes as expected.
- To receive and agree the annual audit letter and governance report.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

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

Responsibilities of the Deputy Chief Finance Officer

- To liaise with the external auditor in relation to the audit of the Statement of Accounts, ensuring that access is given to that which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel and responding promptly to requests for information.

Responsibilities of All Officers and Staff

- To co-operate fully with the work of the external auditor and respond promptly to audit requests for information.

Responsibilities of the Joint Audit and Standards Committee

- The Joint Audit and Standards Committee will fulfil the terms of reference recommended by the CIPFA Audit Committees/Practical Guidance for Local Authorities and Police, including advise on the appointment of auditors and consideration of the annual audit letter and reports.

C) Other Inspection Bodies

The COPCC and Constabulary may, from time to time, be subject to audit, inspection or investigation by external bodies such as Her Majesty's Inspector of Constabularies (HMIC), the Office of the Information Commissioner and HM Revenues and Customs (HMRC), who all have statutory rights of access and shall be accorded with the same level of co-operation as for internal and external audit.

C4 Preventing Fraud and Corruption

Overview

The Commissioner and Chief Constable will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside their organisations. Expectations of propriety and accountability are that employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom business is contracted will act with integrity and without thought or actions involving fraud or corruption.

Key Controls

The key controls for minimising the risk of financial irregularity are:

- The All officers and staff are aware of and abide by the College of Policing “Code of Ethics”.
- Effective Anti-Fraud and Corruption policies and procedures are in place, which are communicated to and understood by all employees and stakeholders.
- See COPPC Anti-Fraud & Corruption Policy and the Constabulary Anti-Fraud and Corruption Policy and Procedures for detailed guidance.
- A culture of high integrity is maintained, which will not tolerate fraud or corruption.
- Senior managers deal swiftly and firmly with those who commit fraud or corruption in accordance with policies.
- Registers of interests and gifts and hospitality are maintained and scrutinised.
- The OPCC and Constabulary have an effective whistle blowing procedure which the Commissioner and Constabulary has approved.
- There is an effective internal control framework, in particular in relation to financial systems and processes.

Responsibilities of Chief Officer Group/ OPCC Management Team

- To promote:
 - the Policing Code of Ethics, encompassing the Nolan Principles of Public Life
 - the expectation that employees adhere to the highest standards of integrity.
 - that fraud and corruption will not be tolerated.
- To review and approve the respective Anti-Fraud Corruption arrangements and to ensure that these are accessible and understood by employees.

Responsibilities of the Head of Professional Standards

- To ensure that effective arrangements are maintained to protect against fraud and corruption and that these are communicated through the Constabulary's Anti-Fraud and Corruption Policy and Procedures.
- To adopt and maintain effective arrangements for whistleblowing.
- To ensure compliance with the Public Interest Disclosure Act 1998, which affords legal protection to employees who raise concerns in relation to fraud and corruption.
- To ensure that any suspicions of fraud and corruption are investigated and appropriate action taken, this may include criminal or disciplinary procedures.
- To promote a culture of ethical behaviour through communication of integrity issues.
- To maintain central registers of business interests, special interests and offers of gifts and hospitality.
- To ensure that any frauds in relation to COPPC / Constabulary assets or processes are communicated immediately to the Chief Finance Officers in order that any internal control weaknesses can be addressed.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To undertake an annual Fraud Risk Assessment on behalf of the COPCC and Constabulary.
- To ensure any fraud in relation to the OPCC or Constabulary are communicated immediately to the internal auditors in order that any internal control weaknesses can be addressed.

Responsibilities of the Deputy Chief Finance Officer and Head of Central Services

- To ensure that effective internal controls operate in all financial systems, in particular to ensure that there is adequate segregation of duties in all tasks to provide a safeguard against fraud.
- Co-ordinating participation in the Audit Commission's bi-ennial National Fraud Initiative and for liaising with relevant officers to follow up any anomalies identified as a result of this exercise.

Responsibilities of All Commanders, Directors, Heads of Service & Senior Managers

- To promote a culture of integrity and ensure that the Anti-Fraud and Corruption Policy and Procedures are communicated to their staff.
- To ensure that all suspicions of fraud and corruption reported to them are investigated in conjunction with the Professional Standards Department in accordance with the Anti-Fraud and Corruption Policy and Procedures.
- To ensure that effective internal controls operate for all systems and processes in their respective business areas to protect against fraud and corruption.
- To scrutinise and approve entries by staff under their control within registers of interests, gifts and hospitality in accordance with the Anti-Fraud and Corruption Policy and Procedures.

Responsibilities of All Officers and Staff

- To act in accordance with the Police Code of Ethics and not to commit fraudulent or corrupt acts.
- To report any suspicions of fraud or corruption to management in accordance with the Anti-Fraud and Corruption Policy and Procedures.
- To record all interests and offers of gifts and hospitality in accordance with the Anti-Fraud and Corruption Policy and Procedures.

C5 Assets

Security

Overview

Assets are held in the form of land, property, vehicles, equipment, furniture and other items, which are collectively worth many millions of pounds. The Commissioner can determine to retain ownership of all assets or provide consent for the Chief Constable to own some types of assets. Irrespective of where ownership rests, it is imperative that assets are safeguarded, fit for purpose and used efficiently to support service delivery. It is also important 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 pre-requisite for proper fixed asset accounting and sound asset management.

Key Controls

- Processes are in place to ensure that assets are required and meet operational or business needs, prior to purchase.
- Assets are purchased in accordance with the Joint Procurement Regulations.
- Assets are used only for official or authorised purposes and are properly accounted for and properly maintained.
- Assets are securely held, safeguarded and available for use when required.
- Assets are accurately recorded in asset registers.
- Assets no longer required are disposed of in accordance with the law and relevant regulations so as to maximise receipts.
- All employees are aware of their responsibilities with regard to safeguarding information.

Responsibilities of Asset Managers

For the purposes of these rules the following post-holders will have primary responsibility for the strategic management of assets on behalf of the Commissioner and Constabulary:

- Property – The Head of Estates and Fleet
- Vehicles - The Head of Estates and Fleet
- Computer Equipment – The Head of ICT
- Stores – The Head of Procurement
- Operational Assets Territorial Policing – Chief Superintendent Territorial Policing
- Operational Assets Crime – Chief Superintendent Crime

It is recognised that whilst the above post-holders have strategic management responsibilities for specific types of asset, day to day asset use is undertaken across a wide range of business areas. Detailed breakdowns of the specific responsibilities for central departments and service users for each asset type are outlined in the Constabulary Budget Protocols. The responsibilities of asset managers are:

- To ensure that assets and records of assets under their control 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.
- To ensure that all assets are purchased in accordance with the Joint Procurement Regulations.
- To ensure that an asset register is maintained for the purpose of ensuring that assets are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with the *Code of Practice on Local authority Accounting in the United Kingdom: (The Code)* and management requirements. Asset must be retained on the register until disposal.
- To ensure that, where practicable, asset registers are reconciled to the finance asset register at least annually as part of the statutory accounts process.
- To ensure that, where practicable, assets which are valuable and portable such as computers, cameras etc. are identified with security markings.
- To ensure that asset requirements are identified and incorporated into the budget and medium term financial planning process.

Section C Management of Risks and Resources

- To make arrangements for the care, custody and control of stocks and stores under their managerial responsibility, this includes maintaining detailed stores accounts in a suitable format, which accurately records all receipts and issues. Stocks are to be maintained at reasonable levels so as to balance the need for availability with the risk of obsolescence, deterioration or loss and stockholding cost.
- To ensure that issues from stock to user departments are supported by appropriate stores requisitions signed by an authorised officer.
- To ensure that all items of stock shall be recorded as assets of the organisation in the balance sheet.
- To undertake a complete stock check at least once per year either by means of continuous or annual stock-take at the year end. The stock-take shall be undertaken and certified by an authorised member of staff who is preferably independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- To ensure that a stocktake is carried out at 31 March each year and, where significant, values of stocks and stores are to be certified and included in the annual accounts. Stocks are to be valued at actual cost, first in first out (FIFO) or average cost as determined by the Deputy Chief Finance Officer. Any change to the basis of stock valuation must firstly be agreed with the Deputy Chief Finance Officer.
- To investigate, any discrepancies between the actual level of stock and the book value of stock in conjunction with the Deputy Chief Finance Officer. Following investigation stock discrepancies and obsolete stock may be written-off in consultation with the PCCCFO in accordance with the limits outlined below:
 - Individual items < £5,000 and overall annual limit < £15,000 – by the Deputy Chief Finance Officer
 - Individual items > £5,000 and overall annual limit > £15,000 - by the CC Chief Finance Officer
- To ensure that stock taking records are fully documented and conform with the rules on retention of records. Stock taking documentation should be held by the Finance department.
- To dispose of assets when this is in the best interests of the organisation and by a method which represents best value for money.

Section C Management of Risks and Resources

- To ensure that asset disposals achieve value for money. Asset disposals of Land Buildings of < £250,000 and equipment and vehicles of < £10,000 must be agreed with the Chief Executive. Asset disposals above this value must be approved by the Commissioner.
- To ensure that Land & Buildings above the estimated value of £500,000 and vehicles / equipment of £15,000 are disposed of by public auction or sealed bids after advertisement. Where it is proposed to dispose of an asset for less than the highest offer, this must be agreed in advance with the PCCCFO.
- To ensure that all asset disposals are recorded in the asset register or inventory as appropriate, and communicated to the Deputy Chief Finance Officer at the time of sale and when reconciling the functional and finance asset registers.
- To ensure that all data security issues are taken into account when disposing of assets and ensure that sensitive data is removed from all assets prior to disposal.
- To ensure that insurance schedules providing details of estate, fleet and ICT assets to be covered by insurance are updated on an annual basis and provided as required to the Deputy Chief Finance Officer for the purposes of insurance renewals.

Responsibilities of the Head of Estates and Fleet

- To make arrangements in liaison with the Deputy Chief Finance Officer to ensure that all properties are re-valued by a suitably qualified person at intervals in accordance with CIPFA's Code of Practice.
- To make arrangements in liaison with the Deputy Chief Finance Officer to ensure that an asset impairment review is undertaken at the 31st March each year by a suitably qualified valuer in accordance with CIPFA's Code of Practice.

Responsibilities of all Commanders, Directors, Heads of Service & Senior Managers

- User departments will be responsible for safeguarding assets allocated to them and may be responsible for certain costs associated with the operation of the assets which can be controlled locally. The specific responsibilities of local managers for each class of asset are outlined in the Constabulary's Budget Protocols, which support its scheme of devolved resource management.

Section C Management of Risks and Resources

- To ensure that the use of assets is properly authorised and controlled, and that no asset is subject to personal use by an employee without proper authority.
- To ensure that, for non-IT equipment, inventories are maintained in a format approved by the Chief Finance Officer that record an adequate description items with a value in excess of £250 and their location. This inventory must be subject to annual review in order to verify the location, review condition and investigate any surpluses or deficiencies, annotating the inventory with the outcome accordingly.
- Intellectual property is a generic term that includes inventions and writing. If these are created by the employee during the course of employment, then, as a general rule, they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Constabulary may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. If the COPPC or Constabulary decide to become involved in the commercial exploitation of ideas or inventions this should be brought to the attention of the COPPC Chief Executive and Chief Constable, who will issue guidance.

Responsibilities of the Director of Legal Services

- To retain custody of the original title deeds and other documents relating to assets, for all contracts, leases, deeds and agreements, and similar legal documents made under seal, and ensure that they are held securely.

Responsibilities of the Head of Professional Standards

- To prepare a Computer Security Code of Practice and ensure that all employees are aware of their personal and official responsibilities with regard to safeguarding Constabulary assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- To issue information security policies to safeguard the security of ICT systems and data.

Responsibilities of the Deputy Chief Finance Officer

- To co-ordinate the maintenance of an asset register of all capital assets which will be consistent with the requirements of CIPFA's Code of Practice on Capital Accounting and enable compliance with the Code of practice on Local Authority Accounting.
- To ensure that income received for the disposal of an asset is properly banked and accounted for.

Responsibilities of All Officers and Staff

- To ensure that COPPC or Constabulary assets are not user for personal purposes unless authorised to do so.
- To ensure that assets are safeguarded.
- To ensure that information is appropriately safeguarded in accordance with information and security policies.

C6 Treasury Management and Banking Arrangements

A) Treasury Management

Overview

Treasury Management is defined by CIPFA as *‘the management of the organisation’s cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.’*

It is important that treasury activities, which each financial year handle many millions of pounds of cash inflows and outflows are managed properly in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.

The Commissioner is responsible for treasury management and this function is managed by the PCCCFO supported by the Deputy Chief Finance Officer and the wider Financial Services Team.

The Commissioner has adopted the CIPFA Code of Practice on Treasury Management, which sets out the primary requirements and key controls outlined below.

Key Controls

- Approval of and adherence to an annual Treasury Management Strategy Statement, stating the policies, objectives and approach to risk management of treasury management activities, including investment strategies.
- Approval of and adherence to Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve the policies and objectives outlined in the Statement and prescribing how it will manage and control those activities.
- Production of an annual report and periodic reviews of Treasury Management activities.

Responsibilities of the Deputy Chief Finance Officer

- To support the PCCCFO by managing day to day treasury management activities in accordance with the Code and Strategy. Without undue repetition of the Treasury Management Practices the main responsibilities are:
 - To ensure that the safeguarding of funds is the primary consideration in all Treasury decisions, recognising that due to the large sums of money being handled Treasury Management is an inherently risky activity.
 - To aim to maximise interest receipts on surplus balances and minimise interest payments on borrowing **without exposing the organisation to undue risk.**
 - To ensure that only staff outlined in the Treasury Management Practices are authorised to undertake prescribed Treasury Management activities.
 - To ensure that all staff are given appropriate training before they undertake treasury management duties
 - To ensure that investments are limited to the types described in the Treasury Management strategy.
 - To ensure that all investments are placed with approved counterparties and within the limits specified in the Treasury Management strategy.
 - To ensure that the approved counterparty lending list is regularly reviewed based on information from the Commissioner's Treasury advisors.
 - All borrowing (beyond one year) must be agreed with the PCCCFO in advance.
 - To produce accurate cash-flow forecasts as a basis for managing treasury activities.
 - Preparation of the Treasury Management Strategy Statement and Treasury Activity reports for consideration by the Joint Audit and Standards Committee.
 - To produce and monitor treasury management activities against Prudential Indicators, in accordance with the Treasury Management Code of Practice, reporting deviations to the PCCCFO.
 - To liaise with the Commissioner's specialist advisors Arlingclose in relation to treasury matters, ensuring that any advice is considered.

Responsibilities of the Joint Audit and Standards Committee

- To review Treasury Management policy and procedures to be assured that controls are satisfactory.
- To receive regular reports on activities, issues and trends to support the Committee's understanding of Treasury Management activities; the committee is not responsible for the regular monitoring of activity.
- Review the treasury risk profile and adequacy of treasury risk management processes.
- Review assurances on Treasury Management (for example, an internal audit report, external or other reports).

B) Banking Arrangements

Overview

Banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking services to the Commissioner and Constabulary. A consistent and secure approach to banking services is essential in order to achieve optimum performance from bankers and the best possible value for money.

Key controls

- Banking arrangements are in place, which meet the needs of the Commissioner and Constabulary.
- There are effective controls covering access to, opening and closing bank accounts.
- Bank reconciliations are undertaken on a timely and accurate basis.
- Imprest / Petty cash accounts are managed in accordance with agreed rules including regularly ensuring that all expenditure is for appropriate purposes, authorised and supported by a receipt, accounts are subject to regular reconciliation and reimbursement.

Section C Management of Risks and Resources

Responsibilities of the PCC Chief Finance Officer (PCC CFO)

- The PCCCFO has overall responsibility for the maintenance of effective banking arrangements. The PCCCFO must authorise the opening and closure of all bank accounts, including petty cash and imprest accounts.

Responsibilities of the Deputy Chief Finance Officer

- To manage the operation of day to day banking arrangements on behalf of the PCCCFO.
- To ensure that there are effective internal controls operate in relation to banking including ensuring that only authorised staff are permitted access to bank accounts and for the opening and closure of accounts.
- To ensure that bank reconciliations take place on a timely and accurate basis, including review of petty cash / imprest reconciliations.
- To prepare detailed rules for operation of Petty Cash / imprest accounts which, set reasonable limits and ensure that such accounts are only used to meet legitimate minor expenditure and are not used to avoid normal methods of procurement.

Responsibilities of the Head of Central Services

- To ensure that cash receipts are banked on a timely basis in accordance with agreed service levels.
- To manage the day to day operation of petty cash / imprest accounts in accordance with the rules above, including:
 - A single imprest account will be maintained with separate petty cash floats at each TPA Headquarters and Force Headquarters.
 - The advance of cash will be restricted to appropriate employees to meet approved, minor expenditure on behalf of the Commissioner / Chief Constable, for the following purposes:
 - Informants (CHIS) Fees.
 - CPS Advances.
 - Postage Stamps.
 - Private Prescriptions.
 - Stranded persons.
 - Misc. items under £20.

Section C Management of Risks and Resources

- Cash advances in cases of emergency only.

- To ensure that there are accurate records of petty cash transactions.
- To ensure that, where practical, a VAT invoice supports expenditure. This should be authorised, coded and certified by an appropriate supervisor in line with agreed delegations.
- To ensure that there is regular reconciliation of petty cash / imprest accounts and accounts are reimbursed on a regular basis to ensure that sufficient monies are held to cover necessary payments.
- To administer changes to signatories for petty cash accounts.
- To ensure that for the purposes of producing the statutory accounts all imprest accounts should be balanced and re-imbursed as at the 31st March each year to ensure that all payments are recorded in the correct financial year.

Responsibilities of All Officers and Staff

- To ensure that all cash received is recorded and banked as soon as practicable.
- To ensure that petty cash claims are for legitimate business purposes, are in accordance with the petty cash policy and are supported by appropriate receipts.

C7 Money Laundering

Overview

COPCC and the Constabulary are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. There is a requirement to report any suspicious cash receipts in any currency in excess of €15,000 (or equivalent) to the Serious and Organised Crimes Agency (SOCA).

Key Controls

- Robust internal control processes for authorisation of expenditure and receipt of funds.
- Cash deposits will be limited to £5,000. (excluding seized cash).
- Checks are undertaken to ensure that all new suppliers and counterparties are bona fide.
- To report any suspicious activity to the Serious and Organised Crime Agency

Responsibilities of the Chief Constable's Chief Finance Officer

(CC CFO)

- To be the nominated Money Laundering Reporting Officer (MLRO) for the Chief Constable and Commissioner under the arrangement for shared financial services.
- To investigate any reported transactions where there are suspicions of money laundering and where appropriate to disclose relevant information to the Serious and Organised Crime Agency.
- To ensure that the arrangements for shared financial services between the Commissioner and Chief Constable make adequate arrangements for protection against money laundering including awareness raising and training for staff engaged in cash receipting.

Responsibilities of the Deputy Chief Finance Officer

- To act as the MLRO in the absence of the CCCFO.
- To ensure that financial internal controls are robust and ensure that all expenditure and income is for legitimate purposes.
- To report any suspicious activity in relation to money laundering to the MRLO.

Responsibilities of the Head of Central Services

- To report any suspicious activity in relation to money laundering to the MRLO.
- To ensure that cash deposits from a single source over £5,000 are refused and reported to the MRLO.
- To ensure that staff involved in the receipting of cash are aware of the possibility of money laundering, the rule in relation to cash deposits (above) and the requirement to report any suspicious activity to the MRLO.
- To ensure that appropriate checks are undertaken to ensure that all new suppliers and counterparties are bona fide.

Responsibilities of All Officers and Staff

- To report any suspicious activity in relation to money laundering to the MRLO.

C8 Corporate Credit, Debit and Fuel Cards

Overview

Corporate credit and debit cards represent an alternative method for payment in a number of circumstances, including:

- In relation to senior officers who, in the course of their official business, have an immediate requirement for expenditure.
- In specialist business continuity circumstances, where goods are needed urgently for example business continuity situations.
- For making on line purchases where this method of purchasing achieves best value for money and payment must be made at the point of placing an order.

Fuel cards are provided to ensure the economic purchase of fuel for the vehicle fleet and hire cars used in course of business.

Key Controls

- All credit cards are issued in the name of the Commissioner and are agreed by the PCCCFO.
- That a clear policy and procedures for the use of cards is produced and tailored to each type of card.
- Expenditure on credit cards is only for official business and is appropriately authorised and recorded in accordance with the Policy and Procedures.
- Cards are effectively administered and reconciled on a regular basis.

Responsibilities of the PCC Chief Finance Officer (PCCCFO)

- To approve the credit / debit card policy and procedures.
- To approve the issue of all debit and credit cards.

Section C Management of Risks and Resources

Responsibilities of the Head of Central Services

- To administer credit and debit cards and undertake regular reconciliation of expenditure.

Responsibilities of the Head of Estates and Fleet

- To administer fuel cards and undertake regular reconciliation of expenditure.

Responsibilities of Credit, Debit and Fuel Card Holders

- To ensure that purchases are for approved purposes in accordance with the agreed policy and procedures.
- To ensure that expenditure is appropriately approved, in the case of Chief Officers this must be undertaken by an officer more senior to the credit / debit card holder. The Chief Executive will authorise credit card expenditure of the Chief Constable.
- To ensure that all items of credit / debit card expenditure are supported by receipts.
- To ensure that credit / debit card expenditure including nil returns are submitted to the Central Services Department on a monthly basis.

Responsibilities of All Officers and Staff

- To ensure that fuel cards are used wherever possible for the purchase of business fuel for the fleet or hire vehicles.
- To ensure that fuel card procedures are followed and that fuel cards are only used for official business purposes.

C9 Staffing

Overview

Police staff are employed by both the Commissioner and Chief Constable and form the largest single element of the annual policing budget. An appropriate HR strategy and workforce plan should exist in which staffing requirements and budget allocations are matched. To deliver a high level of service and ensure effective use of resources, it is crucial that the both the COPCC and Constabulary recruit and retain high calibre, knowledgeable staff, qualified to an appropriate level.

Key Controls

The key controls for staffing are:

- An appropriate staffing (HR) strategy and policy exists, in which staffing requirements and budget allocation are matched.
- Procedures are in place for accurately forecasting staffing requirements, numbers and cost.
- Controls are implemented that ensure that staff are used efficiently and to the benefit of the organisation.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.
- A formal evaluation scheme is used to grade police staff posts and manage subsequent reviews and appeals.
- Terms, Conditions, Policies and Procedures operate within statutory and regulatory requirements and protect the organisation from legal challenge.

Responsibilities of the Police and Crime Commissioner

- To approve the staffing establishment of the COPCC.
- To approve, in consultation with the Chief Constable, changes to the staffing establishment of the Constabulary which fall outside of the funding arrangement between the Commissioner and Chief Constable.

Responsibilities of the Chief Officer Group

- To approve changes to the officer, staff and PCSO establishments of the Constabulary. All staffing changes must meet the conditions of the funding arrangement between the Commissioner and the Chief Constable. The Commissioner's approval must be sought for all changes to shared posts as detailed in the annual funding arrangement between the Commissioner and Chief Constable.

Responsibilities of the Chief Constable and Deputy Chief Constable

- To approve premature retirements of officers on the grounds of ill health in accordance with the Constabulary Scheme of Delegation.
- To approve, in consultation with the PCCCFO, policy arrangements for premature retirements on the grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Head of Human Resources and Chief Executive

- To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements, HR policies, budgets and strategies.
- To ensure that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job. In the case of police staff, all posts shall be subject to the Hay job evaluation to determine the remuneration for the post.
- To produce a framework of policies and procedures to facilitate the overall management of staff and protect the organisation from legal challenge.
- To maintain a workforce plan which shall record the agreed establishment and includes a detailed forecast of future staffing levels including projections of recruitment and leavers for police officers, PCSOs, police staff and specials, which is aligned to the availability of resources in the budget and medium term financial forecast.
- To have systems in place to record all staffing matters affecting payments to employees, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.

Section C Management of Risks and Resources

- To ensure that controls are in place to ensure that new employees are appropriately qualified and experienced.
- To ensure that there is appropriate governance over changes to employee circumstances in accordance with HR policies, protocols and the Constabulary scheme of delegation and that these are communicated promptly to the Head of Central Services and Financial Services. Such information will include appointments, retirements, resignations, transfers, promotions, demotions, re-gradings, maternity & paternity payments, deductions, allowance payments and sickness absence.

Responsibilities of the Deputy Chief Finance Officer

- To produce accurate forecasts of employee costs for budget setting and monitoring purposes based on information in the workforce plan and HR system records.
- To work in conjunction with the Head of HR to ensure that the workforce plan is aligned to available resources, making adjustments as necessary.
- To advise the Commissioner on the budget necessary in any given year to cover estimated staffing levels.

Responsibilities of the Head of Central Services

- To ensure that changes to employee circumstances are reflected in the HR system in a timely and accurate manner based on information provided by the Head of HR.

C10 Police Objective Analysis/HMIC Value for Money Profiles

Overview

CIPFA have introduced the Police Objective Analysis (POA) to enable policing bodies and Constabulary's to compare costs in relation to specific categories of policing on a consistent and useful basis. The results can be used to help ensure activities and resources are aligned with local policing plan priorities and to match supply and demand. HMIC VFM profiles provide support for more detailed benchmarking on a range of expenditure and performance data, against statistical neighbours to help support work to improve economy, efficiency and effectiveness.

Key Controls

- That Police Objective Analysis (POA) and the supporting Annual Data Return (ADR) are completed in a timely and accurate manner to feed into the HMIC Value for Money process.
- That the HMIC VFM profiles are considered and utilised for service benchmarking and planning purposes.
- That there is appropriate quality assurance role with regard to the provisional / draft POA / HMIC reports.
- The results of the HMIC VFM profiles are analysed and reported to the Chief Constable and Commissioner.
- HMIC VFM profiles are used to aid business planning in the delivery of value for money, efficiency and the Change Programme

Responsibilities of the Deputy Chief Finance Officer and Head of Human Resources

- To ensure that the CIPFA Police Objective Analysis (POA) and Annual Data Return (ADR) are completed accurately in accordance with CIPFA requirements and prescribed timescales.

Responsibilities of the Chief Finance Officers and Director of Corporate Improvement

- To provide reports on the results of the VFM analysis for the Chief Officer Group and PCC in an understandable format.
- To ensure that the results of the VFM analysis are utilised in the planning of change and resource allocation.

C11 Trust Funds

Overview

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. The Joint Financial Regulations and these Rules should be seen as best practice and ought to be followed whenever practicable in relation to Trust Funds where there is Commissioner or Constabulary involvement.

Key Controls

- The opening of trust funds or the involvement of employees of the Commissioner or Chief Constable in the administration of trust funds must be approved by the Commissioner / Chief Constable.
- The respective Chief Finance Officers must be informed of the purpose and nature of all trust funds in which the COPCC or Constabulary has involvement.
- Trust Funds must be administered in accordance with the Trust Deed, the law and high standards of financial probity.

Responsibilities of the Police and Crime Commissioner and Chief Constable

- To approve any trust funds associated with the COPCC and Constabulary respectively.
- To ensure that any employees to be appointed as trustees are suitably qualified and trained.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

- To ensure that appropriate financial management arrangements are in place for trust funds associated with the COPCC and Constabulary.
- To ensure that consideration is given to the reporting of trust funds as part of the Statutory Accounts.

Responsibilities of All Officers and Staff

- To ensure that the Chief Executive and Chief Constable are made aware of and approve all trust funds associated with the COPCC and Constabulary respectively.
- To ensure that the PCCFO and CCCFO are informed of the purpose and nature of all trust funds, who shall be entitled to verify that adequate standards of financial administration are being observed, identify whether funds are properly audited and report on the arrangements.
- All employees acting as trustees on behalf of the Commissioner or Chief Constable shall ensure that a treasurer and independent auditor are appointed, that reliable accounting systems and procedures are operated and investments are properly managed and that accounts are audited as required by law and submitted annually to the appropriate body.

C12 Custody of Private Property

Overview

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

Key Controls

- That a policy for the retention and safeguarding of private property is in place, supplemented by standard operating procedures.
- That processes and arrangements are in place for the safeguarding and storage of private property.
- That officers and staff are held accountable for the handling of private property under their control through the performance management process.

Responsibilities of all Commanders, Directors, Heads of Service & Senior Managers

- To ensure that adequate measures to ensure the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision, including found or seized property in accordance with the Seized and Evidential Property Policy and Standard Operating Procedures. Such arrangements will include:
 - A register of all property held together with details of the circumstances by which the property came into police possession.
 - A secure and appropriate storage arrangement to ensure property is not damaged.
 - Ensuring that officers' performance in relation to the handling of seized and evidential property is monitored as part of the performance management process.
 - Cash, unless required for evidential purposes, should be banked as soon as practicable.
 - Cash held temporarily should be held in a locked safe and should not, in total, exceed the insurance limit of £2,000. If it is suspected that cash exceeds this level it should be transferred to the HQ safe as soon as practicable.

Section C Management of Risks and Resources

- Valuable items should be stored in locked safes. Where individual items exceed £2,000 in value they should be transferred as soon as practicable to the HQ safe. Where items have a potentially high and uncertain value, such as jewellery, a professional valuation should be obtained as soon as practicable.
 - Cash or other items required for evidential purposes and suspected of exceeding £2,000 in value should be transferred to the HQ safe within a reasonable period.
 - The Chief Constable and CC Chief Finance Officer shall be informed without delay of any loss or diminution in value of such private property.
- To be responsible for the return, sale or disposal of private assets and recording thereof in accordance with the appropriate Police Property Act and Proceeds of Crime Acts by which the asset came into police possession.
- To observe the principles set out above in relation to cash seized under the Proceeds of Crime Act, in addition :
- a seized cash form should be completed on seizure of the cash. The original form should be returned to the HQ Central Services department and a copy retained locally pending the outcome of enquiries.
 - Once legal proceedings are concluded, the relevant officer should authorise the transfer or return of the cash as soon as possible by completing section B of the locally retained seized cash form and returning it to Central Services.
 - Fingerprinted notes, no longer required for evidential purposes should be sent to Central Services to enable a refund to be obtained from the issuing bank.

Responsibilities of the Deputy Chief Finance Officer and Head of Central Services

- The Deputy Chief Finance Officer and Head of Central Services shall ensure that all items held in the HQ safe valued over the insurance limit are stored as secure deposits at the organisation's bank.

Responsibilities of All Officers and Staff

- To ensure that seized and evidential property is held securely and managed in accordance with the standard operating procedures for seized and evidential property.

C13 Gifts, Loans and Sponsorship

Overview

In accordance with the Police Act 1996, the Commissioner and Chief Constable may decide to accept gifts of money and gifts or loans of other property or services (eg car parking spaces) if they will enable either enhance or extend the service which they would normally be provided. The terms on which gifts or loans are accepted may allow commercial sponsorship of some policing activities.

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

Key controls

- The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the Commissioner's annual gross revenue.
- All gifts, loans and sponsorship should be recorded in a register which is available for public inspection.

Responsibilities of the Chief Executive / Chief Officer Group

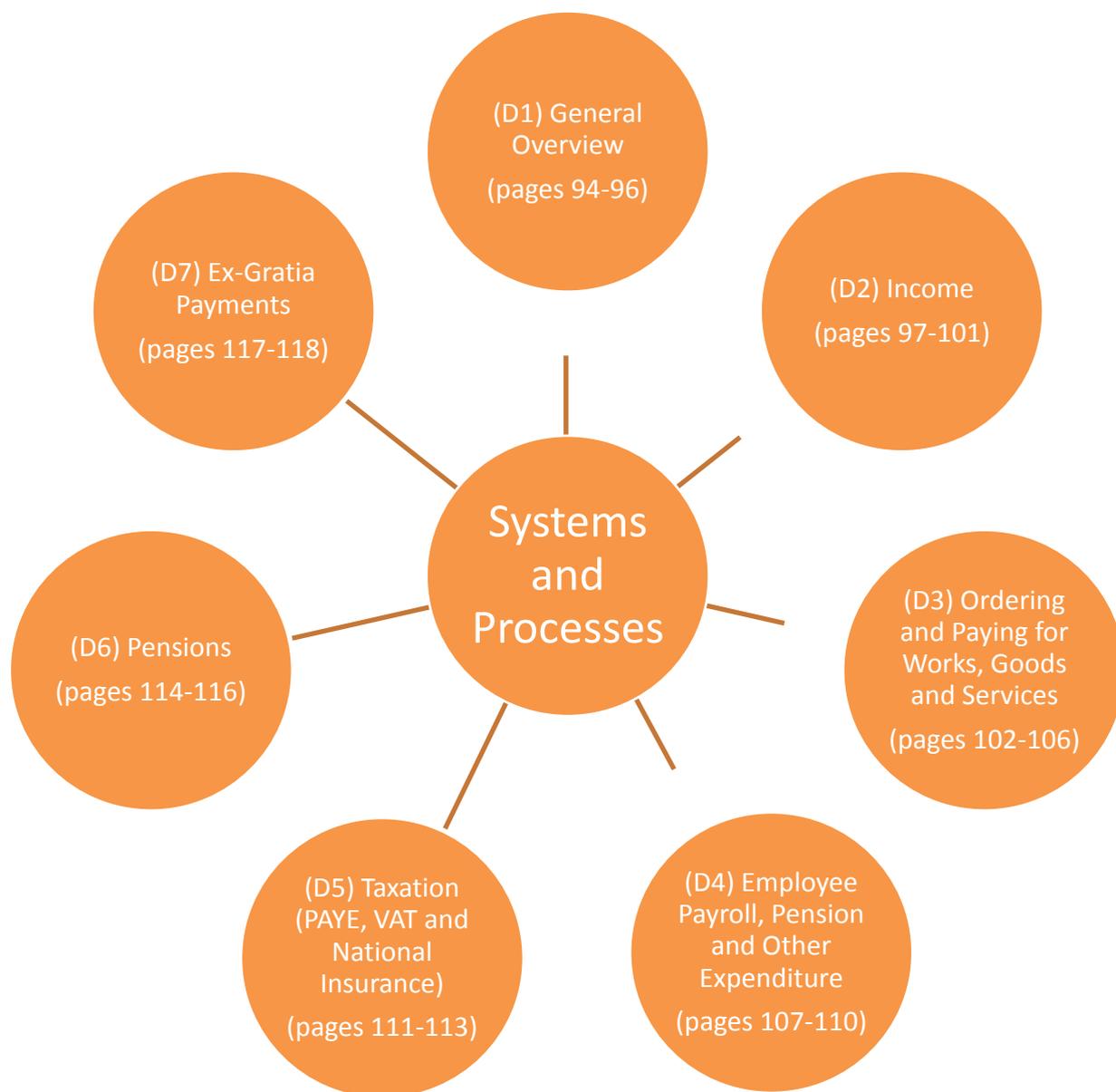
- To approve guidelines for the acceptance of gifts, loans or sponsorship.

Responsibilities of all Commanders, Directors, Heads of Service and Senior Managers

- To ensure that all gifts, loans or sponsorship accepted comply with the guidelines before acceptance.
- To ensure that the Deputy Chief Finance Officer is informed of all offers of gifts, loans or sponsorship prior to acceptance to ensure that decision making takes into consideration any financial implications including those pertaining to insurance and taxation.
- To ensure that all cash gifts, loans or sponsorship is banked in accordance with normal banking procedures.
- Where the sponsorship or loan of vehicles or other assets are offered the responsibility for repairs and insurance of the asset should be clearly established at the outset. If the Constabulary has responsibility for insuring or maintaining the asset the budget and accounting arrangements to undertake this must be agreed with the Deputy Chief Finance Officer before the offer of gift, loan or sponsorship is accepted.

Responsibilities of the Deputy Chief Finance Officer

- To advise on the financial implications of gifts, loans or sponsorship.
- To maintain a list of all gifts, loans and sponsorship and to present this annually to the PCC as part of the revenue outturn reporting.



Section D Systems and Processes

D1 General Overview

Introduction

This section of the financial rules set out the responsibilities and the required arrangements for systems and processes to manage income, including external funding, ordering and payment for works, goods and services, ensuring staff and members are properly paid, including ex-gratia payments and that all those systems and processes include proper arrangements to account for tax.

Arrangements for systems and processes are managed by the Chief Constable's Chief Finance Officer (CC CFO) as part of the arrangements for shared support services between the Commissioner and the Chief Constable. This includes all arrangements for financial systems and administration, including receipting income, incurring expenditure, discharging creditors and recovering debt.

It should be noted that although specific responsibilities are allocated to individuals/teams of individuals within this section, the ultimate responsibility remains with the CC CFO.

Key Controls

It is imperative that financial and operating systems and procedures relating to the control of assets and resources are secure, accurate and well administered. This ensures that sound basic data exists to enable objectives, targets, budgets and plans to be formulated and measured. There is a recognition that there is increasing reliance on computer systems to provide financial information. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

Responsibilities of Chief Constable and Chief Executive

To ensure all staff and those acting on behalf of the Constabulary and OPCC adhere to processes and procedures, taking management action where there is failure to comply.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

The CCCFO and PCCCFO have a statutory duty, within their respective organisations, to ensure that financial systems are sound and should therefore be notified of any proposed changes or developments. The responsibilities relate to the Chief Constable's Chief Finance Officer (CCCFO) within the Constabulary and the Commissioner's Chief Finance Officer within the OPCC (PCCCFO).

- To make arrangements for the proper administration of the financial affairs, including to:
 - Issue advice, guidance and procedures for staff and other acting on behalf of the Chief Constable/Commissioner.
 - Determine the accounting systems, forms of accounts and supporting financial records.
 - Establish arrangements for the audit of the financial affairs of the Constabulary and OPCC.
 - Approve any new financial systems to be introduced.
 - Approve any changes to existing financial systems.

- To ensure, in respect of systems and processes, that:
 - Systems are secure, adequate internal controls exist 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 to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
 - That systems are documented and staff and others acting on behalf of the Chief Constable/Commissioner are appropriately trained in relevant processes and procedures.
 - 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.

Section D Systems and Processes

- Schemes of delegation are established, identifying staff authorised to act upon the behalf of the Commissioner and Chief Constable in respect of income collection, placing orders, making payments and employing staff. For those staff authorised to sign on the Chief Constable's behalf, a schedule of the individual employees, their specimen signatures and the delegated limits of their authority shall be maintained.

D2 Income

Overview

The Commissioner is the recipient of all funding relating to policing and crime reduction, including government grant and precept and other sources of income. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

Wherever possible, sales shall be made on a cash basis and funds should be cleared before the goods or services are released. However, it is recognised that in many instances it will only be appropriate to charge subsequent to delivery of a service, in which case an accounts receivable (AR/debtor) account should be raised. A debtor account must only be raised for approved customers, a list of which will be retained by the Financial Services Team.

Key Controls

A number of key controls are identified below in specific areas in relation to income with responsibilities allocated to individuals or teams of individuals.

➤ **General Income**

- All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
- All money received by an employee on behalf of the Commissioner or Constabulary is paid into an authorised bank account without delay, and properly recorded.
- All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
- Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Key Controls (continued)

- **Accounts Receivable/Debtors Invoices**
 - All debtors invoices must be raised through AR in the oracle financials system and that there are appropriate processes in place to ensure that system is reconciled regularly.
 - That robust debt collection and write off processes are in place.

- **Charging for Police Services**
 - The Constabulary has adopted the National Police Chiefs Council (NPCC) policy on charging for goods and services. This policy seeks full economic recovery of costs incurred in providing policing services to commercial events and discretionary charges for charitable or community events.

Responsibilities of the Deputy Chief Finance Officer

General Income

- To ensure all income due to the Commissioner/Constabulary is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.

Accounts Receivable/Debtors Invoices

- With the exception of alarms and approved CSD functions, all debtors requisitions should be forwarded promptly to the Financial Services Officer (supported by appropriate charge out documentation), requesting a sales invoice to be raised.
- The Financial Services Department will raise an accounts receivable/debtors invoice within the financial system within 5 days of receiving this documentation.
- All accounts receivable invoices raised must comply with current VAT legislation.
- The accounts receivable ledger is reconciled on a monthly basis to the general ledger by the Financial Services Assistant and will be independently verified by the Principal Financial Services Officer.
- Credit notes are only be issued upon return of goods or service, or as a result of an inaccuracy in the invoice details. Credit notes may only be authorised by the Deputy Chief Finance Officer.

Section D Systems and Processes

- Where the Central Services Department submit appropriate paperwork for a debt to be considered for write off, the Deputy CFO will review the paperwork to ensure complete and robust and then discuss with the PCC CFO to gain authorisation for the write off.
- Where a write off is approved by the PCCCFO. The Deputy CFO will ensure that the appropriate action is taken within the system to write off the debt and correct accounting entries are made. Any debt written off shall be charged against the budget heading to which the income was originally credited.
- Periodic reports are prepared (in liaison with the PCC CFO) and submitted to the PCC about the overall position on collection of debts, including any write-offs by the PCCCFO. The Deputy CFO will provide the PCCCFO with any information he/she may require about debts.

Charging for Police Services

- Charges for any income received under section 25 of the Police Act 1996 shall be in accordance with the formal charging policy, which will ensure that, wherever possible, those using the services provided, pay for them.
- The CC Chief Finance Officer/Deputy Chief Finance Officer shall prepare a schedule of charges at the start of each financial year. The charges will be formally agreed by the Chief Officer Group and Commissioner.
- Financial Services Officers will be responsible for the communication and implementation of the agreed charging policy in their TPA or Directorate.
- In relation to charity or community events the relevant TPA commander shall exercise discretion as to the charge to be levied in accordance with NPCC guidelines.

Responsibilities of the Head of Central Services

General Income

- The opening and recording of mail containing cash, postal orders, cheques etc must have due regard to the principle of segregation of duties and internal control disciplines.
- All income must be recorded on official stationery immediately on receipt detailing sufficient information for its correct treatment in the Commissioner's accounts and to enable the clearance of the relevant debt, where applicable.
- The official receipt form should indicate the method of payment. A receipt will always be issued when payment is received in cash.

Section D Systems and Processes

- The recording officer for any income must ensure that VAT is duly recorded if applicable. In the event of any uncertainty, advice must be taken from the Financial Services Department.
 - Any officer in receipt of a cash/cheque amount exceeding £5,000 will inform the Deputy Chief Finance Officer so that an investment decision may be made and any action under the Money Laundering regulations is made.
 - Where monies are received marked 'in full and final settlement', the PCC Chief Finance Officer must be consulted before any action is taken.
 - No cash receipts shall be removed prior to banking i.e. cash must always be banked intact and if cash is required a separate withdrawal made from petty cash.
 - All monies received will be paid into the relevant bank account intact within five working days of its receipt. Amounts exceeding a £5,000 will be paid into the relevant account on the day of its receipt, subject to banking hours.
- All income paid into the Commissioner's bank accounts must be accompanied by a paying in slip outlining the particulars of the payment.

Accounts Receivable/Debtors Invoices

- The list of outstanding debts are reviewed on a monthly basis in conjunction with the issuing departments.
- The Central Services Department will be responsible for credit control. The following debt collection procedures will normally be applied:
- 1 week after due payment date - Informal / telephone reminder
 - 1 month after due payment date – 1st written reminder
 - 2 months after due payment date - 2nd written reminder
 - 3 months after due payment date - Debt passed to Legal Services directorate for collection. Any legal proceedings undertaken in relation to the collection of debts should be under the direction of the Director of Legal Services.
- A record of all debt collection actions must be maintained with the debt file.
- A list of all outstanding debtors is provided to the Deputy Chief Finance Officer on a monthly basis as soon as practicable following the close of the accounting period.
- The debt collection process (outlined above) can be varied if negotiations are ongoing, with prior approval from the Deputy Chief Finance Officer.

Section D Systems and Processes

- Once all attempts to recover monies have been exhausted, the Central Services Department will prepare a request for write off form and pass this to the Deputy Chief Finance Officer to review and approve. The Deputy CFO will then obtain the required approval from the PCCCFO before transacting the write off through the financial system. Debtor invoices can only be authorised for write off by the PCCCFO.

Responsibilities of the Director of Legal Services

- To take appropriate action to recover debts which are over 3 months old.

Responsibilities of the Commanders

- Charges for any income received under section 25 of the Police Act 1996 shall be in accordance with the formal charging policy, which will ensure that, wherever possible, those using the services provided, pay for them.
- To exercise discretion on the level of charges for non-commercial events (e.g. charitable and community) in accordance with the NPCC charging guidelines.

Responsibilities of all Officers and Staff

- To ensure that all income is banked on an accurate and timely basis.
- Ideally income for services should be collected in advance of the service being rendered. It is recognised that in many instances payment will only be received after the service is provided. Employees responsible for agreeing chargeable service provision should take reasonable precautions to ensure that the customer is trust and credit worthy. If there are doubts in this regard advice should be sought from the Chief Finance Officers.

D3 Ordering and Paying for Work, Goods and Services

Overview

Controls for ordering and paying for works, goods and services aim to protect public money by ensuring that purchasing follows legal requirements, achieves value for money and commitments are only made for authorised items within approved budgets. Those responsible for ordering and paying for works, goods and services should have a good understanding of these financial rules and the ***Joint Procurement Regulations***.

All local authorities, including the police, spend many millions of pounds each year purchasing goods and services. It is vital that the Commissioner/Constabulary can demonstrate that it has efficient and effective systems and procedures in place to ensure that suppliers are paid the correct amount, at the right time, and that the accounting records are updated in a timely and accurate manner.

Key Controls

- All goods and services are ordered only by appropriately authorised persons and are correctly recorded.
- All goods and services shall be ordered in accordance with ***Joint Procurement Regulations***.
- Goods and services received are checked to ensure they are in accordance with the order. Goods should not be receipted on the i-proc system by the person who placed the order.
- Payments for goods and services should be made using the systems and procedures established by the Chief Constable for this purpose (having regard to advice from the PCC Chief Finance Officer), and in accordance with the approved accountabilities and responsibilities of individuals for this process.
- Payments should not be made unless goods or services have been received by the Commissioner/Constabulary to the correct price, quantity and quality standards.
- All payments are to be made to the correct person, for the correct amount and must be properly recorded, regardless of the payment method.
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.

Responsibilities of the Chief Finance Officers (PCC CFO & CC CFO)

To ensure that:

- The **Joint Procurement Regulations** are prepared and communicated covering the principles to be followed for the purchase of goods and services, and shall ensure that responsibilities of individuals for ordering, checking, certifying and recording such transactions are clearly defined within the Constabulary's Scheme of Devolved Resource Management and Commissioner's Scheme of Delegation, supporting budget protocols and Financial Rules.
- An approvals hierarchy is maintained by the Financial Services Department within the oracle financials system to ensure that authorised individuals can approve orders and spend within their delegated approval limits.
- A ensure a register of officers authorised to certify creditor invoices for payment is maintained and kept up to date, indicating position and the TPA / Departments or categories of goods and services for which they can authorise invoices. To ensure this list is provided to Central Services on a timely basis.
- The use of the Internet to order goods and services shall be in accordance with any guidance issued by the CC Chief Finance Officer, in consultation with the PCC Chief Finance Officer.

Responsibilities of the Head of Central Services

To ensure that:

- Administration of the electronic ordering process, ensuring that requests for goods and services are appropriately authorised and procured in accordance with the Procurement Regulations and Schemes of Devolved Resource Management.
- Invoices for payment are supported by an official order and goods received note. Budget holders are responsible for ensuring that all invoices are supported by an official order and goods received notes. Any exceptions to this rule must be agreed with the CC Chief Finance Officer.
- Payments are only be made against valid original VAT invoice or in the case of building and construction contracts on a fully authorised certificate (where an original has been lost, a duplicate must be obtained from the supplier and clearly marked as such).

Section D Systems and Processes

- No invoice will be paid unless matched to an appropriately authorised and receipted requisition within the financial system. Where invoices are not supported by an appropriate order, the invoice must be certified by the appropriate officer from the register of authorised budget-holders.
- No officer will certify an invoice unless authorised to do so by inclusion in the approvals hierarchy or on the register and subject to restrictions therein.
- In no circumstances shall a single officer authorise a requisition / order, goods received note and invoice for any goods or service. Wherever possible, each should be authorised by a separate officer. The minimum requirement shall be that the order and the receipt of goods and services be authorised by different officers. This should be enforced by the system for e-proc orders.
- All payments will be made by BACs. Cheque payments will only be made in the event of emergency or where for whatever reason a BACS transaction is not feasible. The Head of Central Services will determine whether a cheque payment is allowable.
- Electronic remittance advices will be provided to suppliers with details of payment made.
- Under no circumstances will monies be removed from the Commissioner's cash income banking in order to pay a supplier.
- All invoices must be entered into the Oracle Accounts Payable system as soon as is practicable. This includes invoices in dispute, which must be entered onto the system and placed directly on hold until the dispute is resolved. Appropriate control checks will be operated to ensure that all invoices have been entered and for the correct amount.
- Weekly payments are made to all suppliers using Oracle Accounts Payable System. The Head of Central Services will ensure that there is one payment run each week (normally on Wednesday to be paid Friday, excluding Christmas week).
- Payments shall be made on a basis that maximises the Commissioner's cash balances (under payment runs) without jeopardising any discounts available and ensuring the Commissioner meets creditors payment terms. There is a performance target to pay invoices within agreed terms. Accordingly invoices should be checked, approved and submitted to the Central Services Department.
- All payment runs shall be authorised prior to submission by one of the following officers:
 - The CCCFO.
 - The Deputy Chief Finance Officer
 - The Principal Financial Services Officer (2 posts).
 - The Assistant Chief Finance Officer

Section D Systems and Processes

- All invoices processed for payment shall be electronically attached to the creditor record within the oracle financial system. Hard copies of invoices should be retained for a period of 6 prior years plus the current year.
- Supplier enquiries shall in the first instance be dealt with by the Central Services Department. Where applicable CSD may refer queries to individual ordering departments.
- To ensure that appropriate checks (such as telephone confirmation) are undertaken to guard against fraud in response to request to change supplier details for example bank details.
- The issue of official hard copy order books will be for business continuity purposes only and will be controlled by the Head of Central Services who will maintain a record of all order books issued including the department to whom the each book is issued and the relevant order number range.

Responsibilities of the Head of Procurement

To ensure that:

- Administration of the electronic ordering process, ensuring that requests for goods and services are appropriately authorised and procured in accordance with the Procurement Regulations and Schemes of Devolved Resource Management.
- All procurement on behalf of the Commissioner and Constabulary is undertaken in accordance with the **Joint Procurement Regulations**.
- To secure best value for money, wherever possible, orders should be placed with approved contractors. The Head of Procurement will advise on approved contracts for specific goods or services.
- Advice is provided to employees and budget-holders on all procurement matters.
- To undertake supplier management in accordance with the Joint Procurement Regulations including ensuring suppliers are aware of the requirements of financial and procurement regulations and anti-fraud and corruption arrangements.

Responsibilities of All Officers and Staff

- Every member, officer and employee has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the Commissioner or Constabulary.

Section D Systems and Processes

- All orders must comply with the **Joint Procurement Regulations** and the procurement process should meet the requirements of any relevant government or EU regulations.
- Official orders through the finance (e-procurement) system must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases, mutual aid or other exceptions approved by the PCC Chief Finance Officer.
- In order to procure goods and services a SharePoint requisition form should be completed on the Central Services intranet site. This form will then be subject to approval by the submitter's line manager.
- Goods and services ordered must be appropriate and necessary for Police Business. All orders must be appropriately authorised in accordance with the delegated authority prepared by each budget-holder in relation to their Command or Directorate as part of the Constabulary's Scheme of Devolved Resource Management or the Commissioner's Scheme of Delegation. Staff authorising orders must first ensure that there is adequate budgetary provision and quotations or tenders must be obtained where necessary in accordance with the **Joint Procurement Regulations**.
- Official orders must not be raised for any personal or private purchases, nor may any personal or private use be made of the Commissioner's/Constabulary's formal business contracts.
- If it is necessary to amend purchase order details once the order has been placed, the change(s) must be formally recorded on the e-procurement system and be properly cross-referenced to the original order.
- Goods and services are delivered to recognised and defined locations within the control and responsibility of the Commissioner/Constabulary.
- Upon receipt of goods and services the Central Services Department must be notified that goods have been received and any invoices received can be matched and processed for payment. The receipt of goods and services must be recorded on approved documentation by a different member of staff from the one who placed the original order.

D4 Employee Payroll, Pension and Other Expenditure

Overview

Employee costs are the largest item of expenditure for all police forces. It is therefore important that payments are accurate, timely, made only where they are due for services to the Commissioner or Constabulary and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.

Key Controls

- Proper authorisation procedures are to be in place for starters, leavers, variations and enhancements. Appointments are to be made in accordance with approved grades and scales of pay and adequate budget provision must be available.
- All overtime claims and other claims for remuneration, travel and subsistence should be submitted on a regular basis. This is to ensure that monitoring of expenditure is accurate and that claims can be certified properly. It is particularly important that claims are submitted on a timely basis at the year end to ensure that expenditure is charged to the correct financial year.

Responsibilities of the Head of Central Services

To ensure that:

- All officers, staff and pensioners are paid on the due date.
- The data input to the payroll and pension payments made are accurate. Payments should be made in accordance with the appropriate Police Regulations 2003, Police Support Staff Terms and Conditions, Police Pension Schemes and contracts of employment.
- All employee and pensioner payments comply with current HMRC taxation legislation, including:
 - End of year reporting
 - P11D reporting
 - Statutory payments, to include statutory sick pay, maternity pay, adoption pay, paternity pay.
- Data input onto the payroll system is accurate.

Section D Systems and Processes

- Adequate records of payments are maintained to comply with HMRC requirements.
- Overtime claims are submitted on appropriately authorised electronic self-service claim forms paid in accordance with police regulations and staff terms and conditions.
- The payment of all travel and subsistence claims in accordance with the Commissioner's/Constabulary policies. Such claims should be made on the appropriate electronic self-service claim form and should have supporting receipts where required.
- The data transferred from the payroll system to the accountancy system is accurate, timely and in a format agreed with financial services.
- All salary payments will be paid monthly directly into Bank and Building Society accounts through the Bank Automated Clearing system (BACS) on the last working day of each month. (The only exception is December where payments are made on the last working day before Christmas.)
- All salary pay advices are available for individuals to download from the payroll system self-service portal, with the exception of where an employee is on long term absence from work such as maternity leave or secondment or for final salary payments, in which case pay advices will be sent to home addresses
- Advances against payroll may be made in exceptional circumstances subject to approval by the Head of Central Services. Advances must be recovered at the first opportunity and a repayment schedule agreed prior to making the advance.
- All allowances are paid through the payroll system. All Allowances will be paid in line with Police Regulations, Police Staff Terms and Conditions and current force policy. Travel and expenses payments will usually (subject to the timely receipt of claims) be in the monthly payroll following the date when expenses were submitted except where submission before 10th of month cut-off date allows payment in the same month.
- Tax, National Insurance, pension and other statutory and voluntary deductions from the payroll are paid over to the relevant body within the regulated time scales.
- Any allowances covered by the VAT rules are duly recorded and VAT accounted for.
- Appropriate corrective action is taken on all overpayments and underpayments at the earliest opportunity. Underpayments will be paid at the earliest practicable opportunity and overpayments will be recouped in line with the Force 'Overpayment protocol'. Any exception to this overpayment protocol must be approved by the Head of Central Services.
- All payroll information is held confidentially and will only be divulged to third parties with employee consent or where there is a statutory obligation to do so.

Section D Systems and Processes

- The payroll system is administered effectively, ensuring that it maintains an accurate and detailed record of all payments made to employees and members to meet all internal and external reporting requirements.
- The Constabulary's participation in the National Fraud Initiative exercise is undertaken in conjunction with the Audit Commission. This includes the full investigation of matches highlighted in the reporting mechanism and any necessary action following investigation.

Responsibilities of the Head of Human Resources

To ensure that:

- Relevant information for payroll is authorised and communicated to the Central Services Department in accordance with payroll timetables (particularly appointments, retirements, resignations, transfers, promotions, maternity pay, salary sacrifice and sickness absence).

Responsibilities of Commanders, Directors and Heads of Service

To ensure that:

- The Head of Central Services is informed of individuals who are employed on a self-employed or sub contract basis. The Head of Central Services will ensure that individuals employed on a self-employed or subcontract basis are correctly assessed as such in line with HMRC Status Regulations.
- All information required by the Central Services department on pay and allowances is made available on the appropriate forms and authorised (specifically overtime hours, civilian standby allowances and car mileage details) in accordance with payroll timetable deadlines.

Responsibilities of All Officers and Staff

To ensure that:

- Each monthly payslip is checked on-line via the self-service portal to ascertain that their pay, allowances and deductions are correct. If any discrepancy or error is discovered, it should be reported immediately to the Central Services Employee Services Team.
- Personal taxation records (e.g. tax codes) are checked.
- HMRC are informed of any errors in their tax code along with any material changes to circumstances.

Responsibilities of Managers/Supervisors

To ensure that:

- When authorising overtime claims they are responsible for ensuring that overtime claims are based on legitimate time worked and claimed in line with police overtime regulations.
- When authorising travel and subsistence claims they must ensure that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved in accordance with Constabulary/OPCC policies.

D5 Taxation (PAYE, VAT and National Insurance)

Overview

Like all organisations, the Commissioner/Constabulary has responsibilities for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.

The principal taxation issues affecting the Commissioner and Constabulary relate to compliance with:

- Pay as you Earn (PAYE) income tax and National Insurance legislation in relation to payments made to employees.
- VAT requirements on both payments to suppliers and income.

Key Controls

The key controls for taxation are:

- appropriate employees are provided with relevant information and training and are kept up to date on tax issues
- appropriate employees are instructed on required record keeping
- all taxable transactions are identified, properly carried out and accounted for within stipulated timescales
- records are maintained in accordance with instructions
- returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities

The following responsibilities are those of the PCC CFO for relevant transactions of the Commissioner and the CC CFO in relation to the relevant transactions of the Constabulary and transactions made on behalf of the Commissioner under the shared services arrangements for financial administration.

Responsibilities of the Head of Central Services

To ensure that:

FOR PAYE

- All staff responsible for making payments to employees are fully informed of current taxation legislation.
- All payments to employees comply with PAYE and National Insurance legislation based on the employee information provided by the Human resources Department, HMRC and employees.
- All employee tax deductions are appropriately accounted for and that payments due to HMRC are made within statutory deadlines.
- Returns regarding PAYE are completed and submitted on a timely and accurate basis.

FOR VAT

- All transactions through accounts payable and accounts receivable shall indicate their VAT status.
- Based on sample selected in accordance with the agreement of the CC CFO , all employee deductions eligible for VAT must be fully identifiable.
- All accounts receivable/debtors invoices or receipts issued for a vatable supply must indicate the amount of VAT, the VAT rate, tax point (date of supply) and the Commissioner's VAT registration number.
- All VAT transactions with corresponding entries to the VAT account are traceable to the relevant prime document.

FOR CIS

- Where construction and maintenance works are undertaken, the Commissioner shall fulfil the necessary construction industry tax deduction requirements. The Head of Central Services shall provide details to the HMRC regarding the Construction Industry Tax deduction scheme.

Responsibilities of the Deputy Chief Finance Officer

To ensure that:

FOR VAT

- A central VAT account is maintained detailing all VAT inputs and outputs and any VAT adjustments. No adjustments may be made to the VAT account except by the Financial Services Department.
- The Financial Services Department will also ensure that VAT returns to HMRC in respect of the Commissioner/ Constabulary are completed and submitted on a timely and accurate basis and any payments due are made within the specified timescale. Each VAT return must be signed by the CC Chief Finance Officer or Deputy Chief Finance Officer.
- The Financial Services Department perform a strategic role in relation to VAT compliance by issuing VAT guidance to the Commissioner and wider Constabulary and advising of changes in VAT legislation applicable to both the Commissioner and Constabulary.
- Where cash sales are made VAT must be entered either explicitly or by identification of VAT status and system calculation.
- The responsibility for ensuring that the correct VAT rate is applied to purchases and income will rest with the officer authorising a payment or raising a debtors invoice. If there is any uncertainty over the VAT treatment the Financial Services Department should be consulted.
- All VAT transactions with corresponding entries to the VAT account are traceable to the relevant prime document.
- The Financial Services Department will maintain appropriate records for VAT purposes for a period of time specified by HMRC.
- All accounts receivable/debtors invoices or receipts issued for a vatable supply must indicate the amount of VAT, the VAT rate, tax point (date of supply) and the Commissioner's VAT registration number.

D6 Pensions

Overview

As a large employer the Constabulary and OPCC have a legal requirement to provide all employees with access to pension schemes. Police officers are automatically joined into the Police Pension scheme and police staff are automatically joined into the Local Government Pension Scheme (LGPS). Pensions are a complex and ever changing area with new legislation, taxation implications and reporting requirements to meet.

The Police and Local Government Pension Schemes form part of the Public Service Pension Schemes which are regulated by The Pensions Regulator. The Chief Constable is the Pension Scheme Manager for the Police Officer Pension Scheme. The Local Government Pension scheme (LGPS) is managed by Cumbria County Council with the Constabulary and OPCC acting as scheme administrating authorities.

All people involved in governing and administering public service schemes should have the appropriate skills and expertise. However, there's a specific legal obligation on pension board members to have **knowledge and understanding** of their scheme rules, their scheme's documented administration policies and pensions law.

Key Controls

The key controls for pensions are:

- pensions boards are established to meet The Pensions Regulator governance requirements
- appropriate employees are provided with relevant information and training and are kept up to date on pensions issues
- risks around the administration of police pensions are properly recorded and managed
- all pensionable transactions are identified, pension contributions are correctly deducted, and pensions payments made, accurately and accounted for within stipulated timescales
- appropriate records are maintained.
- returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Chief Constable

The Chief Constable in acting in the role of Pension Scheme Manager for the police officer pension scheme has overall management responsibility for the scheme including ensuring that:

- A Pensions Board is established to assist in ensuring compliance with:
 - Scheme regulations
 - Other governance and administration legislation
 - any requirements of The Pensions Regulator
- benefits information is provided to members
- information on pension boards is published
- appropriate records are kept
- that pension boards members don't have conflicts of interest
- adequate internal controls are established and operate effectively
- late payment of contributions are reported
-

Responsibilities of the Chief Constable's Chief Finance Officer (CCCFO)

The CCCFO will:

- act as the Chief Constable's nominated employer representative on the Police Pension Board ensuring regular attendance at board meetings
- be the responsible person for Stage One of the Police Pension scheme Internal Dispute Resolution Procedures (IDRP)
- be the responsible person for the Stage One of the LGPS Internal Dispute Resolution Procedures
- oversee the police pension schemes risk register
- ensure the pension grants and contributions are correctly accounted for, reconciled and reported to the Home Office/Local Government Employers Association.

Responsibilities of the Chief Finance Officers (PCCCFO & CC CFO)

To ensure that:

- the Local Government Pension scheme Administering Authority requirements are met.

Responsibilities of the Head of Central Services

To ensure that:

- Any third party pension administration service is procured and managed to ensure the retention of proper records, contributions are collected and the correct benefits are paid to members.
- All staff dealing with pension payments are fully training in the difference pension scheme requirements
- All pension documentation is retained to support pension payments and information is passed to the scheme administrators to facilitate timely payments.
- Individuals receive information regarding appropriate pension schemes
- Legislative returns and reporting requirements are met, these include HMRC Accounting for Tax Returns and The Pensions Regulator scheme returns.
- The Constabulary and OPCC are informed of strategic and technical changes to pension provision
- The Constabulary and OPCC will meet the Automatic Enrolment requirements
- A pensions risk register is maintained

Responsibilities of the Head of Human Resources

To ensure that:

- The Constabulary produces, consults and holds an Employer Discretions policy in relation to the Local Government Pension scheme

D7 Ex-Gratia Payments

Overview

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.

Key Controls

- That there is a policy in place setting out the circumstances, process and evidence required to support an ex-gratia payment.
- There are clear responsibilities for authorising ex-gratia payments.

Responsibilities of the Chief Constable's Chief Finance Officer

- To authorise ex-gratia payments up to £10,000 on behalf of the Chief Constable in accordance with the Chief Constable's Scheme of Delegation and policy. This includes payments to members of the public or employees 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 Office of the Police and Crime Commissioner and the Constabulary and compensation in the event of loss, damage or alleged theft of possessions whilst in the possession of the Constabulary.
- To submit for annual review by the Chief Executive the central register of ex-gratia payments made.

Responsibilities of the Head of Central Services

- To collate supporting documentation to facilitate making ex-gratia payments on a timely basis, to members of the public or employees 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 Office of the Police and Crime Commissioner and the Constabulary and compensation in the event of loss, damage or alleged theft of possessions whilst in the possession of the Constabulary.

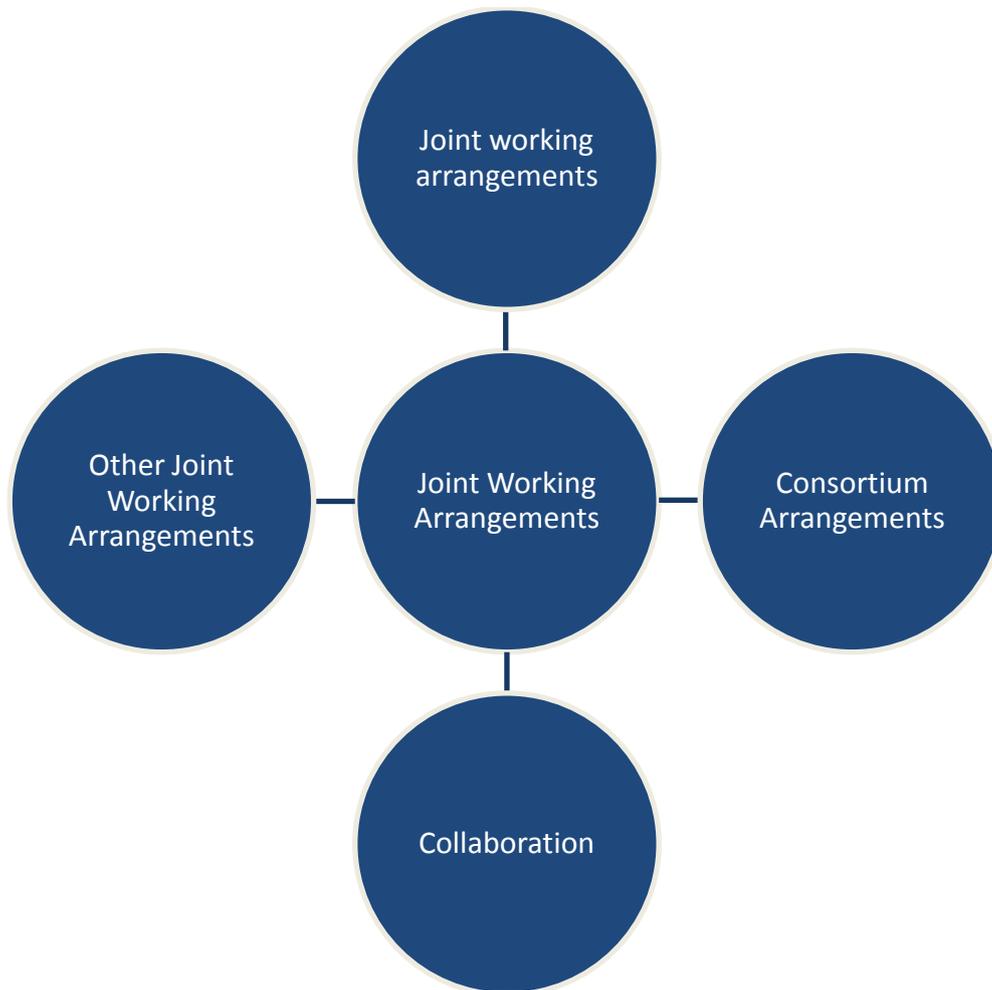
Procedure

In all cases where ex-gratia payments are requested the following procedure should be followed:

- a report detailing the circumstances behind the claim should be prepared.
- the extent of damage and cost of replacement / repair should be Independently verified.
- the claim should then be authorised in accordance with the limits prescribed above.
- once an ex-gratia payment is approved a payment should be requested from the Central Services Department.
- prior to releasing the payment the claimant should sign an indemnity accepting the payment in full and final settlement.
- a copy of all documentation should be retained by the Central Services Department on the central register of ex-gratia payments.
- For damage to police officer or staff property ex-gratia payments will be based on the following:
 - Vehicle / house damage - the lower of the compulsory insurance excess or the repairing the damage
 - Clothing – through application of the formula attached within the financial limits section of this document.
- To maintain details of ex gratia payments in a register.

Responsibilities of the Police and Crime Commissioner

- The Commissioner must approve any ex-gratia payments in excess of the £10,000 limit delegated to the Chief Constable.



General Overview

Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These arrangements can be grouped as follows:

Section E Joint Working Arrangements

Partnerships

This refers to groups where otherwise independent members work together as equal partners with a shared vision for a geographic or themed policy area and agree a strategy / programme in which each partner contributing towards its delivery and sharing, information, risk and rewards.

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

- *Statutory based*: These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs) and Local Strategic Partnerships (LSPs).
- *Strategic*: These are partnerships set up to deliver core policing objectives. They can either be Constabulary-wide or local.
- *Ad-hoc*: These are typically locally based informal arrangements.

The number of partnerships both locally and nationally is expanding recognising the potential such working has improve service quality, improve cost effectiveness and cut across agency or geographic boundaries. The wider responsibilities of the Commissioner and terms of the Police and Social Responsibility Act 2011 have facilitated the commissioning of services from a range of providers including the Constabulary and the provision of grants in delivering the Police and Crime Plan, which are covered more fully in Section E2 of the Financial Regulations.

Consortium Arrangements

This is a long term joint working arrangement with other bodies, operating with a formal legal structure and must be approved by the Commissioner.

Collaboration

Under the Police Act 1996 and the Police Reform and Social Responsibility Act 2011, Chief Constables and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police Constabulary or Commissioners. Any collaboration which relates to the functions of a police Constabulary must first be agreed with the Chief Constable of the Constabulary concerned and be discussed with the Commissioner.

Section E Joint Working Arrangements

Bluelight Collaboration - The Policing and Crime Bill introduces a statutory duty for the three emergency services (Police, Fire and Ambulance) to keep collaboration opportunities under review and to collaborate where a proposal is in the interests of efficiency, effectiveness or public safety.

Joint working arrangements entail common responsibilities:

- To act in good faith at all times and in the best interests of the joint working relationship 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 joint working arrangements activities or duties that is of a confidential or commercially sensitive nature.
- Where appropriate, to promote the project.

Other Joint Working Arrangements

The Constabulary and OPPC may also seek services from external agencies or provide services to other bodies outside of normal obligations for example training and special policing services for which charges are made. In either circumstance care must be exercised to ensure that:

- Risks including financial risks are assessed and minimised.
- There is a legal power to undertake the work and that it complies with any applicable regulations and legislation.
- That it is compatible with the objectives of the Police and Crime Plan and has no detrimental impact on other policing services.
- That appropriate contractual, financial and insurance arrangements are put in place.

The office of the PCC and Constabulary elements of all joint working arrangements must comply with the principles and controls outlined in the financial regulations and financial rules, but it is recognised that they need to be applied practically and proportionately and must be formalised for significant joint working arrangements which carry such importance and carry potential risks that a degree of corporate scrutiny and control is required as opposed to the myriad of practical working arrangements with other parties, which are part and parcel of modern policing, and which should be managed locally under the ultimate control of local Commanders and Directors.

Section E Joint Working Arrangements

Whilst officers and staff should use their judgement to identify significant joint working as a guide a significant joint working arrangements would fulfil any of the following criteria:

- The Commissioner / Constabulary has a statutory or legal obligation to participate.
- The Commissioner / Constabulary commits resources either through direct funding or staff time equivalent in value to greater than £25,000 per annum.
- The Commissioner / Constabulary could incur reputational damage by failing to participate effectively in the joint working arrangements.

Key Controls

In all joint working arrangements the following key controls and principles must be applied:

- The arrangements to enter into joint working must have been authorised by the Commissioner or Chief Constable as appropriate.
- Before entering into the agreement, a risk assessment has been prepared.
- Such agreements do not impact adversely upon the services provided by the Commissioner or Constabulary.
- 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, insurance and taxation requirements, particularly VAT, are understood fully and complied with.
- An appropriate exit strategy has been produced.

Section E Joint Working Arrangements

Responsibilities of Commanders, Directors and Senior Managers

- Participation in all significant joint working arrangements must be approved in advance by the Commissioner and Chief Constable.
- For all joint working arrangements in addition to the operational staff involved in arrangement, there shall be a nominated joint working arrangement lead within the Constabulary / OPCC who would normally be the Commander or Director for the service area in which the joint working arrangement operates. It is the responsibility of the project lead to manage the joint working from an OPCC or Constabulary perspective, ensuring that the arrangement meets the principles outlined above on an on-going basis and that all governance is operating effectively.
- In order that the full implications of any potential joint working arrangement are fully understood prior to consideration by the Commissioner/Constabulary, project leads must, prior to engaging the Commissioner or the Constabulary in a potentially significant joint relationship or working arrangement, ensure that the Corporate Improvement (registration, risk management, governance), Financial Services (costing, insurance, VAT, accounting) and Legal Services (legal, contractual) teams are fully consulted.
- Ensure that any conditions associated with external funding can be met without compromising the operational performance of the Constabulary and OPCC.
- Ensure that for all commercial arrangements the principle of full cost recovery is applied.
- The proposed joint working arrangement should be supported by formal documentation, agreed by all prospective partners, which should be scrutinised by the Director of Legal Services / Chief Executive. The documentation should include:
 - The objectives of the joint working arrangement.
 - A business case to justify participation in the joint working arrangement.
 - A legal agreement, funding agreement, grant agreement or memorandum of understanding.
 - Details of the contributions both financial and in kind for each partner.
 - An exit strategy.
 - Details of the joint working governance arrangements.
 - A risk assessment.
- The joint working arrangements lead officer must also complete the standard joint working arrangements registration and risk assessment form which must be circulated to the major consultees noted above.

Section E Joint Working Arrangements

- Following approval to enter a joint working arrangement, there are on-going responsibilities to ensure that internal controls are maintained and best use of resources achieved over the lifetime of the project. The nominated joint working arrangements lead officer shall be responsible for ensuring that:
 - All staff engaged in working on their joint working arrangement are aware of and adhere to their responsibilities under the organisations financial regulations and rules.
 - Documentation of all agreements is in place and significant changes are appropriately authorised.
 - Effective management of the joint working arrangement within the Constabulary / OPCC including regular communication with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
 - Be responsible for financial management of the Constabulary / OPCC input to the joint working arrangement within agreed resources in liaison with the financial services department.
 - That the project's activities do not adversely impact on the services provided by the Commissioner or Constabulary.
 - That the joint working arrangement's performance against its objectives is regularly reviewed.
 - The joint working arrangement's register and risk assessment is updated immediately for significant changes and reviewed at least biennially.
- For less significant joint working arrangements the responsibility for effective management and control will rest with the nominated lead officer. Whilst the control over smaller joint working arrangements are likely to focus on day to day activities, to ensure that the arrangement operates effectively the lead officer shall ensure that:
 - Staff are aware of their responsibilities under the financial regulations.
 - There are legal powers to enter such an arrangement.
 - That appraisal processes are in place to assess the viability of the arrangement in terms of resources, staffing and expertise.
 - The roles and responsibilities of each of the partners involved in the project are agreed before the project commences.
 - That the projects activities do not adversely impact on the Commissioner's or Constabulary's other services.

Section E Joint Working Arrangements

- To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- There is effective financial control over the joint working relationship's activities.
- There is on-going risk assessment for joint working relationship's activities.

Responsibilities of the Director of Corporate Improvement

In relation to joint working arrangements involving the Constabulary, responsibilities include to:

- Produce and maintain a policy statement on joint working arrangements.
- Maintain a register of significant joint working arrangements.
- Co-ordinate the periodic review of joint working arrangements registration details and risk assessments.
- Ensure that joint working arrangements appraisal processes are in place to assess the viability of the joint working arrangements in terms of resources, staffing and expertise.
- Ensure that joint working arrangements performance measures are in place and that these are regularly monitored and incorporated within the Constabulary's overall performance measurement process to provide re-assurance that participation within the joint working arrangement represents efficient use of the organisation's resources.
- Ensure that risk assessment and mitigation is sufficiently robust and these are incorporated within the Constabulary's wider risk management process.

Responsibilities of the Director of Legal Services

- The Director of Legal Services shall ensure that the OPCC and Chief Constable have the legal power to enter the joint working arrangements and engage in the activities of the joint working arrangements.

Section E Joint Working Arrangements

Responsibilities of the Constabulary Chief Finance Officer (CC CFO)

In relation to significant joint working arrangements involving the Constabulary the CC CFO shall ensure that:

- There is clarity about responsibilities for budgetary control and reporting.
- There is a clear understanding and formal documentation of the Constabulary's financial commitment to the joint working arrangements both within the Constabulary and amongst partners.
- That the Constabulary's financial commitment to the joint working arrangement is reflected in the annual budget and medium term financial forecast.
- That in relation to capital expenditure, there is clarity about which organisation incurs the spending, which should only be committed after the approval of a formal business case, which demonstrates, inter alia, how Value for Money will be achieved.
- To ensure proper advice is taken in relation to VAT to ensure that that the partial exemption enjoyed by Police and Crime Commissioner's is not threatened by the status of a joint working arrangement agreement.
- That there are adequate insurance arrangements for staff and assets whilst employed in joint working arrangement activities.
- To ensure where necessary that specialist advice is taken in relation to Corporation Tax in those instances where a Joint working arrangement adopts an innovative company structure.
- To ensure one of the partners is identified to be the accountable body and that there is clarity regarding the Financial Regulations and Standing Orders to be observed by Constabulary staff whilst engaged in joint working arrangements activities.
- In conjunction with the Deputy Chief Finance Officer that standard accounting principles and concepts are understood and adhered to and that financial aspects of the joint working arrangements are reflected in the organisation's final accounts in accordance with the provisions of the CIPFA Code.

Section F Guidance Notes on Breach of Financial Regulations, Rules and Procurement Regulations

These guidance notes are supplemental to the Anti-Fraud and Corruption Policy, Plan and Procedures and should be read in conjunction with those documents.

The PCCCFO and the CCCFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or employee or member of any collaborative body on which the Commissioner or the Constabulary is represented:

- has made, or is about to make a decision which involved or would involve the Commissioner or the Chief Constable incurring expenditure which is unlawful;
- has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Commissioner or the Chief Constable; and
- is about to enter an item on account, the entry of which is unlawful.

It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the Commissioner with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the PCCCFO and the CCCFO. A copy of such a report shall be sent to the external auditor.

To provide for effective action to deal with any fraud and corruption and to assist the PCCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Constabulary and the OPCC are properly conducted, the Commissioner and Chief Constable will approve an Anti- Fraud and Corruption Policy, Plan and Procedures that will be adhered to in the circumstances of any suspected or actual breach of financial regulations, rules or procurement regulations, particularly where fraud or corruption is suspected.

Section F Guidance Notes on Breach of Financial Regulations, Rules and Procurement Regulations

Where a breach of financial regulations or rules has occurred of a non-malicious nature this will be dealt with by management action. Management action may result in the instigation of disciplinary proceedings. Management action will be directed toward the member of staff or officer responsible for the breach. This may be a manager where there has been a failure in the responsibility to ensure subordinates are aware of and trained in the use of the orders/regulations/rules.

There are no formal exemptions to the financial regulations and rules. Where there is a robust reason that the regulations or rules are unable to be applied, authorisation must be given by the PCCCFO for exemptions regarding the Commissioner's Office and the CCCFO for exemptions regarding the Constabulary.

Section G Regulation Limits and Delegations

Introduction

The Commissioner expects anyone acting under this scheme to draw to their attention any issue which is likely to be regarded as novel, contentious or repercussive. In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred; prior written approval must be obtained from the relevant Chief Finance Officer.

The regulation limits apply in respect of delegations between the Commissioner and the Commissioner's staff and between the Chief Constable and the Chief Constable's staff. The financial freedoms and flexibilities provided to the Chief Constable from the Commissioner are set out within a wider Scheme of Consent and detailed with the Chief Constable's annual Funding Agreement.

References to Sections refer to the relevant part of these regulations where the regulation limit is to apply.

Section B: Financial Planning and Control

Financial Planning: The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of an estimated value of **£100,000**

Budgetary Control: Major projects need not be referred back to the Commissioner for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the **lesser of 10% or £100,000**. Where the net position on the Constabulary budget is forecast to over or underspend by more than £500k or where the position is known to have changed by more than £500k since the last monitoring report, the PCCCFO must be notified as soon as the variation is known.

Virements: The levels of authorisation for virements are:

Limit	PCCCFO	Chief Executive
Up to £100,000	✓	
Up to £150,000	✓	✓

Section G Regulation Limits and Delegations

In addition, the Chief Constable is authorised to approve virement within Constabulary budgets as set out within the Funding Agreement. Any further virement within the Constabulary budget must comply with the approvals set out above, being authorised by the PCCCFO or the PCCCFO and Chief Executive.

The PCCCFO is authorised to approve any virement within the capital budget to address issues of timing where the scheme is approved and the virement is consistent with the business case for the scheme. This includes virements to and from capital reserves to bring forward schemes planned for future years where there is capacity and a business imperative to commence schemes in advance of the planned programme.

Year End Balances: Year end balances will be returned to general balances other than where specific approval has been given to carry forward those budgets. Budget holders may apply to the PCCCFO to carry forward any underspend. The PCCCFO will present to the Commissioner a report with recommendations in respect of budget carry forward. This will take account of under spend due to circumstances beyond the budget holders control and under spend where there is likely to be an unbudgeted liability for the unspent sum in the following financial year. Budget holders who overspend their budget in any financial year may have their budget reduced for the following year subject to the determination of the Commissioner after consultation with the PCCCFO.

Capital Programme: The Chief Executive must be notified of all proposed property leases or renewals before any agreement is made. Any lease with a value in excess of **£50,000** pa or any lease over 5 years in duration shall be subject to the Commissioner's approval.

All capital schemes within the capital project are subject to approval of a detailed business case. Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the Commissioner for further approval unless the cost of the scheme exceeds **10% or £100,000** whichever is the lower amount

For non-rolling capital schemes in excess of **£500,000**, the project manager shall, as soon as is practical after completion of the scheme, brief the PCCCFO on the final cost of the scheme compared to budget and within 12 months of completion provided an evaluation of the business

Section G Regulation Limits and Delegations

benefits delivered, compared with the original business case.

Section C: Management of Risk and Resources

Assets: The de-minimus for capital expenditure is £25k. The de-minimus for capital income is £10k. Single items below this amount are treated as revenue. Items of individual cost value below £25k are capitalised where they are acquired as part of a rolling programme and combined for the purposes of procurement. For capitalised expenditure, the Chief Executive shall secure that an asset register is maintained. The asset register will comprise:

- Land & Buildings - All values of land and building
- Vehicles – vehicle assets procured within the rolling annual capital programme with cumulative value above £25k
- Computers – computer assets procured within the rolling annual capital programme with cumulative value above £25k
- Plant & Equipment – plant and equipment assets procured within the rolling annual capital programme with cumulative value above £25k

The Chief Officers shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value of **£250**.

Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Executive up to the level shown below. Amounts for write off above this value must be referred to the PCCFO for approval.

- Individual items **£5,000**
- Overall annual limit on all stock **£15,000**

Obsolete stock, or equipment and materials surplus to requirements may be written off by the Chief Executive up to the level shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

- Individual items **£5,000**
- Overall annual limit on all stock **£15,000**

Section G Regulation Limits and Delegations

The Chief Executive may dispose of surplus land, buildings, vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the Commissioner for prior approval.

- Land & Buildings **£250,000**
- Equipment **£10,000**
- Vehicles **£10,000**

Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement.

- Land & Buildings **£500,000**
- Equipment **£15,000**

Section D: Systems and Processes

Income: Individual amounts may be written off by the PCCCFO up to **£10,000**. Amounts for write off above this value must be referred to the Chief Executive for approval.

All cases where write off action results from theft or fraud shall be referred to the PCCCFO for approval up to a maximum of **£10,000** and to the Commissioner for approval of amounts in excess of that sum.

Ordering of Goods and Services: Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in procurement regulations

Ex Gratia Payments: Chief Officers may make ex gratia payments to members of the public up to **£10,000** in consultation with the CC CFO

This page is left intentionally blank



Joint Audit & Standards Committee

Title: Review of the Office of the Police and Crime Commissioner Grant Regulations

Date: 04 November 2016

Agenda Item No: Seven

Originating Officer: Vivian Stafford, Head of Partnerships and Commissioning

1. Introduction & Background

1.1 As part of the arrangements for reviewing governance within the Office of the Police and Crime Commissioner the Grants Regulations have been formally reviewed.

1.2 The three year cyclical review has been carried out in consultation with legal services and the head of procurement.

1.3 Attached is a copy of the grant regulations with “tracked” changes, so it is clear what alterations have been made.

2. Issues for Consideration

2.1 In terms of the grant agreement itself the most substantial change that has been made is to remove the small grant scheme form, and instead use just the one form. The reason behind this is that it will simplify the process if just one form is available and it means we have the same rights and redress, regardless of the amount awarded.

3. Recommendations

- Review the amendments identified
- Identify and recommend further areas for improvement

Agenda Item 15



Cumbria Office of the Police and Crime Commissioner

Grant Regulations

Contents

Definitions..... 3

Introduction 5

Purpose, Responsibilities and Policy 6

 Purpose 6

 Responsibilities 6

 Policy 7

Procedure for Grant Awards and Grant Agreements..... 8

 Introduction 8

 Procedure..... 8

 Exemptions to the Open Award Process 9

 The Cumbria Compact 10

 Award of Grants 11

 Open Grant Schemes and Evaluation Criteria 13

 Grant Agreement Terms and Conditions 13

 Publication Requirements..... 15

Model Grant Agreement 16

Model Grant Agreement: Small Grant Schemes ~~33~~34

Definitions

'Regulations' – means these Grant Regulations.

'Commissioner' – means the Police and Crime Commissioner for Cumbria.

'Commissioners Monitoring Officer' – means the Chief Executive.

'Chief Executive' – means the person appointed by the Commissioner to be head of the Commissioner's staff as defined within the Police Reform and Social Responsibility Act 2011.

'COPCC' – means Cumbria Office of the Police & Crime Commissioner.

'Commissioning Strategy' – the Commissioner's strategy setting out the overall arrangements for commissioning in accordance with the budget and the priorities within the Police and Crime Plan.

'Cumbria Compact' – [an agreement between public sector bodies and the voluntary and community sectors.](#)

'DPA' – means the Data Protection Act 1988 and 2003.

'EU Procedure' – means the set of established, detailed procedural rules which must be observed when awarding works, supplies, and services contracts which are intended to promote fair and open competition and a single European Market under The Public Contract Regulations 2006.

'FOI' – means The Freedom of Information Act 2000.

'Organisation' – means the Cumbria Office of the Police & Crime Commissioner

'PCCCFO' – means Police & Crime Commissioner's Chief Finance Officer.

'Total Value' – means the anticipated total spend over the lifetime of a requirement for goods, services or works. This may include implementation costs, ongoing operational costs, and end of life disposal.

'Value for Money' – means the optimum combination of whole life costs and quality (or fitness for purpose) to meet the user's requirement.

'PRSRA 2011' – means the Police Reform and Social Responsibility Act 2011

'Cumbria Compact'- a voluntary compact between VCSE groups and public sector bodies to support collaborative working

'VCSE' – means the voluntary, community and social enterprise sector

“anti-social behaviour” means behaviour by a person that causes or is likely to cause harassment, alarm or distress to one or more other persons not of the same household as that person;

“crime and disorder reduction” means reduction in levels of:

- (a) crime and disorder (including anti-social behaviour and other behaviour adversely affecting the local environment),
- (b) the misuse of drugs, alcohol and other substances, and
- (c) re-offending.

Introduction

Welcome to the Grant Regulations for the Cumbria Office of the Police and Crime Commissioner. This document sets out for our staff and partners the rules by which the COPCC will award crime and disorder reduction grants and grants to help victims, witnesses and others **ea**ffected by offences and anti-social behaviour. These regulations alongside the Procurement Regulations aim to support the delivery of the Commissioning Strategy and Plan.

Grant regulations aim to ensure that grant awards are made in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. They also secure that the processes that underpin decision making are robust and that the terms and conditions applied to grant agreements are appropriate to the amount of the grant award and the purpose for which it has been made. Our regulations aim to safeguard public money, supporting decisions that direct funding towards activity and interventions that will have the greatest impact on reducing crime and disorder and deliver best possible outcomes for victims. In doing this we aim to ensure that a wide range of organisations have the opportunity to work with us in support of the vision within the Police and Crime Plan.

The vision within the Commissioner's Police and Crime Plan is that:

"Cumbria remains a safe place to live, work and visit, where the public has a say in policing and organisations and community groups work together to address the causes of crime, as well as the consequences"

The Grant Regulations apply to the issuing of crime and disorder reduction grants and grants to help those **ea**ffected by offences and anti-social behaviour. They operate alongside the Commissioner's Procurement Regulations. They do not negate the requirement to comply with procurement regulations for the procurement of supplies, goods and services where the Commissioner receives the direct economic benefit of that supply or where the arrangements are likely to be above the thresholds of the EU procurement directive.

Purpose, Responsibilities and Policy

Responsibilities

The Commissioner is responsible for all awards of grants and decisions to enter into grant agreements. All grant awards and grant agreements must be in the name of the “**The Police and Crime Commissioner for Cumbria**”.

The Chief Executive will be responsible for ensuring that staff of the COPCC comply with these regulations; for securing the safekeeping of registers of grant awards and grant agreements; and for securing that records are maintained of exemptions to the open procedure.

The Head of Partnerships and Commissioning is responsible for:

- Maintaining robust and up to date grant regulations; to ensure the grant regulations are complied with
- Ensuring the exercise of due diligence through effective processes and procedures prior to decision making
- The overall arrangements for assurance when awarding funding, to ensure the safeguarding of public funds and the delivery of priorities within the Police and Crime Plan;
- Ensuring that total funding awarded through grants and grant agreements is within the amount allocated annually within the budget, and for awards across multiple years, within the amounts set out within the Commissioning Strategy;
- Meeting all publications requirements with regards to the award of grants and grant agreements.

The Director of Legal Services will be responsible for the provision of advice on grant agreements including advice on terms and conditions.

All staff employed by the Commissioner must abide by these Regulations in the conduct of the business of the office.

Purpose

The purpose of these Regulations is to:

- Achieve Value for Money and support the priorities within the Police and Crime Plan
- Be consistent with the highest standards of integrity and ensure fairness in allocating grants
- Comply with all legal requirements, particularly in relation to the EU Public Procurement Rules
- Secure good governance in respect of decisions to award grants and enter into grant agreements

Policy

The policy for COPCC grant awards and agreements is that:

- The award of grants is limited to VCSE organisations or other public sector partners for the purposes of partnership working.
- All activity undertaken to develop opportunities for grant awards and grant agreements is undertaken with the primary objective of supporting the Commissioner to deliver statutory responsibilities and achieve the priorities and objectives within the Police and Crime Plan.
- Decisions to award grants and enter into grant agreements should do so to achieve best Value for Money, taking into account the amount of funding being committed and the outcomes that aim to be delivered from that funding.
- The process to award grants should be proportionate to the amount of the grant award and the purpose for which it is being given. Processes will achieve an appropriate balance between risk, innovation and delivery.
- The award of grants will be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability.
- All staff involved in commissioning activities will adhere to these Regulations and the Procurement Regulations. Consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- The award of grants will be where possible, undertaken in accordance with the ~~commitments made by the Commissioner as signatory to~~ principles set out in the Cumbria Compact.
- All commissioning activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.



Procedure for Grant Awards and Grant Agreements

Introduction

Police and Crime Commissioners have responsibility for enhancing criminal justice, community safety, reducing crime, and supporting victims. In carrying out those responsibilities the Anti-Social Behaviour, Crime and Policing Act 2014 provides Commissioners with wide powers to provide or commission services that:

- in the opinion of the Commissioner, will secure, or contribute to securing, crime and disorder reduction
- are intended by the Commissioner to help victims or witnesses of, or other persons affected by, offences and anti-social behaviour;

In arranging for the provision of these services the legislation provides that the Commissioner may make grants in connection with the arrangements. The grants may be subject to any appropriate conditions, including conditions as to repayment.

In Cumbria these grant regulations set out the arrangements for making grants and entering into grant agreements for the purposes of exercising those powers and responsibilities. These regulations will apply in supporting the delivery of the Commissioning Strategy other than in cases where commissioning activity is being fulfilled through the Commissioners procurement regulations.

Procedure

The award of grants and entering into grant agreements can only be made by the Commissioner. Officers involved in commissioning activity that is planned to be delivered through a grant award and agreement must adhere to the following procedures:

- Activity must be consistent with the approved Commissioning Strategy and programme, having regard to the commissioning principles set out within the strategy and the commitment to the Cumbria Compact.
- All commissioning activity, where appropriate should be supported by policy ~~and or~~ research that identifies the need to commission further activity or interventions prior to the development of any schemes for the award of grants.
- Grants and grant agreements may only be used where they are in accordance with legislation, including the EU procurement requirements and are not seeking to confer a direct economic benefit to the Commissioner. In any other circumstances the Commissioner's Procurement Regulations must be complied with. Where officers are unsure as to whether these Regulations or the Procurement Regulations apply they must seek the advice of the ~~Chief Executive-Director of Legal Services or the Head of Procurement.~~

- Grant awards should be made using an open process, other than for those awards that meet the criteria for exemptions to the open award process.
- An open award process is a scheme that is open to all VCSE providers and publicised through the Commissioner's website and other appropriate media. Open award processes will have a predetermined purpose or set of outcomes and an evaluation model against which funding applications can be assessed. The application process should give careful consideration to the information applicants are asked to provide. Information requirements should not be burdensome but should be sufficient to ensure that the financial standing and delivery capabilities of the applicant can be reasonably assessed.
- The issue of all grants and grant agreements must include terms and conditions appropriate to the amount of the funding and a mechanism through which outcomes can be assessed.
- Grant agreements may be issued to partners on the basis of collaborative and pooled budget arrangements that support the discharge of shared responsibilities. This includes collaborative working with local authority partners to discharge shared responsibilities for community safety and youth offending; collaborative working with health and local authority partners to discharge shared responsibilities for commissioning sexual assault services for victims and collaborative working with probation partners to secure the enhancement of criminal justice and the commissioning of restorative justice services.
- Where partnership arrangements involve collaborative procurement undertaken on the basis of pooled budgets, the lead officer must ensure that the Commissioner's Procurement Regulations are complied with.
- The Commissioner's decision to make a grant award must be documented. This will be within the minutes of the Commissioner's Executive Board for decisions made at the board or through the decision making process for non-executive decisions for decisions of made by scheme panels or decisions made directly by the Commissioner.
- All decision forms must be signed off by the Chief Executive.

Exemptions to the Open Award Process

The Chief Executive in consultation with the Commissioner may determine exemptions to open award process under specific limited circumstances. Specifically:

- In the event that a VCSE provider experiences financial/other difficulties that places at risk the provision of services to victims and/or at risk client groups, a grant may be provided directly, without an open process, to secure continuity of service delivery either with the existing VCSE provider or an alternate VCSE provider. Direct provision of the grant may not extend beyond a 12 month timeframe.

- In order to manage the transition from national to local commissioning, direct award of grants may be made to an existing or alternate VCSE provider for a maximum of 12 months to secure continuity of service in circumstances where: it is anticipated that the local arrangements will necessitate a full contract tender process and; value for money on the contracting arrangements can be better secured by providing a lead in time for due diligence on the specification requirements or; value for money maybe better secured by providing lead in time to develop collaborative working or different models of service delivery.
- Direct award of funding through a grant agreement can be made where there is a statutory provider and/or where the Commissioner has specific statutory responsibilities discharged through a statutory body or partnership and/or where a group of statutory partners determine to discharge shared statutory responsibilities jointly through a board or governance structure; for example Community Safety Partnerships/Safer Cumbria Partnership; SARC Board.
- Direct award of funding through a grant agreement can be made to secure collaborative arrangements on the basis of pooled budgets with other public sector partners to discharge shared responsibilities where to do so secures value for money from the commissioning process in respect of outcomes and/or the efficiency of the commissioning process e.g. single tender process, economies of scale, single contract management arrangements, pooling of expertise/experience.
- Small grant awards under the value of £10k-25k may be subject to direct grant award in circumstances where there is a clear business imperative to making the award. Examples could include funding of a time limited nature that would be lost to the Commissioner by following an open grant process; risk of delivery of key/specific elements of the police and crime plan; the requirement for very specialist services where there are a limited number of providers; pilot/research based projects seeking to develop the capacity/capability of new providers and/or test new initiatives with a view to scheme roll out on an open award basis.

The Cumbria Compact

The Commissioner has joined the Cumbria Compact, an agreement between public sector bodies and the voluntary and community sectors. The Cumbria Compact compact lays out a set of guidelines for dealing with the third sector organisations and is based around the key principles of Respect, Honesty, Independence, Diversity, Equality, Volunteering, and Citizen Empowerment.

Officers engaged in commissioning activity should will, where appropriate, ensure they are aware of the commitments made by signatories to the Cumbria Compact compact and seek to operate within the Cumbria Compact compact agreement. The Cumbria Compact compact covers a number of areas that provide a guide to more effective engagements with voluntary and community groups. It covers the considerations that should be taken into account in designing grant award schemes including allocating resources, determining funding options, application and bidding processes and monitoring and reporting arrangements.

Specifically, the ~~Cumbria Compact~~ sets out commitments for both public sector bodies and voluntary and community sector groups. The commitments for public sector bodies cover the areas of:

- | | |
|--------------------------------------|--|
| ▪ Engagement and Policy Development: | ▪ Understanding costs |
| ▪ When to involve | ▪ Making decisions |
| ▪ Enabling involvement | ▪ Agreeing delivery terms |
| ▪ How to involve and engage | ▪ Making payments |
| ▪ Allocating Resources | ▪ Monitoring and reporting |
| ▪ Planning | ▪ Concluding a financial relationship |
| ▪ Choosing Funding options | ▪ Advancing Equality and working together for Equality |
| ▪ Application and Bidding process | |

Award of Grants

Grant awards can be made against 6 specific funds set out within the Commissioning Strategy.

The Community Fund: A fund for access by small community, voluntary and third sector groups for projects that can show a contribution to the priorities within the police and crime plan. The fund is particularly looking to support community groups to deliver a change within their local communities and which they believe they can have an impact on:-

- | | |
|--|--|
| ▪ Anti- Social Behaviour - including Alcohol-Related Offending | ▪ Support for Victims |
| ▪ Youth Justice | ▪ Preventing Re-offending |
| ▪ Rural Crime | ▪ Veterans |
| ▪ Domestic Abuse | ▪ Hate Crime which encompasses hate, disability, sexual orientation, race, transgender, and religion |
| ▪ Sexual Violence | |

The Innovation Fund: The innovation fund is a fund available to support innovative projects to pilot new ways of working with at risk groups to reduce offending and re-offending. Grants will be awarded to Innovative projects that specifically aim to address the following issues:

- Anti-Social Behaviour
- Alcohol related crime
- Youth Justice, Veterans
- Rural crime
- Domestic Violence and Sexual Violence

The Police and Crime Property Fund: The police and crime property fund is a Fund that is awarded by the Commissioner with the aim of funding communities and organisations to work together to reduce crime and disorder locally. The types of applicants/organisations that can apply for a grant are Local Community groups, Neighbourhood Watch Schemes, Parish Councils, Charities, Voluntary Groups, and Schools. Groups must have the support of their locally based Police Officer, Police Community Support Officer or Police Staff who will help with the application. Applications for the police and crime property fund will be awarded for schemes that support the priorities of:

- Helping to keep children and young people active and safe
- Improving the support for vulnerable people to help them feel safer such as the elderly, victims of crime (e.g. abuse or discrimination), and also antisocial behaviour.
- Bringing together parts of the community that find it difficult to talk to or access each other.

The Victims' Services Fund: The victims' services fund is a specific ring-fenced fund backed by a central Government grant to commission the widest possible range of services for victims and by the widest possible means. The fund will commission a victims referral service helpline from April 2015 and local support services in addition to a victim's information hub. The fund will primarily support collaborative partnership arrangements to transition nationally commissioned services to a regional/local commissioning model. The fund will also support arrangements for small grant awards with a specific focus on victim's advocacy and capacity building within the VCSE sector.

The Prevention Fund: The prevention fund is a ring-fenced fund specifically targeted at tackling offending, re-offending and anti-social behaviour. The fund can be used to support ~~be used and~~ to deliver the preventative strands of the commissioning plan including perpetrator and education programmes alongside restorative justice provision and interventions to tackle youth offending and improve outcomes for young people at risk of offending. Commissioning activity will operate through both traditional procurement routes in addition to the issuing of crime and disorder reduction grants.

The Partnership Fund: The partnership fund is a fund that provides for collaborative working and pooled budget initiatives to support the discharge of areas of shared statutory responsibility with our wider public sector partners across health, probation and the local government sectors. The fund provides for the implementation of agreements in support of partnership working across shared responsibilities for victims and witnesses, community safety, crime reduction and anti-social behaviour.

Open Grant Schemes and Evaluation Criteria

Grant schemes for open grant applications should be developed having given careful consideration to the commitments within the Cumbria ~~compact~~ Compact and the accessibility of the scheme. Schemes should be advertised widely and as a minimum through CVS networks and the Commissioner's website. The Commissioner's Engagement Officer should be contacted to arrange media and press release information to support the promotion of the scheme.

Schemes should be developed within an application pack that provides sufficient information to target organisations in respect of the purpose of the scheme and any criteria or specification information against which applications will be considered. Application forms should be easily downloadable from the Commissioner's website and application packs should detail contact information for further advice and/or support. Schemes should specify the evaluation criteria against which bids for funding will be considered. The criteria will be bespoke to each scheme but should include, as a minimum:

- A clear description of the proposal demonstrating how it meets the purpose of the scheme
- The quality of the submission in relation to performance measures, outcomes or outputs and how they will be monitored and reported.
- The quality of the applicant's proposal against a detailed scoring and evaluation framework that supports the scheme specification or purpose.
- The quality of financial information and a review of the financial standing of the bidding organisation. For small grant schemes financial standing can be assessed on the basis of submission of the statement of accounts and/or bank statement information.

Specifications and evaluation criteria for schemes of significant value can be complex and will need to be as robust as those developed for a procurement exercise. Officers developing schemes of significant value should seek support and input from the relevant procurement business partner.

Grant Agreement Terms and Conditions

Once a decision has been taken to award grant funding, the arrangements must be set out in writing in an offer letter. The letter must be appended with a grant agreement that sets out the terms and conditions that apply to the funding. The agreement must be sent out with the letter in duplicate, signed by the Commissioner. No payment of funding can be made until the agreement has been signed and returned by the party to which the offer has been made. It is the responsibility of the **leading** on the grant scheme and/or implementing the decision to award a grant to ensure the grant agreement has an appropriate set of terms and conditions. The following considerations must be applied:

Commented [LR1]: Leading what?

- a) Where the agreement is being funded from a government grant, the terms and conditions of funding must include the terms and conditions that the government grant is subject to. For all other funding the terms and conditions of the agreement should be proportionate to the amount of the grant award and the risk/complexities of the activity being funded.
- b) Terms and conditions for open award grant schemes should be advertised alongside details of the scheme or within the scheme application form. Prior advertisement of terms and conditions will not preclude a grant offer being made with terms that are supplemental to those advertised where this is appropriate to the grant offer/scheme being funded. In these circumstances the additional terms should either be set out in the offer letter or referenced in the offer letter and highlighted in the funding agreement.
- c) These regulations contain a model funding agreement. As a minimum all agreements, other than those for small grant schemes, must include the terms set out in the model funding agreement. These are standard legal terms that seek to protect the Commissioner's interests and ensure public money is properly administered and spent for the purposes for which the grant is awarded. Whilst the model agreement provides a baseline of terms, officers developing schemes must still consider carefully the need for additional/bespoke terms and conditions to supplement the agreement. Legal ~~services~~ Services advice should be sought on any additional/bespoke terms.
- d) All funding agreements will need to describe the purpose of the funding. These are the specific reasons for the funding award and should clearly detail any requirements upon which funding is conditional, including where applicable, the scheme specification. This section of the agreement should also include information requirements, for example in respect of performance measures, outcomes and/or outputs expected to be achieved from the funding in addition to information as to how recipients of funding are expected to evidence their compliance with the agreement. This will include the frequency and format of monitoring reports and information.
- e) All funding agreements will need to set out the basis for payment of the agreed funding. Consideration must be given to the timing of funding and any evidence of expenditure or monitoring information that should be submitted prior to the release of funds. Generally grants should be paid in arrears, with evidence of expenditure, other than for small grant schemes. Funding agreements that are funded from government grants should provide a payment and evidence schedule that takes into account the requirement for the OPCC office to submit and draw down funds from government. Advice should be sought from financial services in respect of these requirements.

~~f) Small grant schemes are defined as those where funding is limited to £10,000. These schemes will be subject to a simplified set of terms and conditions that are more proportionate to the amount of the award and capable of being met by smaller VCSE groups. These regulations set out a model small grant agreement with terms and conditions for small grant schemes. The model provides a baseline of terms and conditions.~~

~~Officers developing schemes must still consider carefully the need for additional/bespoke terms and conditions to supplement the agreement and should seek support from legal services. The agreement will need to set out the purpose of funding and a payment schedule. For small grant schemes this will usually be 80% of funding in advance of the scheme and 20% subject to completion of a final report or other monitoring/information requirements.~~

~~g)~~ Approval must be sought from the Chief Finance Officer for any exceptions to the standard provisions within these regulations for payment schedules that seek to reduce the requirements. This includes agreements (excluding small grant schemes) that make payment in advance of expenditure or small grant schemes that pay all funding in advance.

~~h)~~ This section on terms and conditions does not apply to the Police and Crime Property Fund. The Police and Crime Property Fund will be administered in accordance with the scheme for that fund.

Publication Requirements

Decisions to award grants and enter into grant agreements are subject to publication under the Elected Local Policing bodies (Specified Information) Order. ~~This includes a requirement to publish grant agreements.~~ Grant schemes and offer letters should make these requirements clear to applicants and/or partners and provide an opportunity for either party to clearly identify any information that may be classed as confidential and subject to redaction. Any decision to redact is made by the Commissioner and advice should be sought from the ~~Commissioners~~ ~~Monitoring~~ ~~offer~~ ~~Officer~~ where there appears to be a conflict between compliance with information requirements and confidentiality.

Model Grant Agreement



Cumbria Office of the Police and Crime Commissioner Grant Agreement

Police and Crime Commissioner for Cumbria Grant Agreement

THIS AGREEMENT is made on the day of
PARTIES:

- (1) **The Police and Crime Commissioner for Cumbria** of Police Headquarters, Carleton Hall, Penrith, Cumbria, CA10 2AU, ("the Commissioner")
- (2) *(Insert name and address of PCC and Organisation being funded)*

Introduction and definitions

1.1 This agreement (the "Grant Agreement") consists of 24 Clauses, 3 Schedules and 2 Annexes. It is supplementary to the Grant Letter (as defined below)

1.2 In this Grant Agreement:

The "**Commissioner**" means the Police and Crime Commissioner for Cumbria

The "**Funding Period**" means *(insert the relevant period for the grant offer)*

The "**Grant**" means the grant payable by the Commissioner to the Recipient under the terms of this Grant Agreement, the amount of which (the "**Grant Amount**") shall not be more than *(insert grant amount)*.

The "**Grant Letter**" means the letter dated *(insert date of the grant offer letter)* from the Commissioner to the Recipient which sets out supplementary information in relation to the Grant.

The "**Purpose**" means that detailed in Schedule 1.

The "**Recipient**" means *(insert recipient organisation)*, herewith referred to as the "Recipient".

"Prohibited Act" means:

- offering, giving or agreeing to give to any servant of the Commissioner or the Crown any gift or consideration of any kind as an inducement or reward for:
 - doing or not doing (or for having done or not having done) any act in relation to the obtaining or performance of this Grant Agreement or any other contract with the Commissioner or the Crown; or
 - showing or not showing favour or disfavour to any person in relation to this Grant Agreement or any other contract with the Commissioner or the Crown;
 - entering into this Grant Agreement or any other contract with the Commissioner or the Crown where a commission has been paid or has been agreed to be paid by the Recipient or on its behalf, or to its knowledge, unless before the relevant contract is entered into particulars of any such commission and of the terms and conditions of any such contract for the payment thereof have been disclosed in writing to the Commissioner;
- committing any offence:
 - under the Bribery Act 2010 or any guidance or codes of practice issued by the relevant government department concerning such Act;
 - under legislation creating offences in respect of fraudulent acts; or
 - at common law in respect of fraudulent acts in relation to this Grant Agreement or any other contract with the Commissioner or the Crown; or

- defrauding or attempting to defraud or conspiring to defraud the Commissioner or the Crown.

"Anti-Discrimination Legislation" means the:

- Sex Discrimination Act 1975 and Sex Discrimination Act 1986;
- Race Relations Act 1976;
- Disability Discrimination Act 1995;
- Human Rights Act 1998;
- Equal Pay Act 1970;
- Employment Rights Act 1996;
- Employment Equality (Sexual Orientation) Regulations 2003;
- Employment Equality (Religion or Belief) Regulations 2003;
- Employment Equality (Age) Regulations 2006;
- Equality Act 2006;
- Equality Act 2010; and
- any other legal or statutory requirement, modification or re-enactment relating to discrimination.

- 1.3 References to any statute or subordinate legislation in this Grant Agreement include references to any amendments or replacements to the statute or sub-ordinate legislation that may be enacted from time to time.

Terms and conditions

Grant Offer

- 2.1 Subject to the Recipient complying with the terms and conditions set out in this Grant Agreement, the Commissioner offers to pay the Grant to the Recipient as a contribution towards eligible expenditure.
- 2.2 The Recipient acknowledges that the Commissioner agrees to fund it only for the amount, the Funding Period and for the Purpose specified in this Grant Agreement.
- 2.3 This Grant is paid to the Recipient in exercise of the power conferred by part 11, section 143 of the Anti-Social Behaviour, Crime and Policing Act 2014 (the "Act").

Purpose and extent of the Grant

- 3.1 The Recipient may not use the Grant for any activities other than the Purpose, or as approved in writing by the Commissioner. Further details of the Purpose of the Grant are as defined in Schedule 1 (the "Project").

Amount of the Grant

- 4.1 The Commissioner has agreed funding of **up to** the Grant Amount, subject to compliance by the Recipient with the terms of this Grant Agreement.

Timing of the Grant

- 5.1 Payments will be made quarterly in arrears, in accordance with Schedule 2 (the same basis on which the Home Office pays grant to the Commissioner).
- 5.2 In order for any payment to be released, the Commissioner will require the Recipient to:
- 5.2.1 have signed and returned a copy of this Grant Agreement to the Commissioner,
 - 5.2.2 have provided the appropriate bank details, and
 - 5.2.3 be in compliance with the terms and conditions of this Grant Agreement
- 5.3 The Commissioner reserves the right to withhold all or any payments of the Grant if the Commissioner has reasonably requested information/documentation from the Recipient and this has not been received by the Commissioner in the timescales reasonably required.
- 5.4 The Commissioner is not permitted to pay the Grant in advance of need. If the Commissioner reasonably believes that payment is being made in advance of need, it may change the timing and/or the amount of any outstanding Grant payments.

Eligible expenditure

- 6.1 Eligible expenditure consists of payments by the Recipient for the Purpose. Eligible expenditure is net of VAT recoverable by the Recipient from HM Revenue & Customs and gross of irrecoverable VAT.
- 6.2 The Recipient shall account for the Grant on an accruals basis. This requires the cost of goods or services to be recognised when the goods or services are received, rather than when they are paid for.
- 6.3 The following costs are not Eligible Expenditure: Payments that support activity intended to influence or attempt to influence Parliament, government or political parties, or attempting to influence the awarding or renewal of contracts and grants, or attempting to influence legislative or regulatory action, payments for activities which the Recipient has already received or claimed funding from another funder

Managing the Grant

- 7.1 Each party must notify the other of:
- (a) the nominated person who will act as the party's authorised representative; and
 - (b) the contact details of the authorised representative and any deputies.
- 7.2 The Commissioner requires the Recipient to submit in-year monitoring information against the outcomes set out in Schedule 1 and expenditure as detailed in Schedule 3.
- 7.3 The Commissioner may require the Recipient to submit baseline information on specified outputs, outcomes and measures of performance set out in Schedule 1.

- 7.4 The Commissioner may, in addition, ask the Recipient to clarify information provided to it. If so, the Recipient shall comply with any reasonable request.
- 7.5 An end of funding monitoring report (also referred to as an “outturn statement”) shall be submitted by the Recipient to the Commissioner on or before the end of the grant term. This report must:
- (a) be in the format set out in Annex B;
 - (b) be signed by a Treasurer, Finance Officer or equivalent; and
 - (c) contain a detailed breakdown of expenditure for the entire Funding Period and monitoring information against the outcomes set out in Schedule 1.
- 7.6 The Commissioner may, in addition, ask the Recipient to provide it with forecast outturn information for the financial year end. If so, the Recipient shall comply with any reasonable request.
- 7.7 The Recipient must notify the Commissioner as soon as reasonably practicable that an underspend is forecast.
- 7.8 Any underspend of Grant funds must be returned to the Commissioner within 30 days of the end of this Agreement.
- 7.9 If an over payment of the Grant has been made, the Commissioner will notify the Recipient in writing and will expect repayment to be made within 30 days.
- 7.10 The Recipient may not vire funds between this Grant and other grants made to it.
- 7.11 The Recipient’s Chief Finance Officer, or equivalent will ensure that appropriate professional arrangements are put in place for the management of the Grant and the reporting of expenditure. The Chief Finance Officer, or equivalent should take all necessary steps to ensure that the Grant is accounted for and monitored separately from the Recipient’s other funding streams.
- 7.12 The Recipient undertakes to complete the work for which the Grant is provided. The work should be completed within agreed timescales, and the Recipient will report any significant variations to spending on work funded by the Commissioner.
- 7.13 The Recipient will recognise the Commissioner as a partner in any publicity or literature related to the service. The Recipient shall seek approval from the Commissioner when acknowledging the Commissioners support of its work.

Records to be kept

- 8.1 The Recipient must:
- (a) maintain and operate effective monitoring and financial management systems; and
 - (b) keep a record of expenditure funded partly or wholly by the Grant, and retain all accounting records relating to this for a period of at least six years after the end of the Funding Period. Accounting records include: original invoices, receipts, minutes from meetings, accounts, deeds, and any other relevant documentation, whether in writing or electronic form.
- 8.2 Where the Recipient is working in partnership and its partner(s) wish to retain such documentation, the Recipient should obtain from the partner(s):
- (a) an annual, written statement, signed by the partner’s treasurer, of how the money was spent;
and
 - (b) a signed undertaking that the partner will retain such documents for the period prescribed above.
- 8.3 Any funds provided under this Grant Agreement used to purchase capital items must be recorded separately to revenue items and identified on a separate payment request form.

Audit and inspection

- 9.1 The Recipient, without charge, will permit any officer or officers of the Commissioner, external auditing bodies or their nominees, to visit its premises and/or inspect any of its activities and/or to examine and take copies of the Recipient's books of account and such other documents or records as in such officers' view may relate to the use of Grant. In addition, examinations may be carried out into the economy, efficiency and effectiveness with which the Grant has been used. The Commissioner shall endeavour, but is not obliged, to provide due notice of its intent to conduct an audit.
- 9.2 The value and purpose of this grant shall be identified separately in the Recipient's audited accounts (or the notes thereto).

Lawful conduct, equal opportunities, use of volunteers and activities funded by the Grant

- 10.1 Changes to the organisation's constitution or articles of association with regards to the funded project must not be made within the grant monitoring period without first notifying and obtaining the approval of Commissioner.
- 10.2 The Recipient must take all reasonable steps to ensure that it and anyone acting on its behalf complies with any applicable law (including the Data Protection Act 1998, the Freedom of Information Act 2000, the Health and Safety at Work etc Act 1974, any Anti-Discrimination Legislation and any applicable law relating to child protection) for the time being in force (so far as is binding on the Recipient or any other person acting on its behalf).
- 10.3 Without prejudice to Clause 2, the Recipient shall not use the Grant:
- (a) for party-political purposes;
 - (b) to promote religious activity (other than inter-faith activity);
 - (c) for commercial purposes (save where such purposes are consistent with the Purposes);
 - (d) for making any payment to the owners, members and directors of the Recipient (including any distribution, profit share, dividend, bonus and/or any similar or equivalent benefit), save in accordance with any contract of employment duly approved by the directors of the Recipient.
- 10.4 The Recipient should take all necessary steps to ensure that the Grant is accounted for and monitored separately from the Recipient's other funding streams (unless various grant streams are pooled). Details of the Grant must be shown separately in the organisation's accounts as 'restricted funds' and must not be included in its general funds. Copies of the relevant accounts must be provided if requested.

- ~~10.1 The Recipient must ensure that all reasonable steps have been taken to ensure that it and anyone acting on its behalf complies with any applicable law for the time being in force (so far as binding on the Recipient).~~
- ~~10.2 No aspect of the activity funded by the Commissioner may be party political in intention, use, or presentation.~~
- ~~10.3 The Grant may not be used to support or promote religious activity. This will not include inter faith activity.~~

Procurement procedures

- 11.1 The Recipient must secure the best value for money and shall act in a fair, open and non-discriminatory manner in all purchases of goods and services.
- 11.2 If the Recipient follows a single tender procedure it must provide and document a full justification that can be robustly defended and maintain the relevant documentation on file. Such justification may apply in exceptional circumstances for example where:
 - (a) the requirement can demonstrably be met only by proprietary or specialist equipment; or
 - (b) the requirement can demonstrably be met only by a single available entity with extremely niche skills; or
 - (c) there are simply no alternative sources of supply.
- 11.3 The Recipient must ensure it complies with requirements of the Public Contracts Regulations 2006 (SI 2006/5) when procuring works, goods or services as appropriate using Grant monies.

Conflict of interest and financial or other irregularities

- 12.1 The Recipient, and employees of the Recipient shall be careful not to be subject to conflicts of interest.
- 12.2 The Recipient must set up formal procedures to require all such persons to declare any personal or financial interest in any matter concerning the Recipient's activities and to be excluded from any discussion or decision-making relating to the matter concerned.
- 12.3 If the Recipient has any grounds for suspecting financial irregularity in the use of any Grant paid under this Grant Agreement, it must notify the Commissioner immediately, explain what steps are being taken to investigate the suspicion, and keep the Commissioner informed about the progress of the investigation.
- 12.4 For the purposes of Clause 12.3, "financial irregularity" includes fraud or other impropriety, mismanagement, and the use of the Grant for purposes other than those intended by the Commissioner.

Breach of Grant Conditions

- 13.1 If the Recipient fails to comply with **any** of the conditions set out in this Grant Agreement, or if any of the events mentioned in Clause 13.2 occur, then the Commissioner may reduce, suspend, or withhold Grant payments, or require all or any part of the Grant to be repaid. The Recipient must repay any amount required to be repaid under this condition within 30 days of receiving the demand for repayment.
- 13.2 The events referred to in Clause 13.1 are as follows:
 - (a) The Recipient purports to transfer or assign any rights, interests or obligations arising under this Grant Agreement without the written agreement in advance of the Commissioner;
 - (b) Any information provided in the application for the Grant (or in a claim for payment) or in any subsequent supporting correspondence is found to be incorrect or incomplete to an extent which the Commissioner considers to be material;
 - (c) The Recipient takes inadequate measures to investigate and resolve any reported irregularity;
 - (d) The Recipient changes the nature of its operations to the extent which the Commissioner considers to be significant or prejudicial.
 - (e) The Recipient is subject to a proposal for voluntary arrangement or has a petition for an administration order or a winding-up order brought against it; or passes a resolution to wind-up;

or make any composition, arrangement, conveyance or assignment for the benefit of its creditors, or purports to do so; or is subject to the appointment of a receiver, administrator or liquidator.

- 13.3 It is hoped that most difficulties encountered by the Recipient can be overcome with the advice and support of the Commissioner. In the event that it becomes necessary to take steps to enforce the terms and conditions of this Grant Agreement, the Commissioner will write to the Recipient giving particulars of its concern or of any breach of a term or condition of the Grant.
- 13.4 The Recipient must act within 30 days (or earlier, depending on the severity of the problem) to address the Commissioner's concern or rectify the breach, and may consult the Commissioner or agree with it an action plan for resolving the problem. If the Commissioner is not satisfied with steps taken by the Recipient to address its concern or rectify the breach, it may take steps to withhold or suspend the further payment of Grant, or to recover Grant funds already paid.
- 13.5 On termination of this Grant Agreement for any reason, the Recipient as soon as reasonably practicable return to the Commissioner any assets or property or any unused funds (unless the Commissioner gives its written consent to their retention) then in its possession in connection with this Grant Agreement.

Insurance coverage

- 14.1 The Recipient shall ensure that it has adequate insurance coverage (including but not limited to public liability insurance) in place, and shall provide evidence of such insurance to the Commissioner on request.
- 14.2 Where the Recipient is a public body and has in place appropriate self-insurance arrangements, the Recipient may request, and the Commissioner, acting reasonably, may agree that the provisions of the Clause 14.1 above shall be waived

Warranties

15.1 The Recipient warrants, undertakes and covenants that:

- (a) it has not committed, nor shall it commit, any Prohibited Act;
- (b) it has and shall keep in place systems to deal with the prevention of any fraudulent use of the Grant, any misuse of the Grant or any other fraud or financial impropriety in connection with the Grant;
- (c) it has and shall keep in place systems to ensure propriety and regularity in the handling of the Grant;
- (d) all financial and other information concerning the Recipient which has been disclosed to the Commissioner is to the best of its knowledge and belief, true and accurate;
- (e) it is not subject to any contractual or other restriction imposed by its own or any other organisation's rules or regulations or otherwise which may prevent or materially impede it from meeting its obligations in connection with the Grant; and
- (f) it is not aware of anything in its own affairs, which it has not disclosed to the Commissioner, which might reasonably have influenced the decision of the Commissioner to make the Grant on the terms contained in this Grant Agreement.

Indemnity

- 16.1 The Commissioner accepts no liability to the Recipient or to any third party for any costs, claims, damage or losses, however they are incurred, except to the extent that they arise from personal injury or death which is caused by the Commissioner's negligence.
- 16.2 The Recipient agrees to indemnify the Commissioner for any costs, claims, damages or losses which arise as a result of negligence by the Recipient or out of any breach by the Recipient of any terms of this Grant Agreement.

16.216.3 The Commissioner's liability under or in connection with this Grant Agreement is limited to the payment of the Grant and for the avoidance of doubt, nothing in this Grant Agreement places any obligation on the Commissioner to renew or continue funding to the Recipient after the end of the Funding Period.

Intellectual Property Rights

- 17.1 The Recipient shall grant to the Commissioner at no cost an irrevocable, royalty-free perpetual license to use and to sub-license the use of any material created by the Recipient under the terms of this Grant Agreement for such purposes as the Commissioner shall deem appropriate.
- 17.2 The Commissioner's logo must be used on any branding materials (this includes internet sites) that the funding supports and must be agreed by the OPCC prior to its use. All media opportunities must be jointly undertaken with the OPCC and where possible a media launch should be discussed and undertaken jointly by the OPCC.

Funding Period and Termination

- 18.1 The Commissioner does not commit to renew or continue financial support to the Recipient after the Funding Period.
- 18.2 The Commissioner may terminate this Agreement forthwith by serving a written notice on The Recipient if:
- the grant or any part of it is being used for any purpose other than the purpose set out in this Agreement;
 - The Recipient has made any false, incorrect or misleading statement in order to obtain this grant or has been involved in any illegal activity or improper act in its administration;
 - The Recipient has failed to remedy any breach of this Agreement within 28 days (or such other period as the Commissioner agrees in writing) of being served with a notice pointing out the breach requiring its rectification.
- 18.3 The Recipient may terminate this Agreement forthwith by serving a notice on the Commissioner in writing if it has made a written request for payment of a sum properly due to it under this Agreement and the Commissioner has failed to make payment of that sum within 28 days of receiving the request.
- 18.4 Notwithstanding Clauses ~~1718.2~~ and ~~1718.3~~ above, this Agreement may be terminated by either party giving the other at least three months' notice (or other agreed time period) in writing.
- 18.5 With reference to ~~1718.4~~ above, in the event that either party exercises its right to give notice of termination under this Agreement, the Commissioner will reimburse The Recipient in relation to expenditure reasonably estimated and actually incurred in providing services within the scope of this Agreement up until the effective date of termination. The right to reimbursement can be excluded if termination of the agreement is enacted under the provisions set out in Clause ~~1718.2~~ above.
- 18.6 Any termination of this Agreement will be without prejudice to any other rights or remedies of the parties under this Agreement or at law and will not affect any accrued rights or liabilities of the parties at the date of termination.

Amendments to the Grant Agreement

- 19.1 This Grant Agreement sets out the entire agreement between the parties. They replace all previous negotiations, agreements, understandings and representations between the parties, whether oral or in writing.
- 19.2 Any amendments to this Grant Agreement shall only be valid if they are in writing and signed by an authorised representative of both parties.

Freedom of Information

20.1 Where applicable, the Recipient and the Commissioner are required to comply with the Freedom of Information Act 2000 (the "FOI Act"), any subordinate legislation made under the FOI Act and any guidance issued by the Information Commissioner.

20.2 The Recipient agrees to assist and cooperate with the Commissioner to enable the Commissioner to comply with its obligations under the FOI Act whenever a request is made for information which relates to or arises out of this Grant Agreement

Transparency

21.1 The Recipient acknowledges that the Commissioner shall disclose this agreement and payments made against this grant of value £500 and above, in accordance with the Government's transparency agenda.

21.2 No information shall be disclosed if such disclosure would be in breach of the Data Protection Act, or is exempted from disclosure under the Freedom of Information Act.

Notices

22.1 All notices, invoices and other communications relating to this Grant Agreement shall be in writing and in English and shall be served by a party on the other party at its address shown at the head of this Grant Agreement.

22.2 Notices delivered hereunder shall be deemed to be delivered:

22.2.1 if delivered by hand, upon receipt;

22.2.2 if sent by pre-paid registered first class post (providing it is not returned as undelivered to the sender), two (2) working days after posting.

22.2.3 if sent by electronic mail, on the date of delivery subject to the following conditions:

- a) electronic mail should be sent to the Commissioner at commissioner@cumbria-pcc.gov.uk
- b) when an electronic mail is sent on a day which is not a working day or after 3:00pm on a working day, the electronic mail is deemed to have been received on the next working day, and
- c) each electronic mail containing a formal notice under this Agreement shall be sent with a delivery receipt requested and shall not be deemed to have been received until the sender receives a confirmation delivery receipt.

Contract (Rights of Third Parties) Act 1999

23.1 No person who is not a party to this Grant Agreement shall have the right to enforce any its terms.

Governing Law

24.1 This Grant Agreement shall be subject to and construed in accordance with English Law and subject to the exclusive jurisdiction of the courts of England and Wales.

ACCEPTANCE OF GRANT

(Name of Organisation) accepts the offer of Grant contained in this Grant Agreement and agrees to comply with the terms and conditions of the Grant on which the offer is made.

On behalf of **(Name of Organisation)**

Project Manager/Project Contact:-

Signature:	
Name:	
Date:	
Position:	

The Recipient's Chief Finance Officer:-

Signature:	
Name:	
Date:	
Position:	

Bank details for grant payment

Bank name:	
Branch name:	
Sort code:	
Account name:	
Account number:	
Address:	
Post code:	

On behalf of the Police and Crime Commissioner for Cumbria

Authorised Signatory:-

Signature:	
Name:	
Date:	
Position:	

SCHEDULE 1 – THE PURPOSE

Insert details of the purpose of the grant including any related specification, performance/outcome/outputs upon which funding is conditional. Include details of any monitoring or reporting requirements to evidence delivery.

SCHEDULE 2 – PAYMENT SCHEDULE

Payment	Period From:	Period To:	Payment date*

SCHEDULE 3 – IN-YEAR MONITORING INFORMATION REQUIREMENTS

In addition to the provision of Annex A, the Commissioner requires the following in-year monitoring information to be provided within 15 days of each quarter within the payment Schedule

Breakdown of expenditure (items)	£(0,000s)
Total:	

Note: The in-year monitoring information requirements are separate to the requirements detailed in Clause 7.5. The Commissioner may request the Recipient to clarify any information provided.

The Commissioner requires monitoring information to be provided within 15 days of each quarter against the outcomes and measures of performance set out in Schedule 1.

ANNEX A

PAYMENT REQUEST AND FINANCIAL MONITORING REPORT

Grant Recipient: <i>(Name of Organisation)</i>	Grant Stream: Crime and Disorder reduction grant
--	--

Period From: To:	Resource (£)	Capital (£)
(1) Total funding received for this financial year		
(2) Actual expenditure in this period ^[1]		
(3) Funding request for this period		
(4) Total funding received and requested (1+3)		

MONITORING INFORMATION REQUIREMENTS

Where monitoring information, as set out in schedule 3, is a requirement for the period the payment is requested for, please confirm what has been attached to this payment request form e.g. invoices/payments

--

CONFIRMATION BY GRANT RECIPIENT

I confirm that on the basis of the information provided in this report, progress and costs are accurate and in compliance with the terms and conditions of the Grant Agreement:

Signature:			
Name (printed):		Date:	
Position:			

COPCC sign off:

Signature:			
Name (printed):		Date:	
Position:			

^[1] To be supported by a breakdown of expenditure against the cost breakdown in Schedule 1. The expenditure breakdown to be itemised in Schedule 3.

~~Model Grant Agreement: Small Grant Schemes~~

~~Grant Agreement~~

~~The Police and Crime Commissioner for Cumbria and *(name of organisation)*~~

~~Terms and conditions for small grant schemes made by the Police and Crime Commissioner for Cumbria~~

~~Definitions:~~

~~"Commissioner" means the Police and Crime Commissioner for Cumbria~~

~~"Grant" means grants made by the Commissioner~~

~~Terms of Funding:~~

- ~~1) Grants may only be used for the purpose specified in the approved application and offer letter.~~
- ~~2) Assets or equipment purchased with grant monies may not be sold or otherwise disposed of without written approval of the Commissioner. Where sale or disposal does take place (approved or otherwise), repayment of grant may be required. The level of repayment and the timescale for this will be determined by the Commissioner.~~
- ~~3) Payment of grant will not be made until the confirmation of acceptance of these terms and conditions and any additional conditions outlined in the offer letter are received by the Commissioner.~~
- ~~4) Any approved grant does not imply any on-going commitment by the Commissioner to make further payments to the applicant organisation.~~
- ~~5) Applicant organisations will inform the Commissioner of any changes to bank details.~~
- ~~6) Applicant organisations shall comply with all relevant legislation, law and taxation rules that apply to their organisation.~~
- ~~7) Applicant organisations agree to participate in publicity the Commissioner may wish to undertake around the grant made to the organisation. The organisation will inform the Commissioner where confidentiality considerations are relevant.~~

- ~~8) The organisation will share with the Commissioner prior to publication any publicity that they may wish to undertake in respect of the grant to allow the Commissioner to contribute to the publicity.~~
- ~~9) Applicant organisations will acknowledge the Commissioner in any publicity material they produce specific to the grant. Applicants agree to provide copies of any such materials to the Commissioner.~~
- ~~10) The Commissioner agrees his name "Police and Crime Commissioner for Cumbria" may be used by the applicant organisation to indicate the grant support he has provided.~~
- ~~11) Grants must be spent within 12 months of receipt unless otherwise outlined in the offer letter.~~
- ~~12) Where an applicant overspends on the activity which was the subject of the grant application, no further Funds will be made available by the Commissioner.~~
- ~~13) Where the grant is not spent in its entirety, any unspent balance must be returned to the Commissioner.~~
- ~~14) Grant recipient organisations must retain all financial records and accounts, including receipts, related to the grant, for at least two years from receipt of the grant or in line with legal and/or taxation rules requirements, whichever is the longer. These records shall be made available to the Commissioner on request. The applicant organisation will permit any officer of the Commissioner or its appointed auditors to visit its premises and/or inspect any activities and records related to this grant.~~
- ~~15) The Commissioner may withhold some of all of the grant or require repayment, in the following circumstances:
 - ~~a) These terms and conditions and those of the offer letter are not complied with~~
 - ~~b) If the application form was completed dishonestly, or its contents or those of supporting documentation false or misleading~~
 - ~~c) The applicant organisation does not promote equality of opportunity or is in breach of the requirements of equalities or health & safety legislation~~
 - ~~d) The applicant organisation does not follow appropriate policies on safeguarding children or adults~~
 - ~~e) The activities of the applicant organisation or its staff and/or volunteers are likely to bring the Commissioner into disrepute~~
 - ~~f) The applicant organisation fails to complete the evaluation report.~~~~
- ~~16) An evaluation and monitoring report must be completed in respect of the grant as outlined in the offer letter. Failure to complete this may result in the grant being repayable.~~

~~17) By agreeing to these terms and conditions, the applicant organisation permits the Commissioner to record the information they have supplied to the Commissioner in an electronic format. All information will be held in line with the Data Protection Act 1998 and other relevant legislation. Information held will only be used for the purposes of the grant, publicity and monitoring the grant. The Commissioner will, for the purposes of transparency and public accountability, publish details of all grants awarded and this grant agreement.~~

~~18) Where applicable the Commissioner and the applicant organisation are required to comply with the Freedom of Information Act 2000.~~

~~19) The decisions made by the Commissioner in awarding grants are final. There is no appeal process.~~

~~20) In no event will the Commissioner be liable to the applicant organisation or any third party for any actions, claims, demands, proceedings, costs, charges, expenses and damages, whether direct, indirect, incidental or consequential, arising out of the use or inability to use the Grant, even if the Commissioner has been advised of the possibility of such actions, claims, demands, proceedings, costs, charges, expenses and damages.~~

~~21) The applicant organisation shall insure with a reputable insurance company against all loss of and damage to property and injury to, or death of persons arising out of or in consequence of the Applicant organisation's obligations under this Agreement and against all actions, claims, demands, proceedings, damages, costs, charges and expenses in respect thereof. If your organisation does not have insurance or you think you are unable to comply with this term please contact us.~~

Payment schedule:

~~Payments of the grant will be made 80% in advance and 20% in arrears and will be subject to the above terms and compliance with the section in this agreement on the purpose of funding.~~

Purpose:

~~The purpose of this funding agreement is to:~~

~~*Either:*~~

~~Deliver the scheme proposed by *(name of organisation)* and set out within the application to the *(name of fund)* fund. Full award of funding is subject to the COPCC being in receipt of the final scheme evaluation report.~~

~~*Or:*~~

~~Form of words setting out purpose of funding, performance, outcome and/or outputs and information requirements to secure the monitoring and evaluation of the schemes effectiveness.~~

Acceptance of grant

~~(Name of Organisation) accept the grant of £ (amount) contained in this grant agreement and agrees to comply with the terms and conditions of the grant under which the grant is issued.~~

~~(Name of Organisation)~~

Signature	
Name	
Date	
Position	

Police and Crime Commissioner

Signature	
Name	
Date	
Position	



Annual Governance Statement 2016/17 Development and Improvement Plan Update

Introduction

This report is designed to provide members with an update on the progress made to date in respect of the action plans developed for both the Constabulary and the Office of the Police and Crime Commissioner as part of the production of the Annual Governance Statement (AGS).

The update is being provided to provide members with information regarding progress on the implementation of the AGS action plan for the OPCC and Constabulary.

The following appendices provide details of the actions included in the action plan, the target timescale for completion, current progress against the action and the lead officer responsible for that action.

- Appendix A – Annual Governance Statement Action Plan 2016/17 – Constabulary
- Appendix B – Annual Governance Statement Action Plan 2016/17 – OPCC

Report Summary

Summary of Actions	Constabulary	OPCC	Total
Actions included in the AGS	26	14	40
Actions completed since last report	13	6	19
Open Actions C/fwd	13	8	21

Summary of Total Actions by Status	Constabulary	OPCC	Total
☀ Completed	13	6	19
☀ Ongoing	11	7	18
☀ timescale exceeded	2	1	3
Total	26	14	40

Constabulary AGS Action Plan 2016/17

Ref	Action	Lead Officer	Update November 2016	Implementation by	Revised Implementation Date	Status
CP1	Core Principle 1: Focusing on the purpose of the Chief Constable, and on outcomes for the community, and creating and implementing a vision for the local area.					
CP1/1	Evaluate the revised performance management arrangements, making recommendations for improvement where appropriate.	Director of Corporate Improvement	The 15 weekly reviews have been implemented and his will be evaluated later on this year and in conjunction with new proposals for PDR from College of Policing to make sure that the aims and objectives are being met. The tasking and performance processes have been amalgamated into one monthly meeting at force level, which the OPCC attends. Other small changes have been made to the performance development Conferences held every four months. The changes were captured and documented in the Performance Management 2016 document.	30-Sep-16		
CP1/2	Work with the new Police and Crime Commissioner to develop performance management arrangements to enable him to hold the Chief Constable to account effectively.	Director of Corporate Improvement	A proposed framework was submitted by OPCC in Q1 which generated further joint developments and discussions with OPCC and allowed for some operational changes to be in prior to determining new performance indicators. The framework was agreed at Collaborative Board in early November 2016.	30-Jun-16		
CP1/3	Write an Annual Report to support the Commissioner's 2017/18 budget submission to the Police and Crime Panel.	Director of Corporate Improvement	On track	31-Jan-17		
CP1/4	Further develop the strategic resource management performance framework to drive improvements in our use of resources, including development of a Resource Management Strategy.	Director of Corporate Improvement	This work has been delayed due to bringing forward other commitments which support 2017/18 budget requirements and the development of the MTF, taking into account the risk factors associated with the Police Funding Formula. The work for the financial forecasting includes discussions on the Resource Management Strategy and once the detail is finalised, this will be documented. This will now be completed by end January 2017	31-May-16	31-Jan-17	
CP1/5	Develop a revised Plan on a Page for 2016/17 to help all officers and staff focus on the Constabulary's priorities and support internal communications.	Director of Corporate Improvement	This has been approved and is the foundation for performance management and business improvement.	30-Apr-16		
CP1/6	Continue to develop the Demand Reduction Strategy	Director of Corporate Improvement	On track	31-Mar-17		
CP1/7	Re-introduce a formal performance development and review process in 2016/17 in accordance with College of Policing guidance.	Deputy Chief Constable	In relation to PDR, a new PDR will be launched in November 2016 to be implemented by 31/01/17. This replacement PDR is an interim measure for 12 months. The College of Policing are in the process of changing the requirements in relation to the Professional Policing Framework (PPF) to a value based competency framework w.e.f. 2017/18. In the meantime we have already rolled out a process of 5 and 15 week reviews for all police officers and police staff. See also CP5/3 below.	30-Sep-16	31-Jan-17	
CP1/8	Develop internal and external communications strategy for 2016/17 to support delivery of operational policing and its outcomes, including effective demand reduction activity.	Director of Corporate Improvement	Completed and approved in June 2016. The strategy is regularly reviewed to take account of ongoing situations, new operational requirements and scanning.	31-Mar-17		
CP1/9	Develop Business Improvement Plans based on our priorities and all HMIC actions and recommendations to deliver improvements to services and, to publish this plan on our website.	Director of Corporate Improvement	Complete	30-Apr-16		

Constabulary AGS Action Plan 2016/17

Ref	Action	Lead Officer	Update November 2016	Implementation by	Revised Implementation Date	Status
CP1/10	Embed the role of the Business Improvement Unit in quality assuring the implementation of action plans.	Director of Corporate Improvement	Complete	30-Sep-16		
CP1/11	Develop a Management Information Strategy	Director of Corporate Improvement	This work has been delayed due to bringing forward other commitments which support 2017/18 budget requirements and the development of the MTF, taking into account the risk factors associated with the Police Funding Formula. This will now be completed by end January 2017	30-Jun-16	31-Jan-17	
CP2	Core Principle 2: Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.					
CP2/1	The Constabulary will continue to develop business plans and strategies for non-operational policing functions including production of an overarching People Strategy, which will bring together plans for all aspects of managing its workforce.	Director of Corporate Support	The People Strategy was developed and agreed by Chief Officers on 09 May 2016. A copy of the strategy can be made available if required. Strategies for other corporate functions are in place and will continue to be developed / refreshed as required in line with the annual budget setting process.	31-Jan-17		
CP2/2	The Constabulary will complete its update of the financial rules and ensure that these are promoted and training provided	Chief Finance Officer	The financial rules were updated and circulated in October 2016 and appear elsewhere on this agenda as part of the annual review of governance documents to compliment the Financial Regulations. A programme of promotion and training is being developed to include Financial Regulations, Financial Rules and Joint Procurement Regulations.	31-Jul-16		
CP2/3	The Constabulary will pro-actively implement its Attendance Management Action Plan and Well Being Strategies with the aim of reducing levels of sickness and protecting the welfare of its workforce.	Head of Human Resources	The Attendance Management Action Plan and Well-being Strategies have been implemented with some very positive impacts. The Attendance Procedure has been revised with greater orientation towards well - being. There was an improvement in attendance during the first quarter of 2016/17 and this has been maintained into the second quarter. Overall absence levels currently stand at 3.4%. This is continuously monitored to improve the management of attendance and well – being.	30-Sep-16		
CP2/4	Develop a delivery plan for the Strategic Alliance with Lancashire Constabulary	Director of Corporate Improvement	The Constabulary has a strong relationship with Lancashire Constabulary. The Learning & Development Strategic Alliance is operating well and is about to be extended for a further 4 years. The Constabulary is continuing to look for further areas for collaboration with Lancashire.	30-Jun-16		
CP3	Core Principle 3: Promoting values for the Chief Constable and demonstrating the values of good governance through upholding high standards of conduct and behaviour.					
CP3/1	Update and review action plans from the Ethics & Integrity Panel, Internal Audit, HMIC and Constabulary	Head of Professional Standards	Following the recent HMIC inspection plans have been developed to map out Proactive work over a 2yr period in relation to a number of areas, some of them being, protecting vulnerable victims, identifying sexual predators, identifying corruption. PSD continues to maintain and uphold the standards expected of all Constabulary employees, PSD are delivering presentation on “Embedding the Code of Ethics” to all SMT’s and AMT’s. The expectation is that the input will be cascaded by the AMT’s to their teams of Police officers and Police staff. Details of those that have received the inputs will be captured within L and D and on the individuals 15 week review. The Ethics and Integrity panel are an Independent body that act as the Constabularies critical partner. Part of their work within the PSD involves the dip sampling of complaint and conduct matters. As a result over the past two years a number of changes have been made on the recommendations of the panel, some examples being, letters to complainants include better updates and timescales, the Constabulary only apologises where there is reason to do so.	31-Mar-17		

Constabulary AGS Action Plan 2016/17

Ref	Action	Lead Officer	Update November 2016	Implementation by	Revised Implementation Date	Status
CP4	Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.					
CP4/1	Continue to update and improve the Constabulary internal internet site.	Director of Corporate Improvement	Phase 1 is completed with a new front page and easier access to key information and contacts	30-Jun-16		☀
CP4/2	Conduct a review of policy management arrangements.	Director of Corporate Improvement	On track – consultation is underway	31-Mar-17		☀
CP5	Core Principle 5: Developing the capacity and capability of the Chief Constable and Officers and Staff of the Chief Constable.					
CP5/1	Further develop and implement the core skills and leadership framework.	Head of Learning & Development.	A Leaders 2020 programme has commence aimed at emerging leaders (Police Staff and Police officers) 35 staff have commenced a programme which includes leadership inputs, Emotional Intelligence assessments and coaching support. This will continue to be delivered into 2017. Existing leadership provision for all staff continues.	31-Mar-17		☀
CP5/2	Deliver significant training plans linked to Constabulary priorities.	Head of Learning & Development	A number of key programmes have been delivered including CSE and Vulnerability Training. This one day training programme has been delivered to 727 staff. A one day Stop & Search training package is currently being delivered to all front line officers.	31-Mar-17		☀
CP5/3	Develop and re-instate Professional Development Reviews for all officers and staff.	Head of Learning & Development and Head of Human Resources	The development of a new PDR system has been delayed as a result of the unavailability of national guidance to accommodate significant changes in CPD (continuous professional development) and ARC (Assessment and Recognition of Competence) for Police Officers. Significantly, the ARC component is related to Police Officer Pay which demands a robust approach to appraisal. An interim PDR process is being launched in November 2016 with an implementation date of 31/01/17. See also CP1/7 above.	30-Sep-16	31-Jan-17	☀
CP6	Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.					
CP6/1	The Constabulary will continue to develop its internet site further, to enhance accessibility and relevance to the public and media.	Director of Corporate Improvement	on-going	31-Mar-17		☀
CP6/2	Undertake a public survey to identify the public's policing priorities to inform the Police and Crime Plan and Constabulary strategic planning.	Director of Corporate Improvement	The survey has been undertaken and initial results are currently being analysed	31-Mar-17		☀
CP6/3	Implement an action plan arising from the cultural survey as part of the Well-being Strategy.	Director of Corporate Improvement	Complete	30-Jun-16		☀
CP6/4	Review the Independent Advisory Group	Director of Corporate Improvement	Complete	30-Jun-16		☀
CP6/5	Improve the Citizens Panel	Director of Corporate Improvement	On going and on track	31-Mar-17		☀

Office of the Police and Crime Commissioner Action Plan 2016/17

Ref	Action	Responsibility	Update November 2016	Deadline	Status
CP1	Focusing on the purpose of the PCC and the Force, and on outcomes for the community, and creating and implementing a vision for the local area.				
CP1/1	Achieve publication of the audited financial statements by end July 2016.	Chief Finance Officer	The audited statement of accounts for 2015/16 were signed and published on 28 July 2016.	31-Jul-16	
CP1/2	During 2016-17 The Head of Partnerships and Commissioning will be tasked with developing and implementing a Quality framework to support collaborative and partnership working in delivering improvements in services to victims and develop compliance with the Victims' Code of Practice.	Head of Partnerships and Commissioning	Early development work has started working with Victim Support and key statutory partners.	31-Mar-17	
CP1/3	Arrangements for scrutiny of Constabulary performance will be reviewed to ensure that robust arrangements are in place following the Police and Crime Commissioner Elections. Achieved, first Public Accountability Conference held 6 th July 2016.	Head of Partnerships and Commissioning	Arrangements for scrutiny of the constabulary performance have been reviewed. The first Public Accountability Conference held 6th July 2016	31-Jul-16	
CP2	Leaders, officers and partners working together to achieve a common purpose with a clearly defined functions and roles.				
CP2/1	Develop and introduce a new Code of Corporate Governance in response to the introduction of a new CIPFA Good Governance Framework and Guidance for Police expected in 2016-17.	Chief Executive/Chief Finance Officer	The Code of Corporate Governance was reviewed by members at the March JASC meeting and signed by the outgoing Commissioner to be effective from April 2016.	30-Jun-16	
CP2/2	The Commissioner is working with health and local government partners to improve services for victims with mental health issues. Supported by the PCC, the Office of the Police and Crime Commissioner has secured funding from the Home Office Innovation Fund for the development of a multi-agency assessment and crisis centre.	Head of Partnerships and Commissioning	Phase one of the project, a 24/7 triage service, launched in October 2016 giving the Police and other blue light services access to a 24/7 support when dealing with mental health issues. Phase two, the assessment centre, is on track to open in April 2017.	31-Mar-18	
CP2/3	Building on the work of the OPCC and partners during 2015-16 to embed Victim led Restorative Services, the OPCC will work with partners to increase the use of quality Restorative Justice through the ongoing development of a multi-agency approach.	Head of Partnerships and Commissioning	Following a successful EU procurement process Remedi have been appointed to embed RJ in Cumbria. The new service has been launched and will be monitored against outcomes identified in the contract.	31-Mar-17	
CP2/4	During 2016-17 the OPCC will work to support the newly elected PCC to develop and implement a new Police and Crime Plan	Head of Partnerships and Commissioning	The Police and Crime plan is being finalised and will be launched in late November/December	31-Dec-16	
CP3	Promoting values for the PCC and demonstrating the values of good governance through upholding high standards of conduct and behaviour.				
CP3/1	During 2016-17 the scope and remit of the Ethics and Integrity Panel will be reviewed to maximise its on-going impact in improving arrangements for Ethics and Integrity.	Chief Executive	The OPCC Chief Executive and the Deputy Chief Constable have discussed the remit of the Panel with a view to it adopting a more pro-active role. This approach has been endorsed by both the Police and Crime Commissioner and the Chief Constable. This approach has been discussed with the Panel who are supportive of a move towards a more pro-active, in-depth scrutiny role. The Panel work plan for 2017 is now being developed to reflect this with two of the four meeting days set aside for in-depth scrutiny of specific areas of activity.	30-Mar-17	

Office of the Police and Crime Commissioner Action Plan 2016/17

Ref	Action	Responsibility	Update November 2016	Deadline	Status
CP4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.				
CP4/1	To ensure the continued effectiveness of the Joint Audit and Standards Committee as a scrutiny body, the programme of training/development activity for 2016-17 will include the design and delivery of a session on the incoming Commissioner's Police and Crime Plan.	Head of Partnerships & Commissioning/ Chief Finance Officer	Following the September meeting of JASC members received an update on the Commissioner's Police and Crime Plan which is currently being finalised and is scheduled to be published in November/December 2016.	30-Sep-16	
CP5	Developing the capacity and capability of the PCC, officers of the PCC and the Force to be effective.				
CP5/1	Arrangements for induction of new Joint Audit and Standards Committee members will be developed and formalised. This will include an operational development day with the Constabulary to which all members of JASC will be invited.	Chief Finance Officer	The annual work programme for JASC now includes a schedule of development sessions. In addition, a Constabulary induction day for members was provided on 18 October 2016.	30-Sep-16	
CP5/2	Undertake a review of the arrangements for Independent Custody Visiting within Cumbria, fully engaging with the Independent Custody Visitors as part of that review.	Chief Executive	The review was launched at the Cumbria Independent Custody Visiting Conference in April, which was followed by an initial discussion with ICV Panel Chairs and Vice-Chairs to discuss the scope of the review. The review was discussed at the June round of Panel meetings. A survey was developed and shared with Chairs and Vice-Chairs before circulation to all Custody Visitors. The survey results have been shared with all Custody Visitors at the October round of meetings. Proposals will now be developed taking account of the outcome of the survey and discussed with Panel Chairs and Vice-Chairs.	30-Mar-17	
CP6	Engaging with local people and other stakeholders to ensure robust public accountability.				
CP6/1	Develop a new Office of Public Engagement strategy to ensure it embraces the new Commissioner's vision for engaging with local people and stakeholders.	Head of Communications and Business Services	A range of engagement events have taken place in the Commissioner's first six months. The strategy has been updated to reflect feedback from the public and Commissioner about engagement events. The strategy is awaiting formal approval by the Commissioner	30-Sep-16	
CP6/2	Following the Police and Crime Commissioner elections in May 2016 wider engagement activity will take place with a range of partners/stakeholders as part of the ongoing process to develop and implement the new Police and Crime Plan and Partnership Strategy.	Head of Partnerships and Commissioning	Engagement activity with a range of partners/stakeholders has taken place. The Police and Crime Plan and how the PCC will work with partners will be launched late November/December.	31-Dec-16	
CP6/4	Following the Police and Crime Commissioner Elections in May 2016 and subsequent work to develop the new Police and Crime Plan the commissioners commissioning strategy will be reviewed to ensure that commissioning intentions reflect manifesto priorities.	Head of Partnerships and Commissioning	Following work to develop The new Police and Crime Plan work has started to review the commissioners commissioning strategy. To ensure that commissioning intentions fully reflect manifesto priorities, panel should note that this work is now expected to complete in January 2017 once the delivery plan for the Police and Crime plan is in place.	31-Dec-16	

This page is left intentionally blank

<p>JOINT POLICE & CRIME COMMISSIONER AND CUMBRIA CONSTABULARY AUDIT AND STANDARDS COMMITTEE</p>	<p>Paper No.</p>
<p>Meeting date: 24 November 2016</p>	
<p>From: Audit Manager (Cumbria Shared Internal Audit Service)</p>	

INTERNAL AUDIT: PROGRESS REPORT TO 4 NOVEMBER 2016

1.0 EXECUTIVE SUMMARY

1.1 *This report provides a review of the work of Internal Audit for the period to 4 November 2016.*

1.2 *Key points are:*

- *The joint audit of the Cumbria Safeguarding Hub is complete and provides partial assurance. This assessment is based on the governance and risk management arrangements in place within the Hub rather than the arrangements within each organisation. Management Actions have been agreed jointly between the Constabulary and Cumbria County Council's Children & Families Services. The report was well received and actions have been promptly initiated to address the issues raised.*
- *Progress with the audit plan is on schedule with 45% of planned days delivered (compared to 48% in a similar period in 2015/16) and 28% of audits delivered (compared with 30% completed at the same period in 2015/16)*
- *Fieldwork is underway on ten audits, including two follow ups.*
- *Planning meetings for the 2017/18 Internal Audit plan are scheduled and we will consult on draft plans early in 2017.*

2.0 POLICY POSITION, BUDGETARY AND EQUALITY IMPLICATIONS

- 2.1 ***Internal Audit's work is designed to provide assurance to management and Joint Audit and Standards Committee members that effective systems of governance, risk management and internal control are in place in support of the delivery of the PCC and Constabulary's priorities.***
- 2.2 ***The Audit Plan aims to deliver a programme of internal audit reviews designed to target the areas of highest risk as identified through the corporate risk registers together with management and internal audit view of key risk areas.***
- 2.3 ***The Accounts and Audit Regulations March 2015 impose certain obligations on the PCC and Chief Constable, including a requirement for a review at least once in a year of the effectiveness of their systems of internal control.***
- 2.4 ***Internal Audit must conform to the Public Sector Internal Audit Standards which require the preparation by the Head of Internal Audit of an annual opinion on the overall systems of governance, risk management and control. Regular reporting to Joint Audit and Standards Committee enables emerging issues to be identified during the year.***

3.0 RECOMMENDATION

- 3.1 ***Joint Audit and Standards Committee members are asked to note the report.***

3.2 BACKGROUND

- 3.3 The PCC and Chief Constable must make proper provision for internal audit in line with the 1972 Local Government Act. The Accounts and Audit Regulations 2015 require that the PCC and Chief Constable must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.
- 3.4 Internal audit is responsible for providing independent assurance to the PCC and Chief Constable's senior management and to the Joint Audit and Standards Committee on the systems of governance, risk management and internal control.
- 3.5 It is management's responsibility to establish and maintain internal control systems and to ensure that resources are properly applied, risks appropriately managed and that outcomes are achieved. Management is responsible for the system of internal control and should set in place policies and procedures to ensure that controls are operating effectively.
- 3.6 The internal audit plan for 2016/17 was prepared using a risk-based approach and following consultation with senior management to ensure that internal audit coverage is focused on the areas of highest risk to both organisations. The plan has been prepared to allow the production of the annual internal audit opinion as required by the PSIAS.
- 3.7 This report provides an update on the work of internal audit for the seven months to November 2016. It reports progress on the delivery of the 2016/17 audit plan in the period and includes a summary of the outcomes of audit reviews completed in the period.

Status of internal audit work as at 4 November 2016

The table below shows the number of internal audit reviews completed, in progress and still to be started for the 2016/17 audit plan. Further detail on this is included at Appendix 2.

Audit plan year	Audit Status	Number of reviews
2016/17	<u>Audits completed:</u>	<u>6</u>
	Risk based audits	3
	Governance work	2
	Follow up	1

	<u>Audits in progress:</u>	<u>10</u>
	Risk based audits	7
	Financial systems	1
	Follow up	2
	<u>Audits to be started</u>	<u>5</u>
	Risk based audits	3
	Financial systems	2
	Follow up	0
	<u>Audits in plan</u>	<u>21</u>

Outcomes from Final Audit Reports to 4 November

- 3.8 Audits completed to 4 November comprise three risk based audits and one follow up. Whilst the % of completed audits receiving Reasonable or higher assurance is lower than for the same period last year (50% compared to 75%), the difference reflects only a single audit. We do not consider that this reflects wider issues in relation to the OPCC / Constabulary's arrangements for governance, risk management and internal control as the small number of completed audits makes it unrealistic to draw conclusions at this stage. We would also draw JASC members' attention to the two audits completed to draft stage, providing Substantial and Reasonable assurance. We will continue to report the overall % figures over the year for continued monitoring of assurance levels.
- 3.9 The audit of the Cumbria Multi-Agency Safeguarding Hub, undertaken jointly between the Constabulary and County Council's Children and Families Services Directorate, was assessed as providing partial assurance. The audit considered the implementation of the Hub Action Plan to address national requirements, Ofsted recommendations and HMIC recommendations in respect of children missing from home and child sexual exploitation. Two high priority recommendations were made relating to information sharing arrangements and Phase 2 of the Hub action plan.
- 3.10 The follow up of the OPCC's Business Continuity Planning provided reasonable assurance that the management actions to the recommendations have been implemented.
- 3.11 The detailed outcomes from each finalised audit are shown in Appendix A.

Draft Reports Issued to 4 November

- 3.12 This section provides an early indication of the outcomes of internal audit reviews. Should additional information or evidence be received through the

close out process, the initial assessment may be revised prior to finalisation of the report.

Audit	Date of issue of draft report	Initial audit assessment
Mobile and Digital	20/10/16	Substantial
Stop and Search	27/10/16	Reasonable

Emma Toyne
Audit Manager
 4 November 2016

APPENDICES

Appendix 1: Final reports issued to 4 November 2016

Appendix 2: Progress on all risk based audits from the 2016/17 plan

Appendix 3: Internal audit performance measures to 4 November 2016

Contact: Emma Toyne, 01228 226261, emma.toyne@cumbria.gov.uk

Appendix 1 – Final reports issued to 4 November 2016

Assignments	Status	Assessment
Annual report 15/16	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Annual Governance Statement 15/16 OPCC	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Annual Governance Statement 15/16 Constabulary	Presented to Joint Audit and Standards Committee 3 May 2016.	N/A
Procurement – OPCC	Report presented to Joint Audit and Standards Committee at the 7th September 2016 meeting. Report included in Committee papers and available on the Commissioner’s website.	Substantial
Procurement – Constabulary	Report presented to Joint Audit and Standards Committee at the 7th September 2016 meeting. Report included in Committee papers and available on the Commissioner’s website.	Partial
Business Continuity Planning - follow up (OPCC)	Report circulated to Joint Audit and Standards Committee. Report available on the Commissioner’s website.	Reasonable
Cumbria Multi-Agency Safeguarding Hub (2015/16 plan)	Report presented to Joint Audit and Standards Committee 24 November 2016. Report included in Committee papers and available on the Commissioner’s website.	Partial
<p>In addition to the above a member of the Internal Audit team attended the Police Audit Group Conference in July 2016. The event was a useful networking opportunity and provided an overview on a number of areas including:</p> <ul style="list-style-type: none"> • The changing policing landscape • Developments in Internal Audit and governance – CIPFA overview • Promoting Internal Audit and raising standards – Chartered Institute of Internal Auditors • How contracts really work – risk transfer in commercial relationships • Integrated services • Police effectiveness and accountability – HMIC • Leadership, ethics and standards in policing 		

Appendix 1 – Final reports issued to 4 November 2016

- Police accountability, collaboration and devolution

We will take these areas into account when preparing the 2017/18 Internal Audit plan.

The Group Audit Manager and Audit Manager attended the October 2016 extended Chief Officers' Group (COG) to present key points arising from national governance reports. This was well received and will lead in to 2017/18 Internal Audit planning.

Planning meetings for the 2017/18 Internal Audit plan have been scheduled. Our meetings with Senior Managers at the OPCC and Constabulary will inform the audit universe for both organisations. We will consult with the OPCC and Constabulary in January 2017 to consider the areas to be included in the plan which will be approved by Management. The plan will be presented to Joint Audit and Standards Committee in March 2017.

Appendix 2 – Progress on 2016/17 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
Constabulary	Safeguarding Hub (work in progress from 2015/16 Internal Audit plan)	Complete	n/a – Form issued 04/11/16
OPCC	Procurement	Complete	Yes
Constabulary	Procurement	Complete	Yes
Constabulary	Information Security	Scoping meeting organised	n/a
Constabulary	Mobile and Digital	Draft report issued	n/a
Constabulary	Command and Control	Fieldwork underway	n/a
Constabulary	Criminal Justice Unit	Fieldwork underway	n/a
Constabulary	Use of Stop Sticks (stingers)	Fieldwork underway	n/a
Constabulary	Stop and Search	Draft report issued	n/a
Constabulary	Offender Management	Not started	n/a
Constabulary	Receipt, handing and disposal of drugs	Not started	n/a
Constabulary	Self-service – travel expenses / overtime	Fieldwork underway	n/a
OPCC and Constabulary	Governance – Code of Corporate Governance	Fieldwork underway	n/a
OPCC and Constabulary	Pensions	Not started	n/a

Appendix 2 – Progress on 2016/17 Audit Plan

OPCC / Constabulary Review	Audit	Stage	Feedback form returned
OPCC and Constabulary	Payroll	Work scoped	n/a
OPCC and Constabulary	Main accounting	Not started	n/a
OPCC	Follow up – Business Continuity Planning	Complete	Yes
Constabulary	Follow up – Business Continuity Planning	Draft report prepared	n/a
Constabulary	Follow up - Duty Management System	Fieldwork underway	n/a
Constabulary	Annual Governance Statement 2015/16	Complete	n/a
OPCC	Annual Governance Statement 2015/16	Complete	n/a

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Completion of audit plan	% of audits completed to final report	95% (annual target)	28%	<p>The plan is progressing as intended. It is not unexpected that few reviews have been finalised in the period due to the lead in time inherent in the risk based approach.</p> <p>Results are broadly in line with the same period in 2015/16 when 30% of audits were complete at 20 November 2015.</p> <p>The Constabulary and Commissioner's office have been involved in scheduling each piece of audit work.</p> <p>We are confident that all audit work will be delivered in the year.</p>
	Number of planned days delivered	274 (annual target)	123	<p>Planned days delivered is on track based on profiling of audit work specified by the OPCC and Constabulary.</p> <p>The figure is comparable with a similar period in 2015/16 when 48% of planned audit days had been delivered by 20 November 2016.</p>
Audit scopes agreed	Scoping meeting to be held for every risk based audit and client notification issued prior to commencement of fieldwork.	100%	100%	

Appendix 3 – Internal audit performance measures

Measure	Description	Target	Actual	Explanations for variances / remedial action required
Draft reports issued by agreed deadline	Draft reports to be issued in line with agreed deadline or formally approved revised deadline where issues arise during fieldwork.	70%	100%	
Timeliness of final reports	% of final reports issued for Chief Officer / Director comments within five working days of management response or closeout meeting.	90%	100%	
Recommendations agreed	% of recommendations accepted by management	95%	100%	
Assignment completion	% of individual reviews completed to required standard within target days or prior approval of extension by audit manager.	75%	100%	
Quality assurance checks completed	% of QA checks completed	100%	100%	
Customer Feedback	% of customer satisfaction survey scoring the service as good.	80%	100%	This is based on three returned customer feedback forms.
Chargeable time	% of available auditor time directly chargeable to audit jobs.	80%	80%	

This page is left intentionally blank

Cumbria Shared Internal Audit Service
Internal Audit Report for Cumbria County Council & Cumbria Constabulary



Audit of Cumbria's Multi-Agency Safeguarding Hub

Draft Report Issued: **20th October 2016**
Final Report Issued: **4th November 2016**

Audit Resources

Title	Name	Email	Telephone
Audit Managers	Emma Toyne Peter Usher	emma.toyne@cumbria.gov.uk peter.usher@cumbria.gov.uk	01228 226261 01228 226287
Lead Auditor	Sarah Wardle	sarah.wardle@cumbria.gov.uk	01228 226255

Audit Report Distribution

For Action:	Deborah Royston (Senior Manager – Multi-Agency Safeguarding Hub) Brian Murray (Detective Inspector:- Multi-Agency Safeguarding Hub)
For Information:	John Macilwraith (Corporate Director Children and Families Services) Walter McCulloch (Assistant Director – Children & Families) Darren Martland (Assistant Chief Constable – Cumbria Constabulary) Doug Marshall (Head of Public Protection Unit – Cumbria Constabulary) Ruth Hunter (Chief Finance Officer / Deputy Chief Executive – OPCC)
Audit Committee	The OPCC and Constabulary's Joint Audit & Standards Committee, which is due to be held on 24th November 2016, will receive the report. The County Council's Audit & Assurance Committee, which is due to be held on 20 th March 2017, will receive a summary of the outcomes of the audit.

Note: Audit reports should not be circulated wider than the above distribution without the consent of the Audit Manager.

Executive Summary

1. Background

- 1.1. This report summarises the findings from the audit of the Cumbria Multi-Agency Safeguarding Hub Action Plan. This was a planned audit assignment which was undertaken in accordance with the 2015/16 Audit Plans for both Children's Services and Cumbria Constabulary.
- 1.2. Local Authorities have statutory duties under Children's Act legislation to play a key role in promoting and protecting the welfare of children. The safeguarding of children is important to the County Council because of the need for children and young people to be protected from abuse, neglect and exploitation, have a safe environment in which to grow up and a greater opportunity to reach their full potential into adulthood. Promoting and protecting the welfare of children contributes directly to the 2016-19 Council Plan priority around safeguarding children and supporting families and schools.
- 1.3. Cumbria Constabulary also has a key role to play in protecting children from harm and supporting victims. Safeguarding children is important to the organisation because it contributes directly to a commitment in the Police and Crime Plan to work with other agencies to prevent harm through public protection services. In 2015, as part of its annual inspections into police effectiveness, efficiency and legitimacy (PEEL), HMIC assessed the effectiveness element (how well Cumbria Constabulary keep people safe and reduce crime) as requiring improvement. An action plan was developed to address issues raised in this report, issues arising from a Peer Review in March 2015 and national requirements identified by the College of Policing. Actions have now been incorporated into the Cumbria Constabulary Improvement Plan.
- 1.4. In November 2014 the Cumbria Multi-Agency Safeguarding Hub was launched with a vision to 'work together to keep children and young people safe in Cumbria'. The Safeguarding Hub is part of the wider Cumbria Local Safeguarding Children Board (LSCB) structure and operates as a strategic partnership between Cumbria County Council's Children's Services Directorate, Cumbria Care Commissioning Group, Cumbria Partnership Trust and Cumbria Constabulary. Day to day management is overseen by Children's Services. In 2015 a Hub Action Plan was developed to take the team forwards with a more streamlined and efficient model of working to address issues raised through formal reviews and Ofsted inspections.

2. Audit Approach

2.1. Audit Objectives and Methodology

2.1.1. Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems. A risk based audit approach has been applied which aligns to the five key audit control objectives which are outlined in section 4; detailed findings and recommendations are reported within section 5 of this report.

2.2. Audit Scope and Limitations

2.2.1 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Sponsors for this review were the Assistant Director – Children & Families and the Head of the Public Protection Unit - Constabulary and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following areas:

- Consistent implementation of the Hub Action Plan to address national requirements, Ofsted recommendations and HMIC recommendations in two key areas:
 - Children missing from home.
 - Child sexual exploitation.

2.2.1 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3. Assurance Opinion

3.1. Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A**.

3.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within the Cumbria Multi-Agency Safeguarding Hub provide **partial** assurance.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4. Summary of Recommendations, Audit Findings and Report Distribution

4.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

4.2. There are 9 audit recommendation arising from this audit review and this can be summarised as follows:

Control Objective	No. of recommendations		
	High	Medium	Advisory
1. Management - achievement of the organisation's strategic objectives achieved (<i>see section 5.1</i>)	-	3	-
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts	-	3	-
3. Information - reliability and integrity of financial and operational information (<i>see section 5.2</i>)	-	1	-
4. Security - safeguarding of assets	1	-	-
5. Value - effectiveness and efficiency of operations and programmes	1	-	-
Total Number of Recommendations	2	7	-

4.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Arrangements are in place to provide clear direction, leadership and oversight of decisions relating to the Safeguarding Hub through the Cumbria Local Safeguarding Children's Board governance structure.
- A new senior manager post has been established in Children's Services to oversee the work of the Multi-Agency Safeguarding Hub. The role and responsibilities of this post have been well defined, with clear lines of accountability. The manager has already demonstrated a high level of commitment to continually developing the Hub and driving improvements.
- Actions to address national safeguarding requirements, Ofsted recommendations and HMIC recommendations are captured in improvement plans and monitored.
- There is a risk register in place to record risks to delivering the Hub Improvement Plan. The risks are monitored and managed by the Hub Programme Board.

4.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

4.4.1. *High priority issues:*

- There is a lack of clarity around Hub information sharing protocols and the level of information governance / security training provided to Hub staff.
- Implementation of Phase 2 of the Hub Action Plan is nine months overdue.

4.4.2 *Medium priority issues:*

- Individual partner contributions to Hub operations are not formally reflected in a signed funding agreement.
- There has been no specific activity to raise awareness and understanding of the Hub Improvement Plan or new working practices across partner organisations.
- Opportunities have not been taken to deliver multi-agency training to Hub staff.
- Regular quality assurance checks on cases have not taken place for a number of months.
- Arrangements for the development of Hub procedures have not been formalised and documented to demonstrate input, agreement and sign off by partners. The documents produced are not consistently dated / version controlled.
- There are inconsistencies in induction arrangements for new staff in the Hub and access to policies, procedures and guidance material.
- The current Hub performance report does not facilitate effective monitoring of Hub activity and progress towards delivering required improvements

4.4.3 *Advisory issues:*

None identified.

Comment from the Corporate Director of Children's Services:

I am conscious that the senior manager has initiated a review of both the operational and partnership arrangements within the Hub. These findings will be presented to the Hub programme board and Children's Services SMT. It is expected that a revised

development plan will be created and monitored through the LSCB. It is positive to read that there are a number of strengths and the newly appointed manager is already showing the required impact.

Comment from the Assistant Chief Constable:-

I've read the attached and I am satisfied with the recommendations that have been made and having discussed the matter with Deb Royston the Safeguarding hub manager and advised that the recommendations will be addressed in the form of an action plan that will be governed by the Safeguarding Hub Governance Group which is chaired by the Assistant Director of Children's Services, Mr Walter McCulloch.

Management Action Plan

5. Matters Arising / Agreed Action Plan

5.1. Management - achievement of the organisation's strategic objectives.

● **Medium priority**

Audit finding	Management response
<p>a) Governance Arrangements</p> <p>A Safeguarding Hub Memorandum of Understanding (MOU) was established and signed by all parties in December 2014. It broadly sets out the key objectives, principles of collaboration, governance structure and the roles & responsibilities of partners.</p> <p>There is a clause in the MOU stating that 'the parties agree to share the costs and expenses arising in respect of the Hub between them in accordance with a Contributions Schedule to be developed and approved by the Programme Board within 6 months of the date of the MOU'. There is no evidence that a Contributions Schedule was developed.</p> <p>There is limited clarity in the MOU around the staffing that that each party will provide for the Hub. It states that parties will 'deploy appropriate resources' (sufficient, appropriately qualified resources to fulfil the responsibilities set out in the MOU).</p> <p>Partners do not share the cost of providing Business Support services to the Hub. These services are crucial to meeting time targets and data quality standards. Business Support is predominantly provided to the Hub from Children's Services.</p> <p>By formally clarifying and agreeing the level of funding / resources required for the Hub and defining each partners' contribution the scope for funding disputes arising between partners is much reduced. It would also ensure that there are sufficient staff with the relevant skills and sufficient funds to effectively operate the Hub and continue to deliver improvements / actions.</p>	<p>Agreed management action:</p> <p>The Programme Board, which met on 27th October, established a Task and Finish Group which met on 27th October 2016 and will ensure that the updated MOU is in place by 5th January 2017 and is agreed / endorsed by the Board.</p> <p>The MOU will capture the issue regarding multi-agency resourcing.</p>

<p>Recommendation 1:</p> <p>Hub resources should be fully considered in terms of the skills, qualifications and experience required to fulfil defined responsibilities, operate the Hub effectively and deliver improvements. The agreed requirements and individual partner contributions should be formally reflected in a signed funding agreement that is properly communicated, including to individual partner leadership boards.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Ineffective service delivery. • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Reputational damage. • Disputes with partners regarding staffing and funding responsibilities. 	<p>Responsible managers for implementing: Chair of the Programme Board</p> <p>Date to be implemented: January 2017</p>

● **Medium priority**

Audit finding	Management response
<p>b) Communications Strategy</p> <p>There have been communications about the formation of the Safeguarding Hub across partners but there has been no specific activity to raise awareness and understanding of the Hub Improvement Plan or new working practices such as the development of screening and risk assessment tools.</p> <p>Improvements may be difficult to attain if partners / professionals don't fully understand the role and remit of the Hub, the threshold guidance and assessment process that was recently introduced, recommendations from inspection bodies and what the Hub aims to achieve moving forwards.</p>	<p>Agreed management action:</p> <p>Learning and review following roadshows carried out in September will inform the Communication Strategy for the following 12 months.</p>

<p>Communications about the Hub also help to clarify expectations around referrals and the level of information required to improve data quality and increase efficiency.</p>	
<p>Recommendation 2: A Communications Strategy should be developed to raise understanding and awareness of the current role and remit of the Hub, improvement plans in place and an understanding of how the Hub applies threshold guidance and assesses levels of need.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Queries and challenges arising from misunderstandings around the role and remit of the Hub and working practices. • Inefficiency due to time spent dealing with inappropriate and poor quality referrals. • Reputational damage. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: September 2016 (this will be an on-going maintenance activity)</p>

● **Medium priority**

Audit finding	Management response
<p>c) Multi-Agency Training Multi-agency training for the Hub has been limited to date but the newly appointed Senior Manager is planning a series of themed workshops later this year. There is an acknowledged need for staff in the hub to develop a better understanding of working practices across partners, including the terminology in use. Joint training is a further opportunity to improve the way the team works together, deliver a more consistent approach, increase resilience and achieve improvements.</p>	<p>Agreed management action: Plans have been delivered in terms of a number of multi-agency sessions. More sessions are in the pipeline. Multi-agency learning will be maintained and delivered through multi-agency management meetings which by their nature result in multi-agency learning.</p>
<p>Recommendation 3:</p>	

Plans should be progressed to design and deliver multi-agency training to Hub staff.	We will prepare a calendar of training events
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Sickness absence and loss of staff due to increased stress and dissatisfaction. • Reputational damage arising from poor performance. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: November 2016</p>

5.2 Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Medium priority**

Audit finding	Management response
<p>a) Data Quality Assurance</p> <p>There is currently no framework for management / supervisory quality assurance checks to ensure adherence to safeguarding Hub policies and procedures and data quality standards.</p> <p>There was some evidence of the dip sampling of cases and feedback being given to staff within the Hub but the sampling was limited and ceased in March 2016.</p> <p>Findings from quality assurance activity would inform staff development plans and help drive improvement activity.</p>	<p>Agreed management action:</p> <p>Multi-agency audits have been initiated and learning from them has been incorporated into the Performance Quality Framework which was agreed at Programme Board in the summer.</p>
<p>Recommendation 4:</p> <p>Management tools for undertaking quality assurance checks on a multi-agency basis should be re-introduced, with appropriate feedback and support given to Hub staff.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Poor quality data leading to flawed or delayed decision making. 	<p>Responsible managers for implementing:</p>

<ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Sanctions and reputational damage arising from non-compliance with Hub policies and procedures and national requirements. 	<p>Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: July 2016</p>
---	--

● **Medium priority**

Audit finding	Management response
<p>b) Hub Procedures</p> <p>Some evidence was provided of partners having an input to recent procedural developments. However the development process was not formalised and documented to demonstrate this input or the agreement and sign off by partners. The documents produced are not consistently dated / version controlled.</p> <p>Input from partners to developments in Hub procedures is vital to ensure there is no conflict with the internal procedures of respective partners, that partners are fully aware of, understand and consistently apply the procedures and staff are following the latest versions of procedures.</p>	<p>Agreed management action:</p> <p>A set of Hub operating procedures is in place. Whilst enhancements and operational developments are needed it has been agreed that we will use the procedures from November.</p>
<p>Recommendation 5:</p> <p>Arrangements for the development / update of Hub documentation should be formalised to ensure input is obtained from all partners and their agreement and sign off is documented. New versions of documents should be clearly version controlled / date stamped to ensure only the latest versions are accessible to staff and used.</p>	

Risk exposure if not addressed:

- Ineffective service delivery because partners do not fully understand and comply with up to date Hub procedures.
- Failure to deliver agreed actions / improvements and achieve strategic objectives.
- Sanctions and reputational damage arising from non-compliance with Hub policies and procedures.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

Date to be implemented:

November 2016

● **Medium priority**

Audit finding

Management response

c) **Staff Induction**

There is currently no agreed induction process across the Hub.

Our audit identified the following inconsistencies in:-

- The initial arrangements for introducing Hub staff to the new procedures, flowcharts and forms.
- Induction routines for new staff covering the new procedures, flowcharts and forms.
- Access to procedures, flowcharts and forms across the team because partners do not have access to the Children's Services Sharepoint site where they are held.

We understand that there has been a high level of staff turnover within the Hub and the ongoing requirement to use agency staff. The need for an agreed induction process is all the more important given the current high turnover. Such a process would ensure standard understanding and approach and would further enhance consistency and proficiency and contribute to improvement activity.

It is understood that the Hub Service Manager has been tasked with producing an induction process / pack but it is unclear what the arrangements are for partner agreement and sign-off and what the target date is for implementation.

Recommendation 6:

- a) A Hub induction process should be finalised, with input, agreement and sign off by partner agencies.
- b) Arrangements for raising awareness of, and providing access to, new or updated procedural documentation and guidance should be defined across partner agencies.

Risk exposure if not addressed:

- Ineffective service delivery because partners are not aware of and don't have access to up to date Hub procedures.

Agreed management action:

- a) Multi-agency staff induction has been agreed and is in place from 26th September 2016 when it was signed off by the Development Group.
- b) The Sharepoint site is in place and ready to use. The Task and Finish Group will, on 14th November, confirm the content of the site and the on-going maintenance arrangements.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

<ul style="list-style-type: none">• Failure to deliver agreed actions / improvements and achieve strategic objectives.• Sanctions and reputational damage arising from non-compliance with Hub policies and procedures.	<p>Date to be implemented:</p> <ul style="list-style-type: none">a) September 2016b) November 2016
--	---

5.3 Information - reliability and integrity of financial and operational information.

● **Medium priority**

Audit finding	Management response
----------------------	----------------------------

a) **Performance Data**

A performance report is presented to the Hub Programme Board on a regular basis. The report provides a vast amount of data such as the total number of contacts coming into the Hub, sources of contacts, contacting agencies and outcomes of contacts. However the report does not include performance targets and measure performance against them to gauge progress made and comparisons are not made at individual, team, or district level. Consequently the reports do not give management an indication of how effectively the Hub operates or how consistently the Hub Action Plan is being implemented across the county.

At the time of the audit review the Hub Senior Manager contacted the performance team regarding improvements to the standard Hub performance report. These improvements should be specified and agreed by management across partner agencies having considered aspects such as the following:-

- Linking performance measures to the delivery of strategic objectives and actions detailed in Hub Action Plans.
- Agreement regarding what good performance looks like and setting realistic, achievable targets accordingly.
- Measurement methods, frequency and monitoring arrangements.
- Report presentation and the facility to compare data at individual, team, or district level to feed into improvements, training activity etc.
- Opportunity to compare performance to previous periods to highlight progress made, trends and issues.
- Sharing performance data across the team so that staff better understand their contribution to Hub objectives and user outcomes.

Agreed management action:

A framework was agreed at the June Programme Board. Iterations of the reporting tool have been agreed by the Programme Board and the tool is now in use.

The Framework will be available on the Sharepoint site.

Recommendation 7:

<p>Partners should agree the format of a new performance report that will contribute to the effective monitoring of Hub activity and progress towards delivering required improvements. The report could be placed on the SharePoint site for all staff to better understand the issues coming through and buy into proposed actions.</p>	
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Failure to deliver agreed actions / improvements and achieve strategic objectives. • Delays identifying poor performance and implementing remedial action. • Staff dissatisfaction and reduced performance because of an inability to understand their contribution to service objectives and improvement activity. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: June 2016</p>

5.4 Security - safeguarding of assets.

● **High priority**

Audit finding	Management response
<p>a) Information Sharing</p> <p>As a multi-agency Hub, information sharing between partners is a key requirement of daily operations. A Hub Information Sharing Protocol has been prepared to facilitate this sharing of information between partners but the document is still marked as a draft, it is not dated, and there is no evidence of agreement and sign-off by partner agencies. At the time of the audit review the Hub Information Sharing Protocol was not available to Hub management or staff.</p> <p>Hub managers are currently unaware of the level of information governance / security training provided to Hub staff.</p> <p>Recommendation 8:</p>	<p>Agreed management action:</p> <p>a) The MOU and Practice Standards will address elements regarding information sharing.</p> <p>There is an agreed action to improve information security in respect of information access to social care.</p> <p>Information sharing is well handled within the Hub but could be better assisted when NHS colleagues are able to resolve some IT issues.</p>

<p>a) Information sharing arrangements within the Hub should be subject to review and arrangements put in place to ensure full compliance with data protection legislation.</p> <p>b) A training review should be undertaken to establish the level of information security training provided to Hub staff so that plans can be established to address any gaps.</p>	<p>b) We will formalise an annual check of Information Security training and undertake a security audit.</p>
<p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Sanctions, reputational damage and legal challenge arising from inappropriate sharing / disclosure of confidential and personal data. 	<p>Responsible managers for implementing: Senior Manager – Multi-agency Safeguarding Hub</p> <p>Date to be implemented: January 2017</p>

5.5 Value - effectiveness and efficiency of operations and programmes.

● **High priority**

Audit finding	Management response
<p>a) Hub Action Plan Phase 2</p> <p>Phase 2 of the Hub Action Plan was scheduled for implementation in mid-January 2016. At the time of the audit review in August 2016 Phase 2 of the Hub Action Plan had not been developed but was re-scheduled for the end of September 2016.</p>	<p>Agreed management action:</p> <p>An updated Action Plan has been completed. Outstanding Phase 2 actions have been carried forward into the Phase 3 Action Plan. This was agreed by the Programme Board in September 2016.</p>
<p>Recommendation 9:</p> <p>Arrangements should be made to finalise Phase 2 of the Hub Action Plan, having obtained input, agreement and sign-off from partner agencies. Arrangements should include a strategy for communicating the updated plan to the team and across partner agencies.</p>	

Risk exposure if not addressed:

- Delays and failures in delivering improvements and achieving strategic objectives.
- Reputational damage.
- Staff dissatisfaction and reduced performance arising from a loss of momentum in improvement activity and progress.

Responsible managers for implementing:

Senior Manager – Multi-agency Safeguarding Hub

Date to be implemented:

September 2016

Appendix A

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	<p>The controls tested are being consistently applied and no weaknesses were identified.</p> <p>Recommendations, if any, are of an advisory nature in context of the systems and operating controls & management of risks.</p>
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	<p>Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed.</p> <p>Recommendations are no greater than medium priority.</p>
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	<p>There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified.</p> <p>Recommendations may include high and medium priority matters for address.</p>
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being	Significant non-compliance with basic controls which leaves the system open to error and/or abuse.

	unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.
--	--	---

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are three levels of audit recommendations used; high, medium and advisory, the definitions of which are explained below.

		Definition:
High	●	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	●	Some risk exposure identified from a weakness in the system of internal control
Advisory	●	Minor risk exposure / suggested improvement to enhance the system of control

Recommendation Follow Up Arrangements:

- High priority recommendations will be formally followed up by Internal Audit and reported within the defined follow up timescales. This follow up work may include additional audit verification and testing to ensure the agreed actions have been effectively implemented.
- Medium priority recommendations will be followed with the responsible officer within the defined timescales.
- Advisory issues are for management consideration.

This page is left intentionally blank

Monitoring Key Audit Recommendations

Introduction

This report is designed to monitor the implementation of recommendations and actions arising from Audit and Inspection.

If fulfills the assurance responsibilities of the Audit and Standards Committee with regards to the implementation of control recommendations and best practice arising from Audit and Inspection work.

Report Summary

Summary of Actions	PCC	CC	Joint	Total
Open actions b/fwd from last report	0	15	0	15
New actions since last report	0	9	0	9
Total actions this report	0	24	0	24
Actions completed since last report	0	14	0	14
Open actions c/fwd to next report	0	10	0	10

Summary of Total Actions by Status	PCC	CC	Joint	Total
 Completed	0	14	0	14
 Ongoing	0	3	0	3
 timescale exceeded	0	3	0	3
 not yet due	0	4	0	4
Total	0	24	0	24

Key to Grade:

Cumbria Shared Internal Audit Service

Grade/Priority	
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control.
Medium	Some risk exposure identified from a weakness in the system of internal control.
Advisory	Minor risk exposure/suggested improvement to enhance the system of control.

Members have requested that this summary of recommendations report provides an update on actions where the recommendation was graded High/Medium only. Minor Advisory recommendations are monitored by individual managers.

External Audit – Grant Thornton

Grade/Priority	
<i>High</i>	Significant effect on control system
<i>Medium</i>	Effect on control system
<i>Low</i>	Best practice

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Safeguarding IT Assets (CC)	13/01/2016	13/01/2016	09/03/2016	Shared Internal Audit Service	R1 Responsibility for keeping up to date with emerging legislation relating to IT equipment should be clearly defined.	Medium	DCI Professional Standards Furzana Nazir	The role profile for the records and information security manager will be updated. February 2016 - There is currently uncertainty regarding this audit recommendation, clarification is being sought from the shared internal audit team. Members will be updated at the meeting. August 2016 - discussions have taken place with management audit which clarified that the recommendation related to computer security legislation which falls under the responsibilities of the Professional Standards Department. Discussions are now taking place to ascertain whether existing job descriptions cover these responsibilities adequately and a further update will be provided at the meeting. November 2016 - The Constabulary believes that the existing job descriptions of the Records and Information Security Manager and Force Disclosure Manager meet the requirements of this recommendation. Dialogue is continuing with internal audit to confirm this.	TBC	Dec-16	🔴
Code of Ethics (CC)	18/04/2016	N/A	03/05/2016	Shared Internal Audit Service	R1 Arrangements should be in place for management to be assured that all staff receive mandatory training on the Code of Ethics.	Medium	Chief Superintendent TP Sean Robinson	We will identify those who haven't received the mandatory Code of Ethics training and ensure it is delivered to those individuals through line management briefings. This will be documented as part of the 15 week review. June 2016 - A paper regarding training in relation to Code of Ethics is being prepared and will be presented to Business Board on 1 August 2016. August 2016 - The report to Business board has been delayed to the meeting on 26 August 2016. The CC CFO will provide an update at the September meeting of JASC. November 2016 - The paper on Code of Ethics was considered by Business Board in August. Chief Officers received a refresher on Code of Ethics in October 2016 and this training has been provided to Senior management Teams. The Heads of Department are now tasked with the responsibility to cascade this training/refresher to individual teams a.s.a.p. The standard documentation used for the 5/15 week reviews includes references to the Code of Ethics and the individuals responsibilities in this regards.	31/07/2016	-	🟢
Code of Ethics (CC)	18/04/2016	N/A	03/05/2016	Shared Internal Audit Service	R3 Arrangements should be in place to give management assurance that performance is being managed and that standards of professional and ethical behaviour are included as part of this process.	Medium	Chief Superintendent TP Sean Robinson	We will include Code of Ethics in the 15 week reviews and embed it in supervisory reviews for all staff. June 2016 - A paper regarding training in relation to Code of Ethics is being prepared and will be presented to Business Board on 1 August 2016. August 2016 - The report to Business board has been delayed to the meeting on 26 August 2016. The CC CFO will provide an update at the September meeting of JASC. November 2016 - A steering group to drive this forward is being established.	31/07/2016	-	🔴
Main Financial System - Creditors (CC)	22/04/2016	N/A	03/05/2016	Shared Internal Audit Service	R1 Once the Central Services Department review is finalised arrangements should be made to review and update accounts payable procedures and ensure the following :- • Staff are made aware of new / updated procedures and where to access them with training provided where necessary. • Procedures are dated or version controlled. • Only the latest versions of procedures should be available for staff to follow. • Procedures are kept under regular review.	Medium	Head of Central Services Ann Dobinson	Current processes are being reviewed by the Change Team as part of the Admin Review (Phase 1). CSD management are working closely with the Change team to review, amend and implement new streamlined processes and procedures. New agreed processes will be documented and staff will be provided with full training as necessary. All new procedures will be version controlled, held easily accessible and regularly reviewed. June 2016 - Work on the process review is ongoing with regard to some process. A more detailed review of the procure to pay process is being undertaken by the Change Team with meetings planned for July and August 2016. August 2016 - A consultancy firm has been appointed to review the Procure to Pay processes and are working to assist the Change Team, this work will be concluded in October/November with new processes/workflows being implemented during December 2016. Review again end of December 2016 November 2016 - Process improvement investigations are complete, an implementation plan is currently being developed by Change Programme for implementation over the coming months. A revised target date for implementation of the process improvements is December to March 2017, with the caveat some of the system improvements will be reliant on ICT availability to deliver redesigned forms and workflows.	May - September 2016	31/03/2017	🟡

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Review of Annual Governance Statement (AGS) (CC)	25/04/2016	N/A	03/05/2016	Shared Internal Audit Service	R3 Management should be assured that the Annual Governance Statement correctly reflects the arrangements for staff to receive one to ones as they are operating in practice.	Medium	The Head of Human Resources Andrew Taylor	The Constabulary operates a process of formal performance review in relation to officers. It is, however, recognised that PDR for police staff was suspended pending guidance from the College of Policing. The AGS states the Constabulary's commitment to re-introduce PDR for all officers and staff during 2016/17. A more detailed update will be provided at the JASC meeting in May. June 2016 - A plan is now in place to reintroduce PDR for all officers and staff during the remainder of 2016/17. Previously delayed national guidance on relationship between police officer pay and performance recently available and an electronic means of recording the details of PDR for both officers and staff is currently being developed. August 2016 - Work is progressing on the development of an electronic PDR system for implementation by the end of 2016/17. November 2016 - The development of a new PDR system has been delayed as a result of the unavailability of national guidance to accommodate significant changes in CPD (continuous professional development) and ARC (Assessment and Recognition of Competence) for Police Officers. Significantly, the ARC component is related to Police Officer Pay which demands a robust approach to appraisal. An interim PDR process is being launched in November 2016 with an implementation date of 31/01/17. Police Officers and Staff will be required to have an annual PDR in the month that corresponds with the anniversary of their appointment, this will start with those who are due to have a PDR in January 2017. In the meantime, all police officers and staff are continuing to have 5 and 15 week reviews with their line manager.	30/09/2016	31/01/2017	🚩
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R1 Arrangements should be made to update appropriate staff in the constabulary on the new Procurement Strategy and updated Procurement Regulations.	High	Head of Procurement Les Hopcroft	The Procurement Strategy has been reviewed and approved by Extended COG and the previous Commissioner. The update of the Joint Procurement Regulations was reviewed by JASC with final agreement delayed due to clarification of policy regarding late tenders which has now been resolved. The Procurement team together with the Heads of Service, OPCC and the Estates Teams have been briefed on the Procurement Strategy. Communications strategy to be developed to brief key staff on the strategy and revised regulations, including: <ul style="list-style-type: none"> • Business Board. • Corporate Support SMT. • Staff involved in procurement processes (Incl. CSD, Finance, ICT, Estates etc.). • Brief update on ForceNet Intranet site November 2016 - The Joint Procurement Regulations have been updated to reflect recommendations arising from the internal audit report. An update on the Procurement Strategy and Regulations has been communicated through to the Constabulary through the Forcenet weekly briefing, Presentations on the Procurement regulations and strategy are to be presented to the Business Board and Corporate Support SMT at their November meetings. Specific training has been provided to the Fleet and ICT departments with further events for other departments due to be completed by the end of December.	30/09/2016	31/12/2016	🚩
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R3 The risks of over dependence on the Head of Procurement in operational procurement activity should be identified, assessed and managed.	High	Director of Corporate Support Stephen Kirkpatrick and Head of Procurement Les Hopcroft	<ul style="list-style-type: none"> • Over dependence on the Head of Procurement is recognised and reviewed as part of on-going 121's with the Director of Corporate Support with appropriate prioritisation and assistance provided where necessary. • It is recognised that the skills & experience of the procurement team have progressed significantly since the last procurement review but that further development is still required. • A comprehensive training and development framework is in place for members of the Procurement Team, including 21 training sessions delivered to date with a further 6 planned, which continues to increase the knowledge and skills base of those involved in procurement activities. • The current Admin Review, led by Corporate Improvement, is considering transactional procurement activities with the aim of introducing further efficiencies. • Work continues to embed category management across procurement, including continued review of roles and responsibilities. November 2016 <ul style="list-style-type: none"> • Over dependence on the Head of Procurement is recognised and continues to be reviewed as part of on-going 121's with the Director of Corporate Support with appropriate prioritisation and assistance provided where necessary. No major concerns requiring interventions or additional support have been identified to date. • A comprehensive training and development framework continues to be progressed for members of the Procurement Team. A further 3 training sessions (now totalling 24 of 27 identified) have been delivered including 2 focusing on Procurement Fraud and 1 focusing on Strategic Sourcing. This training programme continues to increase the knowledge and skills base of those involved in procurement activities. It should also be noted that the various training courses have included attendance from wider teams involved in procurement activities across both the Constabulary and Office of the Police & Crime Commissioner. • The current Admin Review, led by Corporate Improvement, is considering transactional procurement activities with the aim of introducing further efficiencies, although it should be noted that this review is not due to deliver until early 2017. • Work continues to embed category management across procurement, including continued review of roles and responsibilities with the Head of Procurement leading an initiative whereby all Procurement Business Partners are involved in analysing expenditure across their category areas to identify in year and future savings. Approximately £70k has been identified for the 16/17 financial year with approximately £110k identified in 17/18 (across the Custody Medical & Appropriate Adult categories). 	30/09/2017	-	🟢
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R4 Procurement fraud risks should be identified, assessed and managed accordingly.	High	Head of Procurement Les Hopcroft Chief Finance Officer Roger Marshall	All procurement staff are aware of their responsibilities and have received training in relation to the Code of Ethics (both College of Policing & CIPS 2008), the Joint Procurement Regulations and the Constabulary's Anti-Fraud & Corruption policy and procedures. <ul style="list-style-type: none"> • The Constabulary's CFO and Head of Procurement will undertake a procurement fraud risk assessment. Draft by end August 2016 with full assessment by end of October following further training. November 16 - Procurement fraud risks have been specifically identified and corroborated by the procurement fraud training. The risks have been incorporated into the Corporate Support risk register in the prescribed format.	31/10/2016	-	🟢

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R5 Arrangements should be in place to ensure procurement staff are aware of potential fraudulent procurement practices and fully understand expectations regarding their professional and ethical behaviour.	Medium	Head of Procurement Les Hopcroft Chief Finance Officer Roger Marshall	<ul style="list-style-type: none"> A training course on Procurement Fraud has been arranged for 06 October 2016, delivered by external consultants, to relevant staff across the organisation including Procurement, Finance, OPCC, Estates, Fleet & ICT. <p>November 2016 - The procurement fraud course has been delivered to procurement and a range of other stakeholders. Additional guidance has also been provided by Procurement to stakeholders.</p>	31/10/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R6 Authorities, roles and responsibilities for undertaking procurement activity and monitoring compliance should be clarified and communicated to those concerned.	Medium	Head of Procurement Les Hopcroft Chief Finance Officer Roger Marshall	<ul style="list-style-type: none"> Roles & Responsibilities defined within Joint Procurement Regulations and individual role profiles of relevant staff. Budget holder responsibilities, managed by Finance, are reviewed and refreshed on an annual basis. The Scheme of Delegation to be reviewed to refer to the Scheme of Devolved Resource Management' rather than the Joint Procurement Regulations. <p>November 2016 - The Constabulary's Scheme of Delegation has been updated to clarify the identity and roles of authorised officers for procurement purposes. This change has been agreed by Business Board.</p>	31/08/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R8 Management should define and communicate requirements around supervisory checking at key stages of the procurement lifecycle.	Medium	Head of Procurement Les Hopcroft	<ul style="list-style-type: none"> The Head of Procurement holds fortnightly 121's with all staff within the Procurement Team and also works closely with his team to ensure oversight of all procurement activities detailed within this audit finding. The Constabulary is confident that the appropriate checks and balances are undertaken to give the Head of Procurement reassurance that procurement activities are compliant with both the Joint Procurement Regulations and the EU Procurement Regulations (2015). The draft procurement cycle checklist to be finalised and introduced across all procurement functions. <p>November 2016 - The Head of Procurement has introduced the procurement checklist within the procurement department and embedded it as part of the procurement process.</p>	31/10/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R9 Arrangements should be in place to ensure consultants have current professional indemnity insurance, for the specified period, and copy certificates are obtained.	Medium	Head of Procurement Les Hopcroft	<ul style="list-style-type: none"> The Head of Procurement will reinforce the requirement to obtain copies of insurance certificates with members of the Procurement Team. Also to be included in procurement cycle checklist (recommendation 8). <p>November 16 - Formal 121 advice has been given to the procurement staff emphasising the different types of supplier insurance which may be required and the requirement to check that appropriate arrangements are in place.</p>	31/10/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R10 Guidance should be developed regarding the level of professional indemnity insurance cover required in different circumstances to adequately address risk exposure.	Medium	Head of Procurement Les Hopcroft	<ul style="list-style-type: none"> The level of insurance required is included in each ITT issued and is set, as a minimum of £250,000, but is set on an individual tender basis subject to the risk incurred. The Joint Procurement Regulations will be reviewed to consider whether minimum levels of insurances required should be included. <p>November 2016 - The Joint Procurement Regulations have been updated to include guidance on minimum levels of insurance.</p>	15/09/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R14 Procurement record storage arrangements should be defined and communicated.		Head of Procurement Les Hopcroft Senior legal Advisor Janel Hallatt	<ul style="list-style-type: none"> The arrangements for the storage and management of contract documentation will be reviewed jointly with the Head of Procurement and the Senior Legal Advisor with the Joint Regulations to be updated as required. A central register of all contract exemptions is held by the Head of Procurement. <p>November 2016 - The Head of Procurement and the Senior Legal Advisor have met to review the arrangements for the storage and management of contract documentation. At this present time the Joint Procurement Regulations do not need to be amended. It is considered that they reflect the current arrangement. The arrangements will continue to be reviewed and when necessary amendments to the Regulations will be considered.</p>	30/09/2016	-	☀
Procurement (CC)	17/08/2016	17/08/2016	07/09/2016	Shared Internal Audit Service	R15 Post completion reviews should be undertaken in respect of key procurement exercises in order to identify any learning that can be taken forward as part of a commitment to continuous improvement.		Head of Procurement Les Hopcroft	<ul style="list-style-type: none"> Post completion reviews (considering number of responses, evaluation criteria success, quality of the tender documents and procurement timings) are currently undertaken on an informal basis. A formal review template to capture the above, together with lessons learnt, is being developed for use. <p>November 2016 - Post completion reviews will be undertaken by the Head of Procurement for procurements over the EU threshold. A standard template to record the review outcomes is being developed.</p>	31/08/2016	31/12/2016	☀
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R1 Hub resources should be fully considered in terms of the skills, qualifications and experience required to fulfil defined responsibilities, operate the Hub effectively and deliver improvements. The agreed requirements and individual partner contributions should be formally reflected in a signed funding agreement that is properly communicated, including to individual partner leadership boards.	Medium	Chair of the Programme Board	<p>The Programme Board, which met on 27th October, established a Task and Finish Group which met on 27th October 2016 and will ensure that the updated MOU is in place by 5th January 2017 and is agreed / endorsed by the Board.</p> <p>The MOU will capture the issue regarding multi-agency resourcing.</p>	31/01/2017		☀

Audit Report	Report Date	Report emailed to JASC Members	Report considered by JASC Meeting	Report of:	Recommendation	Grade	Person Responsible	Agreed / Intended Action / Progress Update	Target Date	Revised Target Date	Status
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R2 A Communications Strategy should be developed to raise understanding and awareness of the current role and remit of the Hub, improvement plans in place and an understanding of how the Hub applies threshold guidance and assesses levels of need.	Medium	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	Learning and review following roadshows carried out in September will inform the Communication Strategy for the following 12 months.	September 2016 (this will be an on-going maintenance activity)		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R3 Plans should be progressed to design and deliver multi-agency training to Hub staff.	Medium	Senior Manager – Multi-agency Safeguarding Hub	Plans have been delivered in terms of a number of multi-agency sessions. More sessions are in the pipeline. Multi-agency learning will be maintained and delivered through multi-agency management meetings which by their nature result in multi-agency learning. We will prepare a calendar of training events	30/11/2016		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R4 Management tools for undertaking quality assurance checks on a multi-agency basis should be re-introduced, with appropriate feedback and support given to Hub staff.	Medium	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	Multi-agency audits have been initiated and learning from them has been incorporated into the Performance Quality Framework which was agreed at Programme Board in the summer.	31/07/2016		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R5 Arrangements for the development / update of Hub documentation should be formalised to ensure input is obtained from all partners and their agreement and sign off is documented. New versions of documents should be clearly version controlled / date stamped to ensure only the latest versions are accessible to staff and used.	Medium	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	A set of Hub operating procedures is in place. Whilst enhancements and operational developments are needed it has been agreed that we will use the procedures from November.	30/11/2016		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R6 a) A Hub induction process should be finalised, with input, agreement and sign off by partner agencies. b) Arrangements for raising awareness of, and providing access to, new or updated procedural documentation and guidance should be defined across partner agencies.	Medium	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	a) Multi-agency staff induction has been agreed and is in place from 26th September 2016 when it was signed off by the Development Group. b) The Sharepoint site is in place and ready to use. The Task and Finish Group will, on 14th November, confirm the content of the site and the on-going maintenance arrangements.	a) 30/09/2016 b) 30/11/2016		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R7 Partners should agree the format of a new performance report that will contribute to the effective monitoring of Hub activity and progress towards delivering required improvements. The report could be placed on the SharePoint site for all staff to better understand the issues coming through and buy into proposed actions.	Medium	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	A framework was agreed at the June Programme Board. Iterations of the reporting tool have been agreed by the Programme Board and the tool is now in use. The Framework will be available on the Sharepoint site.	30/06/2016		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R8 a) Information sharing arrangements within the Hub should be subject to review and arrangements put in place to ensure full compliance with data protection legislation. b) A training review should be undertaken to establish the level of information security training provided to Hub staff so that plans can be established to address any gaps.	High	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	a) The MOU and Practice Standards will address elements regarding information sharing. There is an agreed action to improve information security in respect of information access to social care. Information sharing is well handled within the Hub but could be better assisted when NHS colleagues are able to resolve some IT issues. b) We will formalise an annual check of Information Security training and undertake a security audit.	31/01/2017		☺
Cumbria's Multi-Agency Safeguarding Hub	04/11/2016	04/11/2016	24/11/2016	Shared Internal Audit Service	R9 Arrangements should be made to finalise Phase 2 of the Hub Action Plan, having obtained input, agreement and sign-off from partner agencies. Arrangements should include a strategy for communicating the updated plan to the	High	Senior Manager – Multi-agency Safeguarding Hub Deborah Royston Cumbria CC	An updated Action Plan has been completed. Outstanding Phase 2 actions have been carried forward into the Phase 3 Action Plan. This was agreed by the Programme Board in September 2016.	30/09/2016		☺



Cumbria Office of the Police and Crime Commissioner

Title: Treasury Management Activities Reporting

Joint Audit & Standards Committee: 24 November 2016

1. Introduction & Background

1.1. Local Authorities (which includes Police and Crime Commissioner's) are required to report on specific elements of treasury management as determined by:

- The Treasury Management Code
- The Prudential Code
- The 2004 Investment Guidance
- The Requirements of International Financial Reporting Standards (IFRS)

1.2. The Prudential Code requires local authorities to set and revise prudential indicators, and to publish actuals in respect of these. The code also requires the prudential indicators to be approved and revised by the same body that sanctions the authority's budget. For the Police and Crime Commissioner for Cumbria, this is the Commissioner himself and he will do this at a special budget meeting in February each year.

The key treasury management indicators as part of the prudential code are:

- An authorised limit for external debt
- An operational boundary for external debt
- Actual external debt

The key treasury management indicators as part of the TM Code are:

- Upper limits on fixed and variable interest exposures
- Upper and lower limits to the maturity structure of borrowing
- Upper limits to the total of principal sums invested longer than 364 days

These prudential code and treasury management indicators are grouped under the heading of *Prudential Indicators* and are all provided within the annual Treasury Management Strategy Statement (TMSS) which is presented to and agreed by the Commissioner as part of the overall budget setting process in February of each year. The TMSS is also provided to the Joint Audit and Standards Committee each year for review.

- 1.3. The Treasury Management Code provides guidance within Treasury Management Practices (TMP6) *Reporting Requirements and Management Information Arrangements* of the minimum recommended reporting requirements. The Chief Finance Officer must establish the reporting and monitoring processes, and integrate the treasury management indicators in the overall financial planning process. The table below shows how the Commissioner meets these reporting requirements.

Requirement	How met
Report annually to full council on their treasury management strategy and plan, before the start of the year.	The TMSS is presented to and agreed by the Commissioner at the budget setting meeting in February each year.
Report the mid-year position.	Quarterly reports are prepared and provided to the Commissioner and JASC. These reports set out the TM activities in the quarter, the forecasts for the year and report on compliance with the prudential indicators.
Prepare an annual report on the performance, effects of decisions taken and borrowings executed, and circumstances of non-compliance with their policies, after the year end.	The quarter 4 report produced after the year end incorporates an annual report which summarises the TM performance and activities for the year.
Treasury management indicators must be considered together with the treasury management indicators in the Prudential Code as part of the budget approval process.	The TMSS is approved by the Commissioner in February each year. The TMSS is also reviewed by JASC. The TMSS includes a separate Prudential Indicator appendix which provides details of the prudential indicators to be set for the year ahead and reports the actual performance.
The mid-year and annual post-year reports should also report on all treasury management indicators.	The quarterly reports provide details of the current position against these prudential indicators.

- 1.4. The 2004 Investment Guidance requires that authorities produce an Annual Investment Strategy (AIS) and that this is approved by full council. For the Police and Crime Commissioner this is the Commissioner himself. The AIS is provided as part of the TMSS which is approved in February each year.
- 1.5. The Requirements of International Financial Reporting Standards are concerned with the statutory reporting of investments and borrowing within the statutory accounts.

2. TM Reporting

2.1. The format of the TM Activities report has remained unchanged for a number of years. The Financial Services Team are looking at regular publications with a view to enhancing the readability and accessibility of financial reports. With this in mind an alternative presentation of the TM Activity report for quarter 2 is being presented for consideration:

- **Item 13 i** - Provides the quarter 2 TM Activities report in the historic format.
- **Item 13 ii** - Provides a more summarised version of the same report.

Both of the reporting formats meet the requirements in respect of reporting of treasury management activity and performance.

The alternative report format also includes a revised presentation of the performance indicator information (Appendix B), previously only the TM related prudential indicators were reported, the revised presentation now includes all the prudential indicators. This revised presentation could however be included in either version of the report.

2.2. Members are asked to consider which format of the report they prefer and would like to see at future meetings. Once members have provided a response, the format options will be discussed with the Commissioner.

Michelle Bellis
Deputy Chief Finance Officer
9 November 2016



Cumbria Office of the Police and Crime Commissioner

Title: Treasury Management Activities 2016/17 Quarter 2 (July to September 2016)

PCC Decision Meeting: November 2016

Joint Audit & Standards Committee: 24 November 2016

**Originating Officers: Michelle Bellis, Deputy Chief Finance Officer and,
Lorraine Holme, Principal Financial Services Officer.**

1. Purpose of the Report

- 1.1. The purpose of this paper is to report on the Treasury Management activities, which have taken place during the period July to September 2016, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.
- 1.2. Treasury Management activities are undertaken in accordance with the Treasury Management Strategy Statement and Treasury Management Practices approved by the Commissioner in February each year.

2. Recommendation

- 2.1. The Commissioner is asked to note the contents of this report. The report will also be presented to the Joint Audit and Standards Committee meeting of 24 November as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

- 2.2. JASC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy. The report will also be presented to the Commissioner at a decision meeting in November 2016.

3. Economic Background

- 3.1. UK economic outlook changed significantly on 23rd June 2016. The surprise result of the referendum on EU membership prompted forecasters to rip up previous projections and dust off worst-case scenarios. Growth forecasts had already been downgraded as 2016 progressed, as the very existence of the referendum dampened business investment, but the crystallisation of the risks and the subsequent political turmoil prompted a sharp decline in household, business and investor sentiment.

The repercussions of this plunge in sentiment on economic growth were judged by the Bank of England to be severe, prompting the Monetary Policy Committee to initiate substantial monetary policy easing at its August meeting to mitigate the worst of the downside risks. This included a cut in Bank Rate to 0.25%, further gilt and corporate bond purchases Quantitative Easing (QE) from £375bn to £435bn and cheap funding for banks (Term Funding Scheme) to maintain the supply of credit to the economy. The minutes of the August meeting also suggested that many members of the Committee supported a further cut in Bank Rate to near-zero levels (the Bank, however, does not appear keen to follow peers into negative rate territory) and more QE should the economic outlook worsen.

In response to the Bank of England's policy announcement, money market rates and bond yields declined to new record lows. Since the onset of the financial crisis over eight years ago, our advisors, Arlinclose, rate outlook has progressed from 'lower for longer' to 'even lower for even longer' to, now, 'even lower for the indeterminable future'.

The new members of the UK government, particularly the Prime Minister and Chancellor, are likely to follow the example set by the Bank of England. After six years of fiscal consolidation, the Autumn Statement on 23rd November is likely to witness fiscal initiatives to support economic activity and confidence, most likely infrastructure investment. Tax cuts or something similar cannot be ruled out.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

- 3.2. Whilst the economic growth consequences of BREXIT remain speculative, there is uniformity in expectations that uncertainty over the UK's future trade relations with the EU and the rest of the world will weigh on economic activity and business investment, dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment. These effects will dampen economic growth through the second half of 2016 and in 2017.

After an initial sharp drop, equity markets appeared to have shrugged off the result of the referendum and bounced back despite warnings from the IMF on the impact on growth from 'Brexit' as investors counted on QE-generated liquidity to drive risk assets. The most noticeable fall in money market rates was for very short-dated periods (overnight to 1 month) where rates fell to between 0.1% and 0.2%

4. Treasury Management Operations and Performance Measures

- 4.1. The Commissioner's day to day treasury management activities are undertaken on behalf of the Commissioner's Chief Finance Officer/Deputy Chief Executive by the financial services team under the management of the Chief Constable's Chief Finance Officer. Responsibilities and requirements for treasury management are set out in the financial regulations and rules. Treasury management practices are approved annually setting out the arrangements as part of the Treasury Management Strategy Statement (TMSS).

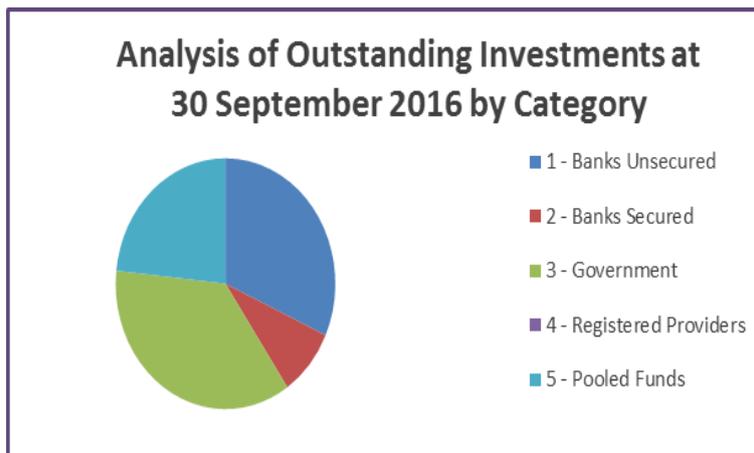
The TMSS sets maximum limits for investments according to category. The categories and overall limit per category is illustrated in the table below together with the actual investments outstanding as at 30 September 2016. Within each category there are further limits to the total amount and duration of investments that can be placed with individual counterparties, these vary depending on the credit rating of the counterparty at the time the investment is made.

Category	Category Limit (£m)	Actual Investments at 30 September (£m)	Compliance with Limit
1 - Banks Unsecured	20	7.896	Yes
2 - Banks Secured	20	2.171	Yes
3 - Government	unlimited	9.005	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	5.803	Yes
Total		24.876	

A schedule detailing the individual investments that make up the £24.876m total invested at 30 September 2016 is attached at **Appendix 2**.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i



A further illustrative analysis is provided of the balance outstanding at **Appendix 3**, where the first chart analyses the outstanding balance by the credit rating of the investment counterparty and the second shows the maturity structure of investments by the credit rating of the counterparty.

4.2. Management of Cash Balances

The aim of the Treasury Management Strategy is to invest surplus cash and minimise the level of un-invested cash balances, whilst limiting risks to the Commissioner's funds. Actual un-invested balances for the months of July to September 2016 for the Commissioner's main bank account are summarised in the table below:

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	87	7,619	93,839
Days Overdrawn	5	(34,132)	(56,619)

The bank account had large un-invested balances on two occasions. The largest un-invested balance occurred on the 26 August for three days over the weekend (£93k). A bank deposit was received late in the afternoon by a company paying an invoice for services. The second largest un-invested balance occurred on the 31 August 2016 (£85k). A large amount of seized cash was banked in the afternoon and credited to our account. We are advised by the bank that transactions being posted during the day are subject to checking and can be removed; therefore, we do not invest these sums until the following day to limit the risk of being overdrawn.

During the period July to September 2016 there were five instances where the main bank account was overdrawn. The largest of these instances occurred on the 2 September 2016 and resulted in the main fund bank account being overdrawn by £57k over 3 days of the weekend. This was due to human error which resulted in the daily transfer to the liquidity select account not being confirmed.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

The remaining 2 days overdrawn were less than £200 each and were due to the timing of banking transactions. It should be noted that for the purposes of banking and overdraft facilities, all accounts with Nat West are pooled and as a result of balances in other accounts, the Commissioner was not actually overdrawn at any time.

Within the Treasury Management Strategy a target is set to achieve a daily balance of +/- £2k on the Commissioner's main bank account. Whilst the daily treasury management process always calculates the anticipated balance within these limits, daily transactions through the bank of which we are not aware (e.g. banking of cash/cheque receipts) can alter the closing balance for the day. During the months July to September 2016, the balance was within the £2k limit for 53 out of 92 days (58%). This statistic is skewed by our policy to ensure that all cash and cheques are banked on a Friday, as a minimum, more often if large sums are received. If cash is banked it clears our account on the same day and we will be over our £2k limit for three days over the weekend not just the day it is banked. This occurred on eight occasions during this quarter, one of which was over the August bank holiday weekend. This accounted for 25 of the 39 days that the account was +/-£2k.

An estimate of the interest forgone on un-invested balances over £2k during this three month period is £272.

4.3. Investment Activity

The table below illustrates the number and value of investments made with banks (category 1 unsecured & 2 secured) and Government (category 3) of the approved investment counterparties during the months of July to September 2016:

Month	Number of Investments	Total Value of Investments
		£m
July 2016	6	11.5
August 2016	2	5.0
September 2016	1	3.0

In addition to the above there are regular smaller investments made via money market funds (category 5 pooled funds).

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

The Commissioner sets a limit for “non-specified” investments of over 364 days at the time of investment. The maximum of all investments with outstanding maturities greater than 364 days is set at a limit of £5m for 2016/17. The Commissioner currently has one investment that has an outstanding maturity of greater than 364 days. However, as at 30 September, there were a total of two investments which at the time of investing, were for a period of just over 364 days. The details are set out in the table below:

Borrower	Value £m	Investment Period (Days)	Date Invested	End Date	Period Remaining to maturity (days)	Actual Rate (%)
Leeds Building Society - Bond	2.2	887	13/07/2016	17/12/2018	808	0.68%
Lloyds Bank	2.0	366	11/08/2016	11/08/2017	315	1.00%
Total	4.2					

4.4. Interest Earned

Interest earned for the period of the report and the average return on investment that it represents is set out in the table below:

Month	Interest Amount (£)	Average Total Investment (£)	Average Return on Investment (%)
July 2016	11,839	28,723,794	0.46%
August 2016	10,242	30,388,784	0.46%
September 2016	10,120	27,854,970	0.45%
	32,201	29,001,511	0.46%

Total interest earned during April to September 2016 amounted to £57k. A simple pro-rata of this figure would suggest a full year effect of interest in the region of £114k, however, indications are that following Britain’s referendum on EU membership interest receipts will continue to fall into the autumn as longer term investments mature and are replaced with lower earning investments. The current forecast is that interest receipts for 2016/17 will be £90k. A comparison of this figure against the budget is outlined in the table below:

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

A comparison of this figure against the budget is outlined in the table below:

	Amount (£000's)
Original Estimate 2016/17	100
Forecast Position June 2016	60
Forecast Position September 2016	90
Increase/(Decrease) compared to estimate	-10
Increase/(Decrease) as a percentage	-10%

The improvement in forecast between June and September reflects the fact that interest rates being achieved are slightly higher than they were originally anticipated to be post Brexit.

4.5. Investment Performance

As a performance measure for the quality of investment decisions, the rate achieved on maturing longer term investments of over three months in duration is compared with the average Bank of England base rate over the life of the investment. The table below provides details of the individual performance of investments (of over 3 month's duration at time of investment) for the months July to September 2016:

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Lloyds	2	12	1.00%	0.49%
DMADF - DMO	3	6	0.25%	0.47%

The above table illustrates that for the two maturing investments that were for a duration of at least three months, the return was slightly higher or equal to the bank base rate.

5. Compliance with Prudential Indicators

- 5.1. All treasury related Prudential Indicators for 2016/17, which were set in February 2016 as part of the annual Statement of Treasury Management Strategy, have been complied with. Further details can be found at **Appendix 4**.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

6. Implications

- 6.1. Financial – As detailed in the main body of report above.
- 6.2. Legal – None
- 6.3. Risk – The report advises the Commissioner/members about treasury activities. Given the large unsecured sums invested with financial institutions treasury management can be a risky area. Nevertheless, procedures are in place to minimise the risks involved, including limits on the sums to be invested with any single institution and reference to credit ratings are set down in the PCC's treasury strategy and in particular the treasury management practices (TMP1 Treasury Risk Management).
- 6.4. HR / Equality – None
- 6.5. I.T – None
- 6.6. Procurement – None

7. Supplementary informationAttachments

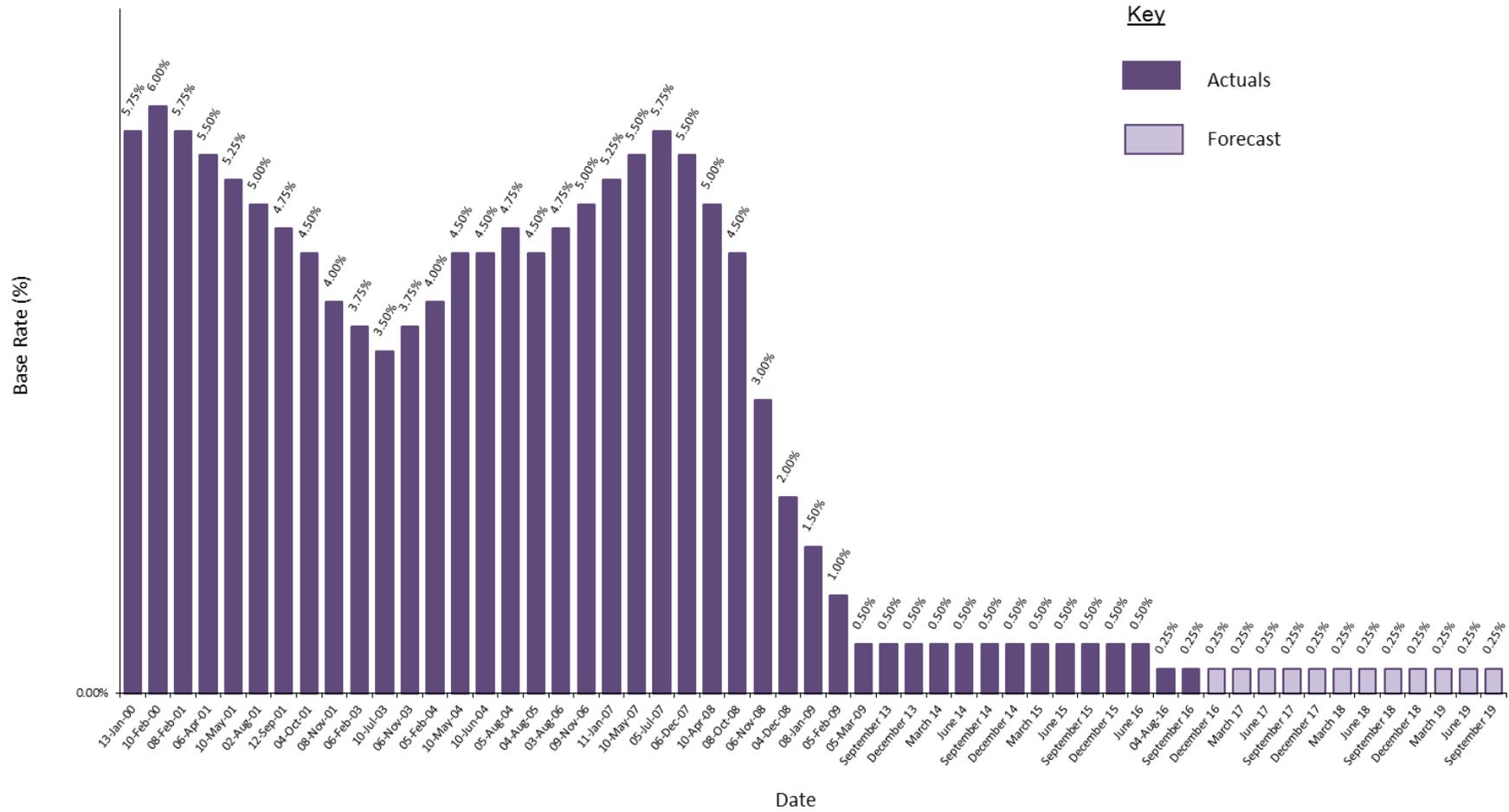
- | | |
|------------|---|
| Appendix 1 | Recent history and projections of Bank Base Rates |
| Appendix 2 | Schedule of Investments as at 30 September 2016 |
| Appendix 3 | Analysis of Investments as at 30 September 2016 |
| Appendix 4 | Prudential Indicator Compliance |

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

Appendix 1

Bank of England Base Rates (%)



NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

Appendix 2**Schedule of Investments as at 30 September 2016**

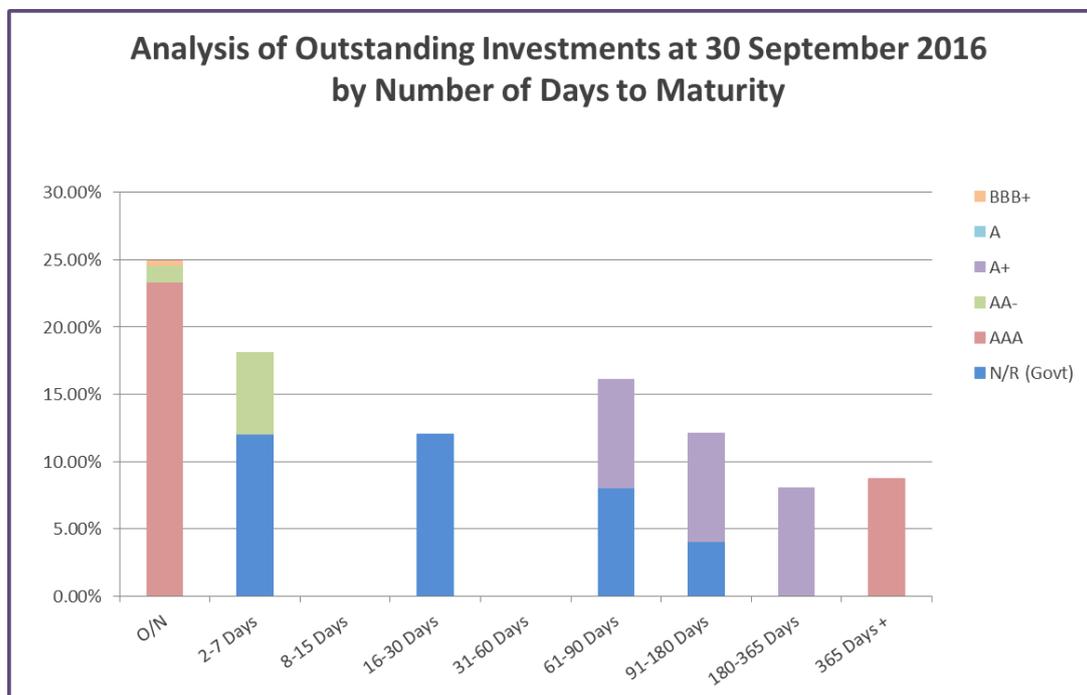
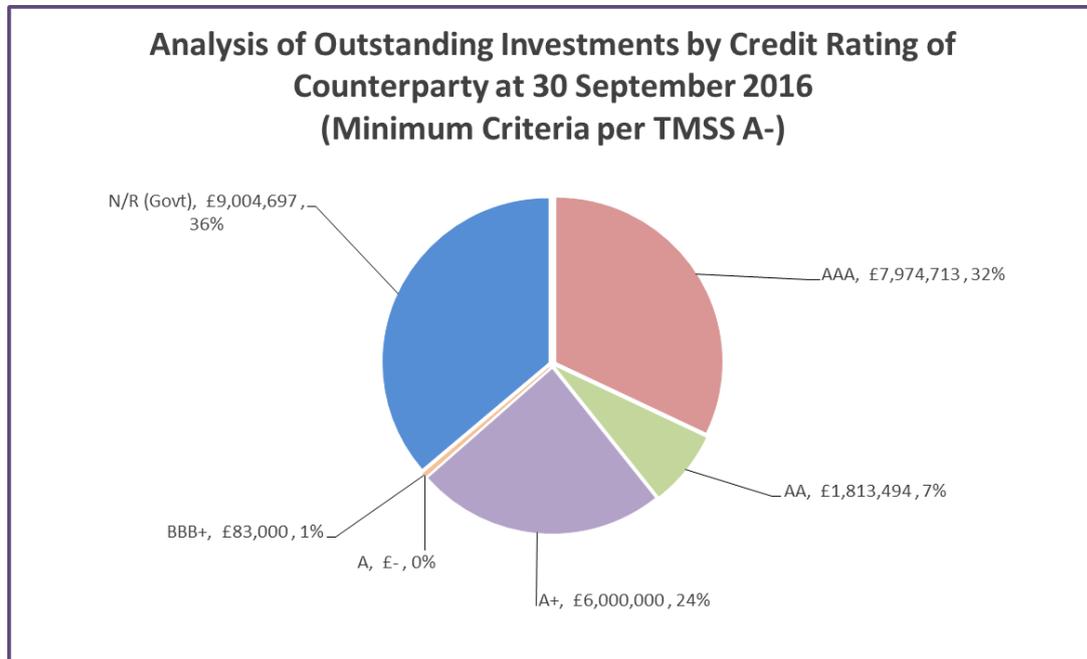
Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Svenska (Certificate of Deposit)	AA	05/07/2016	05/10/2016	5	0.47%	1,500,113	1,500,113
Nationwide	A+	05/07/2016	23/12/2016	84	0.52%	2,000,000	2,000,000
Landesbank- Hessen-Thuringen (Hel)	A+	11/07/2016	11/01/2017	103	0.47%	2,000,000	2,000,000
Lloyds Bank Plc	A+	11/08/2016	11/08/2017	315	1.00%	2,000,000	2,000,000
Svenska (Deposit Account)	AA	Various	On Demand	N/A	0.00%	313,380	313,380
NatWest (Liquidity Select Account)	BBB+	31/03/2016	01/04/2016	O/N	0.25%	83,000	83,000
						7,896,494	7,896,494
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None							
Leeds Building Society (Bond)	AAA	13/07/2016	17/12/2018	808	0.68%	2,171,265	2,171,265
						2,171,265	2,171,265
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
T Bills	NR	11/07/2016	03/10/2016	3	0.34%	2,997,654	2,997,654
T Bills	NR	18/07/2016	16/01/2017	108	0.37%	1,007,042	1,007,042
DMADF - DMO	NR	26/09/2016	26/10/2016	26	0.15%	3,000,000	3,000,000
North Lanarkshire Council	NR	01/03/2016	07/12/2016	68	0.60%	2,000,000	2,000,000
						9,004,697	9,004,697
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N	0.47%	1,400,000	1,400,000
BlackRock	AAA	Various	On demand	O/N	0.41%	400,000	400,000
Fidelity	AAA	Various	On demand	O/N	0.43%	3,448	3,448
Goldman Sachs	AAA	Various	On demand	O/N	0.45%	700,000	700,000
Aberdeen Asset Management	AAA	Various	On demand	O/N	0.48%	1,300,000	1,300,000
Standard Life (Formally Ignis)	AAA	Various	On demand	O/N	0.51%	2,000,000	2,000,000
						5,803,448	5,803,448
Total						24,875,903	24,875,903

Note – the credit ratings shown in the above table relate to the standing as at 30 September 2016, as discussed in the main body of the report, the ratings are constantly subject to change.

The TMSS sets limits for maximum investment with counterparties. These limits vary depending on the credit rating of the counterparty at the time the investment was placed. The TMSS also places a limit on the total investments per category.

Appendix 3

Analysis of Outstanding Investments as at 30 September 2016



Note – the credit ratings shown in the above charts relate to the standing as at 30 September 2016, as discussed in the main body of the report, the ratings are constantly subject to change.

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

Appendix 4

Prudential Indicator Compliance**(a) Authorised Limit and Operational Boundary for External Debt**

- The Local Government Act 2003 requires the Commissioner to set an Affordable Borrowing Limit, irrespective of their indebted status. This is a statutory limit which should not be breached during the year. The Affordable Borrowing Limit is made up of two components; the *Authorised Limit* and the *Operational Boundary*.
- The Authorised Limit represents an upper limit for external borrowing that could be afforded in the short term but may not be sustainable. The figure includes a risk assessment of exceptional events taking into account the demands of revenue and capital cash flows. The Commissioner's Authorised Limit was set at £24.9m for 2016/17.
- The Operational Boundary is based on the same estimates as the Authorised Limit but reflects the most likely, prudent but not worst case scenario without the additional headroom included within the Authorised Limit. The Operational Boundary for 2016/17 was set at £23.4m.
- The actual amount of external borrowing as at 30 September 2016 was £Nil which is well within the above limits. No new external borrowings have been undertaken in the current financial year.

(b) Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- These indicators allow the Commissioner to manage the extent to which it is exposed to changes in interest rates.
- The upper limit for variable rate exposure allows for the use of variable rate debt to offset exposure to changes in short-term rates on our portfolio of investments.

	Limits for 2016/17	Actual Borrowing at 30 Sep '16	Compliance with limits
	£m	£m	
Upper Limit for Fixed Rate Exposure	24.9	0.00	Yes
Upper Limit for Variable Rate Exposure	1.50	0.00	Yes

NOT PROTECTIVELY MARKED

JASC 24-11-16 TM Activities 2016-17 Quarter 2 - Item 13 i

(c) Maturity Structure of Fixed Rate Borrowing

- This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing as at 30 Sep '16	% Fixed Rate Borrowing as at 30 Sep '16	Compliance with Set Limits?
	%	%	£m	%	
Under 12 months	100	0	0.00	0	Yes
12 months and within 24 months	100	0	0.00	0	Yes
24 months and within 5 years	100	0	0.00	0	Yes
5 years and within 10 years	100	0	0.00	0	Yes
10 years and above	100	0	0.00	0	Yes

(d) Total principal sums invested for periods longer than 364 days

- This indicator allows the Commissioner to manage the risk inherent in investments longer than 364 days.
- The limit for 2016/17 was set at £5m.
- As at 30 September 2016, the PCC has two investments totalling £4.2m which were for a duration greater than 364 days at the time of investment. The PCC has one investment of £2.2m with an outstanding maturity greater than 364 days. Please see additional details within paragraph 4.3 above.

Treasury Management Activities 2016/17 Quarter 2 (July to September 2016)

PCC Decision Meeting November 2016 and JASC Meeting 24 November 2016

Purpose of the Report

The purpose of this paper is to report on the Treasury Management Activities (TMA), which have taken place during the period July to September 2016, in accordance with the requirements of CIPFA's Code of Practice on Treasury Management.

TMA are undertaken in accordance with the Treasury Management Strategy Statement (TMSS) and Treasury Management Practices (TMPs) approved by the Commissioner in February each year.

Recommendations

The Commissioner is asked to note the contents of this report.

JASC Members are asked to note the contents of this report. The report is provided as part of the arrangements to ensure members are briefed on Treasury Management and maintain an understanding of activity in support of their review of the annual strategy.

Economic Background

Financial uncertainty post the Brexit vote continues. The treasury advisor's Arlingclose have updated their forecast for interest rates from an initial "lower for longer", through "even lower for even longer" to settle on the current view of "even lower for the indeterminable future".

The Bank of England (BOE) Base rate was reduced from 0.50% to **0.25%** on 4 August 2016. Quantitative Easing (QE) was increased from £375bn to **£435bn** on the same date. In response money market rates and bond yields declined to new record lows.

The current forecast is that the BOE base rate will be maintained at 0.25% until at least the end of 2019.

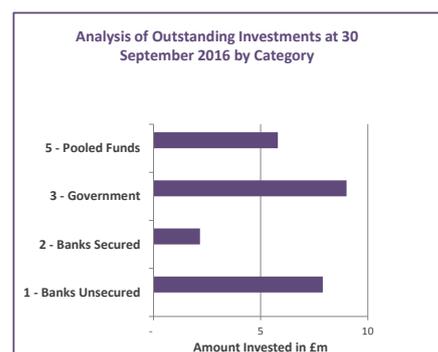
TM Operations and Performance Measures

The Commissioners day to day TMA are undertaken in accordance with the TMSS. The TMSS establishes an investment strategy with limits for particular categories of investment

and individual counterparty limits within the categories.

Outstanding Investments: As at 30 September 2016 the total value of investments was **£24.876m** and all were within TMSS limits.

The chart below shows the outstanding investments at 30 September by category.



A full list of the investments that make up the balance of £24.876m is provided at **Appendix A**.

Investment Activity: During quarter 2 a total of 9 investments with a combined value of £19.5m were made within TM categories 1-3 (banks unsecured, banks secured and Government). In addition to these there were regular smaller investments in category 5 (money market pooled funds).

Non-specified investments: The TMSS sets a limit for investments with a duration of greater than 364 days at the time the investment is made (known as non-specified investments), this limit is £5m. At 30 September the Commissioner had two investments meeting this description with a combined total of £4.2m. Of these two, only 1 has an outstanding duration of over 364 days. These investments are:

- Leeds Building Society £2.2m 887 days (13/07/16 to 17/12/18)
- Lloyds Bank £2m 366 days (11/08/16 to 11/08/17)

Investment Income: The budget for investment interest receivable in 2016/17 is £100k. The current forecast against this target is £90k which provides a forecast shortfall of £10k (10%). The shortfall is attributable to the drop in BOE interest rates in August 2016.

The forecast of £90k in September is an improvement on the forecast at June of £60k and is as a result of a revision in the forecast based on the actual rates being achieved not being as low as had been originally feared.

The average return on investment at the end of quarter 2 is 0.46%. As a measure of investment performance

the rate achieved on maturing investments of over 3 months in duration is compared with the average BOE base rate.

The table below illustrates the rate achieved on the two maturing investments of over three months duration in quarter 2 compared with the average base rate for the duration of the investment.

Borrower	Value £m	Period (Months)	Actual Rate (%)	Average Base Rate (%)
Lloyds	£2m	12	1.00%	0.49%
DMADF - DMO	£3m	6	0.25%	0.47%

Cash Balances: The aim of the TMSS is to invest surplus funds and minimise the level of un-invested cash balances. The actual un-invested cash balances for the period July to September are summarised in the table below:

	Days	Average Balance £	Largest Balance £
Days In Credit	87	7,619	93,839
Days Overdrawn	5	(34,132)	(56,619)

The bank account had large un-invested balances on two occasions. The largest un-invested balance occurred on the 26 August for three days over the weekend (£93k). A bank deposit was received late in the afternoon by a company paying an invoice for services. The second largest un-invested balance

occurred on the 31 August 2016 (£85k). A large amount of seized cash was banked in the afternoon and credited to our account.

The largest overdrawn balance occurred on the 2 September 2016 and resulted in the main fund bank account being overdrawn by £57k over 3 days of the weekend. This was due to human error which resulted in the daily transfer to the liquidity select account not being confirmed.

Prudential Indicators

In accordance with the Prudential Code, the TMSS includes a number of measures known as Prudential Indicators which determine if the TMSS meets the requirements of the Prudential Code in terms of *Affordability, Sustainability and Prudence*.

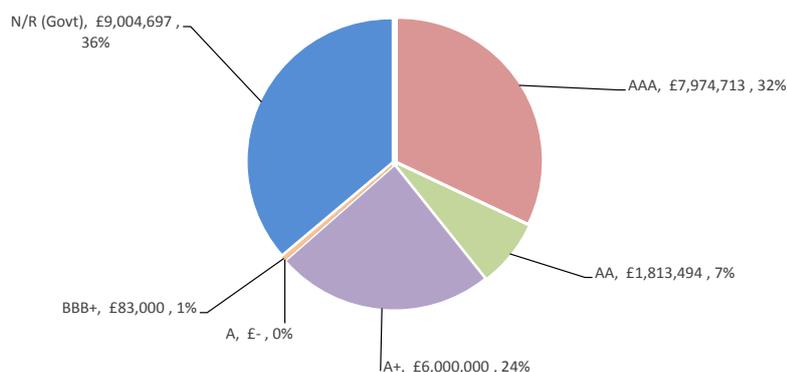
An analysis of the current position with regard to those prudential indicators is provided at **Appendix B**. The analysis confirms that the Prudential Indicators set for 2016/17 are all being complied with.

Appendix A

Investment Balance at 30 September 2016

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Svenska (Certificate of Deposit)	AA	05/07/2016	05/10/2016	5	0.47%	1,500,113	1,500,113
Nationwide	A+	05/07/2016	23/12/2016	84	0.52%	2,000,000	2,000,000
Landesbank- Hessen-Thuringen (Hel)	A+	11/07/2016	11/01/2017	103	0.47%	2,000,000	2,000,000
Lloyds Bank Plc	A+	11/08/2016	11/08/2017	315	1.00%	2,000,000	2,000,000
Svenska (Deposit Account)	AA	Various	On Demand	N/A	0.00%	313,380	313,380
NatWest (Liquidity Select Account)	BBB+	31/03/2016	01/04/2016	O/N	0.25%	83,000	83,000
						7,896,494	7,896,494
Category 2 - Banks Secured (Includes Banks & Building Societies)							
None							
Leeds Building Society (Bond)	AAA	13/07/2016	17/12/2018	808	0.68%	2,171,265	2,171,265
						2,171,265	2,171,265
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
T Bills	NR	11/07/2016	03/10/2016	3	0.34%	2,997,654	2,997,654
T Bills	NR	18/07/2016	16/01/2017	108	0.37%	1,007,042	1,007,042
DMADF - DMO	NR	26/09/2016	26/10/2016	26	0.15%	3,000,000	3,000,000
North Lanarkshire Council	NR	01/03/2016	07/12/2016	68	0.60%	2,000,000	2,000,000
						9,004,697	9,004,697
Category 4 - Registered Providers (Includes Providers of Social Housing)							
None						0	0
						0	0
Category 5 - Pooled Funds (Includes AAA rated Money Market Funds)							
Invesco	AAA	Various	On demand	O/N	0.47%	1,400,000	1,400,000
BlackRock	AAA	Various	On demand	O/N	0.41%	400,000	400,000
Fidelity	AAA	Various	On demand	O/N	0.43%	3,448	3,448
Goldman Sachs	AAA	Various	On demand	O/N	0.45%	700,000	700,000
Aberdeen Asset Management	AAA	Various	On demand	O/N	0.48%	1,300,000	1,300,000
Standard Life (Formally Ignis)	AAA	Various	On demand	O/N	0.51%	2,000,000	2,000,000
						5,803,448	5,803,448
Total						24,875,903	24,875,903

Analysis of Outstanding Investments by Credit Rating of Counterparty at 30 September 2016 (Minimum Criteria per TMSS A-)



Note – The credit ratings in the table & chart relate to the standing as at 30 September 2016, these ratings are constantly subject to change.

Appendix B

Prudential Indicators 2016/17

Prudential Indicator		Limits TMSS £m	Limits Revised at year end £m	Limits Revised at Sep-16 £m	Actual £m	Within Target	
1	Net Borrowing and the Capital Financing Requirement						
	This indicator is to ensure that net borrowing will only be for capital purposes. The commissioner should ensure that the net external borrowing does not exceed the total CFR requirement from the preceeding year plus any additional borrowing for the next 2 years.	Net Debt (section 9 below provides analysis)	(8.492)	(17.192)	(17.567)	(17.567)	✓
		Capital Financing Requirement as at 31 March	18.360	18.401	18.401	18.401	✓
		Net external Borrowing	0.000	0.000	0.000	0.000	✓
2	Capital Expenditure and Capital financing						
	<i>The original and current forecasts of capital expenditure and the amount of capital expenditure to be funded by prudential borrowing for 2016/17</i>	Expenditure	6.883	8.553	5.027	5.027	✓
		Financing and Funding	0.100	0.141	0.141	0.141	✓
3	Ratio of Financing Costs to Net Revenue Stream						
	<i>This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of revenue budget required to meet financing costs</i>	Financing Costs	0.313	0.313	0.323	0.323	✓
		Net Revenue Stream	95.675	95.675	95.675	95.675	✓
Ratio		0.33%	0.33%	0.34%	0.34%	✓	
4	Capital Financing Requirement						
	<i>The CFR is a measure of the extent to which the commissioner needs to borrow to support capital expenditure only. It should be noted that at present all borrowing has been met internally.</i>	CFR including PFI & other long term liabilities	18.360	18.401	18.401	18.401	✓
		CFR excluding PFI & other long term liabilities	13.348	13.514	13.514	13.514	✓
5	The Authroised Limit						
	<i>The authorised limit represents an upper limit of external borrowing that could be afforded in the short term but may not sustainable. It is the expected amximum borrowing need with some headroom for unexpected movements. This is a</i>	Total Authorised Limit	24.860	24.901	24.901	0.000	✓
6	The Operational Boundry						
	<i>The operational boundry respresents and estimate of the most likely but not worse case scenario it is only a guide and may be breached temporarily due to variations in cashflow.</i>	Total Operational Boundry	23.360	23.401	23.401	0.000	✓
7	Actual External Debt						
	<i>It is unlikely that the Commissioner will actually exercise external borrowing until there is a change in the present structure of investment rates compared to the costs of borrowing</i>	External Debt including PFI & other long term liabilities	5.012	5.012	5.012	5.012	✓
		External Debt excluding PFI & other long term liabilities	0.000	0.000	0.000	0.000	✓
8	Impact of capital investment decisions on the Council Tax						
	<i>This indicates the incremental impact of the capital investment decisions funded from prudential borrowing proposed for the period 2016/17 based on a Band D property in line with the proposed council tax level.</i>	Capital Expenditure funded from revenue	1.534	1.534	0.508	0.508	✓
		Incremental Impact on Band D Council Tax	9.146	9.146	3.029	3.029	✓
9	Gross and Net Debt						
	<i>The purpose of this indicator is highlight a situation where the Commissioner is planning to borrow in advance of need.</i>	Outstanding Borrowing (at notional value)	0.000	0.000	0.000	0.000	✓
		Other Long Term Liabilities (PFI & Finance Lease)	5.012	5.012	5.012	5.012	✓
		Less Investments	13.504	22.204	22.579	22.579	✓
Net Debt		(8.492)	(17.192)	(17.567)	(17.567)	✓	
10/11	Interest Rate Exposure						
	<i>The purpose of this indicator is to contain the Commissioners exposure to unfavourable movements in future interser rates.. This represents the position that all of the Commissioner's auhorised external borrowing may be at a fixed rate at any one time.</i>	Net Principal sums Outstanding at Fixed Rates	24.860	24.901	24.901	0.000	✓
		Net Principal sums Outstanding at Variable Rates	1.500	1.500	1.500	0.000	✓
12	Maturity Structure of Borrowing						
	<i>The indicator is desiggned to exercise control over the Commissioner having large consentrations of fixed rate debt needing to be repaid at any one time.</i>	Not Applicable - currently no external debt					✓
13	Upper Limit for total principal sums invested for over 364 Days						
	<i>The purpose of this indicator is to ensure that the commissioner has protected himself against the risk of loss arising from the need to seek early redemption of principl sums invested.</i>	Non Specified Investments with a maturity greater than £364 days	5.000	5.000	5.000	2.200	✓



Joint Audit & Standards Committee

Title: OPCC Risk Management Monitoring

Date: November 2016

Agenda Item No: 14 (i)

Originating Officer: Stuart Edwards

CC:

Executive Summary:

The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. This takes place in a constantly changing and challenging environment and the OPCC must ensure that it has robust systems and processes in place to monitor and react appropriately to risk.

Recommendation:

That, the committee notes the OPCC's strategic risk register and the OPCC's operational risk register.

1. Introduction & Background

- 1.1 The Office of the Police and Crime Commissioner (OPCC) is responsible for providing policing services within Cumbria. To enable it to carry out this function effectively it must monitor and react appropriately to risks. The Joint Audit and Standards Committee as part of their role, ensures that the OPCC is actively managing strategic risks and one member of the committee has been appointed as the lead member for risk.

2. Issues for Consideration

- 2.1 Appended to this report at [Appendix 1](#) is the OPCC's strategic risk register which has been reviewed and updated since the last meeting of the Committee. There is one identified risk which remains:

- Strategic Finance

- 2.2 The OPCC has also reviewed its operational risk register, rationalising it to appropriately reflect the operational risks it faces. The front sheet of the operational risk register is presented to the Committee to provide assurance that other areas of risk are being considered and regularly monitored. A copy of the front sheet of the operational risk register is attached at [Appendix 2](#).

3. Implications

- 3.1 Financial - the inability of the OPCC to successfully identify and manage its organisational and strategic risks could impact financially on not only the OPCC but Cumbria Constabulary and other partner organisations which are financially dependent.
- 3.2 Legal - the OPCC could face legal challenge on some areas of its business, therefore it is essential that these are identified at an early stage and effectively mitigated and managed.
- 3.3 Risk - if the OPCC does not identify and mitigate risks then it may mean that the OPCC cannot carry out its statutory function efficiently and effectively.

OFFICE OF THE POLICE & CRIME COMMISSIONER – STRATEGIC RISK REGISTER

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

Risk No.	Risk Title	Total Score	Risk Owner		Actions		Reviews
			Risk Owner	Action Owner	Any outstanding actions YES/NO	Date for actions to be completed	Date of next review
R1	Strategic Finance	12	Chief Executive	Chief Finance Officer	No		Nov 2016

Scores:

8 – 16	Review within 3 months
4 - 6	Review within 6 months
3 or less	Review within 12 months

Risk No: R1	Risk Title: STRATEGIC FINANCE	The Police and Crime Commissioner is required to set a balanced budget. Resources from central Government formula grant provide the significant majority of funding to deliver police services. Reductions in that funding will have a substantial impact on the level of policing that can be provided and on the potential to deliver the Commissioner's wider responsibilities.
-----------------------	--	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	Review Date
Lack of resources within the medium term budget to provide sufficient funding for the Constabulary to deliver current levels of policing service. High levels of funding uncertainty are impacting on this risk from 2017/18 (expected implementation date for the new formula)	This risk may lead to a reduction in the level of police services and/or result in Cumbria Constabulary not being viable as an independent force. Alternative options for delivering a police service in Cumbria may have to be considered. This may impact on the extent to which services respond to local needs in Cumbria. During the period of change there may be reductions in public assurance/confidence.	4	4	16	3	4	12	Chief Executive (Reduce)	Work continues to model the financial impact for the full potential range of income reductions. The constabulary is implementing a scalable model of policing. The Constabulary and OPCC have responded to the funding consultation and made representations regarding the impact of current proposals. The Commissioner has joined the National Rural Crime Network through which work has been commissioned to demonstrate weakness in the proposed funding model.	Budget monitoring processes and internal controls are in place to manage financial commitments. The financial control environment is tested annually by internal and external audit. HMIC Peel inspections and external auditors review overall financial resilience and the track record of delivering savings.	Work is being undertaken to develop a potential future operating model for policing in Cumbria The Commissioner and Chief Constable will fully engage in the on-going process for formula review	Chief Finance Officer	Nov 2016

OFFICE OF THE POLICE & CRIME COMMISSIONER – OPERATIONAL RISK REGISTER

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score	Impact	Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

8 – 16	Review within 3 months
4 - 6	Review within 6 months
3 or less	Review within 12 months

			Risk Owner		Actions		Reviews
Risk No.	Risk Title	Total Score	Risk Owner	Action Owner	Any outstanding actions YES/NO	Date for actions to be completed	Date of review
FINANCE							
01	Budget Management	9	Chief Finance Officer	Deputy CFO	No		Jan 17
02	Investment Counterparty Risk	3	Chief Finance Officer	Deputy CFO	No		Jan 17
03	Financial Governance	2	Chief Finance Officer	Deputy CFO	No		Mar 17
04	Shared Services	2	Chief Executive	Deputy Chief Executive	No		Mar 17
05	Asset Management	2	Chief Executive	Chief Finance Officer	No		Jan 17
06	Insurance	4	Chief Executive	Chief Finance Officer	No		Mar 17
PARTNERSHIPS & COMMISSIONING							
07	Performance / delivery of the police and crime plan	4	Head of Partnerships & Commissioning	Partnerships and Strategy Manager	No		May 17
08	Partnerships & Collaboration	6	Head of Partnerships & Commissioning	Partnerships and Strategy Manager	No		May 17
09	Commissioning of Services	6	Head of Partnerships & Commissioning	Partnerships and Strategy Manager	No		May 17
COMMUNICATION AND BUSINESS SERVICES							
10	Public Engagement / Consultation	2	Head of Communications & Business Services	Engagement Officer	No		Nov 17
11	Reputation	4	Head of Communications & Business Services	Engagement Officer	No		May 17
12	Complaints	6	Head of Communications & Business Services	Governance Manager	Yes	Awaiting legislation	May 17
13	Diversity	3	Head of Communications & Business Services	Governance Manager	No		Nov 17
14	Independent Custody Visiting Scheme & Animal Welfare Scheme	2	Head of Communications & Business Services	Governance Manager	No		Nov 17
CHIEF EXECUTIVE / MONITORING OFFICER							
15	Non-Financial Governance	2	Chief Executive	Head of Communications & Business Services	No		Nov 16
16	Efficient and Effective Policing	6	Chief Executive	Chief Executive	No		May 17

Risk Number: 01	Risk Title: Budget Management	Budget management concerns the arrangements for monitoring and reviewing our actual expenditure against the budget and taking corrective action to manage areas of under or overspend.
----------------------------------	--	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
Failure to effectively manage budgets resulting in under or overspend	Reputational damage Financial pressures resulting in the need to cease services or recruitment	3	4	12	3	3	9	Chief Finance Officer Reduce	Financial Regulations Budget monitoring arrangements Close working between finance and HR to manage recruitment	Financial regulations reviewed by JASC External and internal audit review budget management	The CC is reporting on a monthly basis on the position. The PCCCFO and CCCFO are meeting monthly to discuss the implications and contingency plans.	Deputy CFO	Jan 2017	

Risk Number: 02	Risk Title: Investment Counterparty Risk	We invest with a number of counterparties to provide security and returns on the cash balances we hold as a result of having reserves and timing differences between our income and expenditure
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
There is risk that the counterparty we invest in fails or under banking regulations is required to restructure capital, resulting in the loss of our investment or a reduction in value	Reputational damage – there may be an assumption that our treasury management activities have not been carried out responsibly. Financial loss – a complete or partial loss of the funds invested.	4	2	8	3	1	4	Chief Finance Officer Reduce	Procurement of external specialist advisors on counterparty risk Spread of investment and limits for investment categories and individual counterparties in the treasury management strategy Controls over authorisation of investments Monitoring of TM Activity	Internal Audit of TM function JASC review the strategy & activity reports External audit of year end balances		Deputy CFO	Jan 2017	

Risk Number: 03	Risk Title: Financial Governance	A number of financial governance arrangements are in place to ensure the proper administration of financial affairs. This includes financial regulations, financial rules and structural governance e.g. CFO, Deputy CFO, JASC, audit. It is basically a framework for robust financial control and rules supported by checks and balances that ensure it is operating effectively.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	Review Date
A failure in financial governance	Reputational damage Potential Financial loss Unlawful expenditure	4	4	16	2	1	2	CFO Reduce & transfer	Arrangements for financial governance as detailed in the Code of Corporate Governance	Annual Governance Statement subject to audit Internal and External Audit Specific insurance for fraud risk on investments	Internal Audit commencing in Nov of Code of Corporate Governance	Deputy CFO	Mar 17

Risk Number: 04	Risk Title: Shared Services	The OPCC is dependent on partner organisations for a number of key support services to enable it to deliver its functions. This includes legal services, financial services inc internal audit, HR, procurement, estates.
----------------------------------	--	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	
Failure of the partner organisation to deliver a sufficiently qualitative and responsive service.	Lack of sufficiently/timely/robust information has implications regarding the ability to make decisions, potential risk regarding the quality of decision making In some cases areas of work may not be able to be delivered.	3	1	4	2	1	2	Chief Executive	Shared Service Agreement & Annual Resource Planning with Audit NW employers subscription (HR) Named on legal frameworks/OPCC networks CC Funding agreements includes controls on resource changes to support services	Progress on the annual audit plan is monitored by JASC/CFO attends shared service board meetings CCCFO/PCCCFO have statutory decision making powers in respect of finance resources	The shared services agreement for internal audit is subject to renewal by March 2017 and will be reviewed between November and March to ensure it meets on-going requirements.	Deputy Chief Executive	Mar 2017

Risk Number: 05	Risk Title: Asset Management	The Commissioner is the owner of all capital assets procured and used by the commissioner and the constabulary – the estate, ICT, and fleet. Assets are managed by the Constabulary on behalf of the Commissioner.
---------------------------	---	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	
Failure of the Constabulary to manage the commissioner’s assets resulting in breach of regulations and/or public/employee liability, loss or damage to the asset, failure to secure value for money from the use of assets	Accident or injury by employee or the public resulting from use of inadequately maintained assets Loss/damage to the asset as a result of inadequate security/management of the asset. Financial and reputational implications regarding the use of public money.	3	1	4	2	1	2	Chief Executive Reduce Transfer	Public and employer liability Insurance Insurance for fleet, estates and ICT assets Insurance reserve and provision Financial regulations include rules for managing assets – including authorisation for write off CC Funding agreement places requirements on the CC with regard to asset management and security	Procurement of a broker to provide professional advice on insurance Bi-annual actuarial review of levels of insurance liability Internal audit of asset management/asset safeguarding		Chief Finance Officer	Jan 17

Risk Number: 06	Risk Title: Insurances	The Commissioner and Chief Constable take out insurance to transfer the financial risks in respect of a range of liabilities/risks including public and employee liability, assets, investment fraud.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	
Failure to adequately insure the organisation against all of the risks that it faces and/or failure to procure sufficient insurance cover/failure of the insurance provider	Potential significant financial implications should either the insurer fail commercially or the insurance cover taken fall short of the full liability incurred	4	2	8	4	1	4	Chief Executive Reduce/Accept	An insurance broker is procured to provide specialist advice on the level of cover. Broker advice includes a rating for the financial stability of the insurance provider. Deputy CFO provides detailed insurance schedules to ensure broker and insurers have a full understanding of the business and risks Business managers in specialist areas are asked to advise on options regarding additional/bespoke insurance policies Annual report from the Director of Legal in respect of significant public and employee liability claims.	Bi-annual external actuarial review of levels of insurance liability against existing provision and reserves. Decisions on level of cover and whether to self-insure are taken for review to the Executive Board and determined by the Commissioner and Chief Constable providing further scrutiny.		Chief Finance Officer	Mar 17

Risk Number: 07	Risk Title: Performance / delivery of the police and crime plan	The Commissioner is required to set out his vision, priorities and objectives for policing and crime within the police and crime plan. The production and publishing of the plan is a core statutory planning requirement as defined by the Police and Social responsibility Act 2011. The plan sets out the resources and assets that the commissioner will make available to the Chief Constable for policing and the mechanisms by which the Chief Constable will report on performance and be held to account.
----------------------------------	--	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score						
Lack of financial and human resource may lead to a failure to: <ul style="list-style-type: none"> Produce an acceptable police and crime plan Deliver against targets set out in the Police and Crime Plan 	Resulting in no legal compliance leading to possible: <ul style="list-style-type: none"> Government Intervention Loss of Public confidence Increased crime rates Failure to target resources towards changing performance and crime trends 	3	3	9	2	2	4	Head of Partnerships and Commissioning Reduce	<ul style="list-style-type: none"> Dedicated resource in OPCC and Constabulary Corporate Development Strategic Planning and Commissioning processes Public Consultation Executive Board team meetings Accountability board Executive Board public meetings 	Police and Crime Panel scrutiny Accountability framework HMIC Audit	No further controls required at this stage		May 17
Lack of suitable skilled staff would lead to a failure to review and put in place a framework for a new police and crime plan. Lack of skilled staff could also result in a lack of engagement with partners.	Results in failure to have a plan in place. Lets to an inability for contributions from partners and the whole PCC team towards the plan and inability to present skeleton plan to new potential Commissioners	1	1	2	1	1	2	Head of Partnerships and Commissioning Avoid	Team are tasked with gathering the evidence, horizon scanning, looking at SPR and organising focus groups to develop an evidenced police and crime plan skeleton.	One to One and regular meetings are held.	Maintain the current position and processes with a view to understanding the current situation, Future gaps and trends.	Partnerships and Strategy Manager	Nov 17
Lack of planning for staff handover when secondments end would result in a failure to continue work that delivers the police and crime plan objectives	Results in missed opportunities and work remaining incomplete against delivery of police and crime plan.	2	2	4	1	1	2	Head of Partnerships and Commissioning Avoid	Handover date will be put in diaries prior to end of secondment.	One to One and regular meetings are held.		Partnerships and Strategy Manager	Nov 17
Lack of skilled staff will result in an inability to monitor performance against the police and crime plan objectives, if there are not enough	Results in the potential for money not being used appropriately and project objectives not being delivered on. This will lead to a loss of commissioned	3	3	9	2	2	4	Head of Partnerships and Commissioning	We are taking control of grant monitoring within the department. This covers all grants (public and partnership – CSP, Safer Cumbria		Review performance and accountability framework to make sure fit for purpose with Chief Officers	Partnerships and Strategy Manager	May 17

staff to liaise with grant and contract service providers.	services within the community and reputational damage to the PCC.							Reduce	for example) and commissioned services. Grant monitoring framework/ policy will be developed.		and Strategic Executive.		
--	---	--	--	--	--	--	--	--------	--	--	--------------------------	--	--

Risk Number: 08	Risk Title: Partnerships & Collaboration	The Commissioner has a statutory duty to deliver in partnership the Victims Code and Community Safety. The Victims Code ensures all victims and witnesses of crime have access to support and redress to help them cope and recover. The commitment to partnership working ensures an approach of shared accountability and services providing value for money.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
A lack of capacity within the team leads to failure to spot innovative opportunities and themed countywide approaches led through CSP and Safer Cumbria.	Results in a failure to identify potentially more effective and efficient ways of working to reduce demand on police and statutory partners. This will lead to a lack of opportunity to design innovative commissioned services for Cumbria. This could also lead to solution building opportunities that address gaps in services being missed.	4	3	12	3	2	6	Head of Partnerships and Commissioning Reduce	We have key partnership collaboration through Safer Cumbria within the team. Ensure effective handover between Constabulary secondees and Partnership and Strategy Manager. Liaison with the Community Safety lead within the Constabulary to explore steps that can be taken to ensure local problem solving groups remain effective, if police and OPCC cannot be present.	Maintain an integrated partnership working approach with attendance at Safer Cumbria and other key strategic and operational board meetings.		Partnerships and Strategy Manager	May 17	
Lack of PCC money leads to lack opportunities to influence outcomes and structures through the Safer Cumbria partnership	Results in silo working, ineffective use of budgets and countywide approaches.	4	3	12	3	2	6	Head of Partnerships and Commissioning Reduce	Our key partnership collaboration is currently through Safer Cumbria, Head of Partnerships and Commissioning to ensure OPCC Executive team know and understand the	Key partnership working will be maintained through the Safer Cumbria structure and attendance at strategic and operational board meetings		Partnerships and Strategy Manager	May 17	

									contribution the Partnerships and Commissioning team makes towards partnership collaboration . Any reductions will seriously impact on the ability of the team to function in this area.	will be built into the team's framework.			
Failure to ensure the continuation of the Victims and Witnesses Group would result in agencies not having a platform to co-ordinate and promote their services to victims and witnesses.		2	3	6	2	2	4	Head of Partnerships and Commissioning Reduce	The Witness & Victims Group has been re-established and an action plan has been developed. Continuing to liaise with third sector organisations to obtain their buy in and provide them with a platform to promote their services.	The OPCC would look to assess what issues caused the group to fail. Try to re-establish partnership working with stakeholders.	Set up a Focus Group of victims to consult with them, obtain their views on what services could and should be provided, identifying current gaps in provision. Promotion of the work of the group when meeting with stakeholders and partners. Specifically target third sector organisations to join the group.	Victims Advocate	May 17

Risk Number: 09	Risk Title: Commissioning Services	The Commissioner sets out their priorities in the Police and Crime Plan including how he will work in partnership to ensure delivery of priorities and commissioning or services. The Commissioner ensures robust project management frameworks are in place to mitigate risk, of partners failing to deliver on services or problems associated with mobilisation.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	Review Date
Lack of staff reduces the capacity to apply for external funding opportunities and reduces the capacity within the team to develop, maintain, manage and evaluate existing contracts.	Results in the commissioning of unserviceable and ineffective interventions and services which leads to inefficient and ineffective outcomes and loss of revenue. Leads to an inability to deliver the objectives in the police and crime plan due to reduction in external resources and funding, will hinder and restrict partnership working.	3	3	9	2	2	4	Head of Partnerships and Commissioning Reduce	Update 14/10/2015. Business cases are built through mapping exercises and partnership consultation. Partners involved in Procurement bid marking process.	A Victim's Needs Assessment has been completed and refreshed. Partnership and Commissioning Team have portfolio responsibility's to engage with partners and attend operational board meetings	Ensure business cases are robust and the advice of experts sought during the process of preparing and marking bids.	Partnerships and Strategy Manager	May 17
Lack of capacity and resilience within the procurement department leads to a failure to ensure contracting and grant agreements are progressed in a timely manner.	Will result in reputational damage due to inefficient service outcomes and a reduction in cost savings to public and private sector organisations. Results in an inability to deliver the objectives and commitments set out in the Police and Crime Plan.	4	3	12	3	2	6	Head of Partnerships and Commissioning Reduce	Update 14/10/2015. Ensure continued guidance and support from Procurement and also look into possibility of developing a flexible supplier framework.	Commissioning of projects is conducted in consultation with Procurement and legal services. Where required by procurement regulations commissioning tenders are advertised on Bluelight.	Procurement Regulations currently under review which will ensure we are working to best practice and within a legal framework. Team will set up a framework for formal structure meetings with procurement building on assurance.	Partnerships and Strategy Manager	May 17
Lack of staff will result in a failure to bring together different agencies to support and maintain the Cumbria Together website	Result in a lack of victim focus and reduced support, this would go against the PCC commitment to ensure victims have access to support redress	3	3	9	2	2	4	Head of Partnerships and Commissioning	The Cumbria Together website is now functioning. Funding for 3 years was secured by the OPCC. 'Buy	The OPCC would look to assess what the issues were and if	Support continues to be provided from media company to further develop the	Victims Advocate	May 17

would result in the website not providing Victims with the required information or support.								Reduce	in' from Stakeholders continues by way of the website being a standard agenda item for the Victims and Witness Group Meetings. New services and items are regularly updated onto the website. Credit sized cards promoting the website have been widely distributed to all Police Officers and Police Stations for distribution to members of the public. Stakeholders and other agencies are also distributing the cards.	necessary amend the website accordingly, providing more limited information and support to victims until an alternative solution could be found.	website. Continue to keep Cumbria Together as a standard agenda item for the Victims and Witness Group Meetings. Continue to promote the website at every opportunity e.g.PCC surgeries, public engagement opportunities.		
Failure to set up an effective Focus Group would result in victims and witnesses not being able to provide their insight and knowledge of services and experiences to assist in the development of the future provision of such services.		2	3	6	2	3	6	Head of Partnerships and Commissioning Reduce	The Focus Group is now functioning and meets on a quarterly basis. Consultation by the group has contributed to a number of issues raised by the PCC, OPCC and the Police. Continuing to promote the Focus Group within the Victims and Witnesses Group to ascertain if stakeholders can identify individuals who would be willing to join the Focus Group is a standard agenda item.	The OPCC would look to assess the issues causing the group to fail. Look at other options on how to obtain victims and witnesses views. Liaise with other OPCC's and/or stakeholders to ascertain how they have achieved gathering victims and witnesses views.	Continuous recruitment to the group to ensure that victims are able to move on from their experience. Feed the views and opinions of the Focus Group back into the Victims and Witness Group to enable appropriate services to be provided or further developed.	Victims Advocate	May 17

Risk Number: 10	Risk Title: Public Engagement/ Consultation	The PCC has a statutory obligation to engage with communities under the Police Reform and Social Responsibility Act 2011. He also is required to demonstrate how he has fulfilled this obligation, and illustrate how he has responded to feedback, ie. 'We asked, You said, We did'
----------------------------------	--	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions			Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken		
If the PCC does not engage with the public effectively, and is not able to provide evidence that he has done so, there is a risk that he could be found to not be fulfilling his legal obligations.	<ul style="list-style-type: none"> There is a risk of judicial challenge which may result in a decision being over-turned with consequent financial implications if the PCC fails to consult appropriately or fails to take into account consultation responses when decision making. This may also damage the PCCs reputation. Loss of public confidence 	3	1	3	2	1	2	Head of Communications and Business Services Avoid	<ul style="list-style-type: none"> The Office of Public Engagement (OPE) was set up in order to ensure that the PCC fulfils this element of his statutory function. An Engagement Strategy is in place (and reviewed annually) which identifies and describes what communications and engagement methods will be undertaken, and each year a plan of engagement activity is drawn up. Consultation processes are used to support all decisions with service user implications and final decisions take these into account. When required Legal advice is sought on consultation processes. PCC publishes an Annual Report each year which sets out how he has engaged/ 	<ul style="list-style-type: none"> Police and Crime Panel agreed with the recommendation regarding the 2015-16 police precept increase, due to the extensive and statistically significant consultation exercises Police and Crime Panel endorsed the PCC's Annual Report Police and Crime Panel endorsed the Police and Crime Plan 		Engagement and Comms officer	Nov 17

									consulted with the public; and how this has shaped policy and plans. <ul style="list-style-type: none"> The Police and Crime Plan is published annually. 				
Risk of failure to comply with legislation and regulations in respect of requirements for statutory reports, publications and information.	<ul style="list-style-type: none"> This may also damage the PCCs reputation. Loss of public confidence May be called to appear before a Home Office Select Committee 	4	3	12	4	2	8	Head of Communications and Business Services Avoid	<ul style="list-style-type: none"> The Governance Manager ensures requirements in respect of transparency/ published information is kept under review and met through the PCC website. Individual officers responsible for ensuring any published documents within their area of responsibility meet statutory requirements. Subscriptions to professional bodies ensure relevant guidance is received on the requirements. Take part in all the reviews to ensure that we are meeting our statutory obligations. 	HMIC and Internal Audit reviews		Engagement and Comms Officer	May 17

Risk Number: 11	Risk Title: Reputation	The PCC has a number of statutory obligations, and failure to deliver these is likely to compromise the PCC's reputation.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
Failure to deal with conduct issues promptly, fairly and properly.	<ul style="list-style-type: none"> Potential damage to reputation or public perception of the OPCC and the Commissioner. This could also result in loss of public confidence. Negative impact on staff 	4	1	4	4	1	4	Head of Communications and Business Services Avoid	<ul style="list-style-type: none"> There is a Code of Conduct for members and officers. Independent Audit and Standards committee. Ethics and Integrity Panel. 	Independent Audit and Standards committee. Ethics and Integrity Panel		Engagement and Comms Officer Governance manager?	May 17	
Failure to robustly deal with an incident.	<ul style="list-style-type: none"> Potential damage to reputation or public perception of the OPCC and the Commissioner. This could also result in loss of public confidence. 	4	1	4	4	1	4	Head of Communications and Business Services Avoid	<ul style="list-style-type: none"> The Office of Public Engagement has a strategy. Reputational issues are discussed at weekly joint OPCC / Constabulary Comms Management. Where necessary the OPCC will develop individual strategies to cover specific reputational issues. 			Engagement and Comms Officer	May 17	
Failure to scrutinise and hold to account Constabulary performance	<ul style="list-style-type: none"> Potential damage to reputation or public perception of the OPCC, the Commissioner and the Constabulary. This could also result in loss of public confidence. 	4	1	4	4	1	4	Head of Communications and Business Services Avoid	<ul style="list-style-type: none"> The Office of Public Engagement has a strategy. Reputational issues are discussed at weekly joint OPCC / Constabulary Comms meeting. Where necessary the OPCC will develop individual strategies to cover specific reputational issues. Executive Boards are held in public, with all Decisions, Minutes and Agendas published on the PCC website. This provides transparency regarding the PCC holding the Chief Constable to account. 			Engagement and Comms Officer	May 17	

Risk Number: 12	Risk Title: Complaints	Members of the public contact the Office of the Police and Crime Commissioner to complain or raise concerns regarding policing issues. It is important the OPCC deals with these in line with the relevant legislation and where appropriate signpost individuals to the correct body to investigate the matter.
----------------------------------	---	--

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
Lack of appropriate action or processing of managing quality of service issues or complaints against members of staff, ICV's or the Chief Constable could result in a failure to deal with complaints appropriately, in accordance with legislation or be subject to legal challenge.	This risk could result in financial penalty or claims against the OPCC / PCC, or a reduction in public confidence in the processing of complaints.	3	2	6	3	1	3	Head of Communications and Business Services	Clear policies and procedures are in place to deal with complaints. Legal guidance and support if provided by the Force solicitor or external professionals. Mentoring and support is provided to staff who deal with this area of business.	Internal Audit carried out an audit of the OPCC's complaints system. No issues were found and systems were found to be substantial. The Ethics and Integrity Panel oversee performance of complaints and QSPI's on a quarterly basis and have the ability to dip sample both of these areas of business.		Governance Manager	Nov 17	
The Home Office are in the process of reforming the Police Complaints System. The Policing and Crime Bill is going through Parliament and will give PCC's the ability to have a greater role in the complaints process. One element is to make it a mandatory roll for PCC's to consider police complaint appeals	This could result in an increased workload for the OPCC to process and consider appeals. It may also increase the number of complaints made against the PCC should a complainant be dissatisfied about the outcome of their appeal.	3	3	9	2	2	4	Head of Communications and Business Services	The Bill is currently progressing through Parliament but is unlikely to receive Royal Assent until 2018. The APCC are providing updates on progress. Some preparatory work has been undertaken in what the potential workload for the OPCC would be.		Further work will be required once the Bill is passed. The College of Policing are to hold a seminar in November regarding changes to the complaint process	Governance Manager	May 17	
Following a misconduct hearing the officer can appeal the Panel's decision.	This could result in LQCs and/or IPM's becoming subject to legal challenge and personally liable.	4	3	12	3	2	6		The Deputy Chief Finance Officer is currently speaking with the PCC's insurers to ascertain that to ensure LQCs/IPMs are indemnified against the cost of any legal proceedings arising out of a misconduct hearing.			Governance Manager	May 17	

Risk Number: 13	Risk Title: Diversity	The Police and Crime Commissioner under the Equality Act 2010 has a responsibility to raise awareness and promote equality and diversity. As part of this role they have due regard to: <ul style="list-style-type: none"> Eliminate discrimination, harassment and victimisation Advance equality of opportunity between people who share a relevant protected characteristic and those who do not; Foster good relations between such groups
----------------------------------	--	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions			Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken		
The OPCC has a responsibility to develop policy and operational practices in line with Equality legislation, including the undertaking of Equality Impact Assessments, failure to do so would result in the OPCC not complying with its statutory requirements.	Failure to do so could lead to legal challenge, public criticism or loss of public confidence, and some groups and communities being adversely affected or discriminated against.	3	2	6	3	1	3	Head of Communications and Business Services	Equality Impact Assessments undertaken for policies and procedures. Reports contain a section to highlight issues relating to diversity.	Internal Audit inspections undertaken throughout 2015 did not raise any issues in relation to equality or diversity.	Equality statement and strategy to be reviewed in 2016 Diversity refresher training and Equality Impact Assessment training was provided to all OPCC staff on 14.10.2016	Governance Manager	Nov 17

Risk Number: 14	Risk Title: Independent Custody Visiting & Animal Welfare Schemes	The Police and Crime Commissioner is required to operate an effective Independent Custody Visiting Scheme in line with legislation.
----------------------------------	--	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	Review Date
The Police and Crime Commissioner has a statutory responsibility to operate an Independent Custody Visiting Scheme. Including the successful recruitment and training of volunteers. Failure to do so could place the oversight of custody standards and facilities at risk. The actions or inactions of a volunteer could compromise the safety of ICVS, custody staff or detainees when carrying out their visits.	Issues are not identified, progressed and addressed. Volunteers are not recruited and trained to operate the scheme effectively. Could cause irreparable damage to the reputation of the scheme or that of the Commissioner and/or Constabulary.	2	3	6	2	1	2	Governance Manager	Panels currently run at optimum numbers. Any reduction can be covered by the remaining panel members or members from another panel. Induction training is provided to all new panel members, including personal safety guidance when doing visits. Conferences and training seminars are regularly held to provide up to date information.	HMIC & HMP recent inspection of custody suites complimented the operation of the ICV Scheme. New custody visitors have recently been inducted and carrying out visits.	Business continuity on the running of the panels is included within the role profiles for the Panel Chairs and Vice-Chairs.	Governance Manager	Nov 17
The Commissioner also operates an Animal Welfare Scheme failure to recruit and train the volunteers could result in the scheme failing to operate effectively for oversight of the Constabulary and for Civil Nuclear Constabulary.	The welfare and accommodation provided for police dogs with the Constabulary and at Sellafield will have no oversight or accountability. This may cause reputational damage to all organisations.	3	2	6	3	1	3	Governance Manager	The scheme appoints Animal Welfare Visitors (AWV) from the ICV scheme. Should numbers fall below required levels further recruitment from within the 4 ICV panels can be undertaken. Training is provided to all AWV's upon appointment and on a rolling programme.	The scheme has been complimented by both the Constabulary and Sellafield on its operation.	If no volunteers for AWV role recruitment from the wider community could be undertaken. An exception to existing rules would be required as AWV's need to part of the ICV scheme.	Governance Manager	Nov 17

Risk Number: 15	Risk Title: Non-Financial Governance	The Police and Crime Commissioner has an obligation to adhere to legislation to ensure that the business of the Office of the Police and Crime Commissioner is carried out in accordance with such legislation and agreed policies.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken	Action Owner(s)	
A lack of robust governance/ internal control arrangements, including arrangements for managing risk, could result in areas of OPCC business not operating effectively or in line with legislation and ultimately failing.	Decision making fails to take account of relevant information, procedures and/ or inherent risks resulting in unexpected consequences/poor decision making or judicial challenge. Failure of such controls could result in risks materialising and the potential for fraud, error or irregularity.	3	2	6	2	1	2	Chief Executive	Internal control arrangements are subject to annual review. Reports are required to follow specific formats that takes cognisance of risk, financial, legal implications. The OPCC has processes in place for Business Continuity should a situation occur and normal business practices are suspended for a period of time either wholly or in part.	Internal inspections undertaken by Internal Audit – risk management, business continuity Unannounced testing of business continuity practices by the Chief Executive has not highlighted any issues		Chief Finance Officer / Governance Manager	Nov 17
Lack of adequate oversight of the Constabulary to ensure they have robust governance/internal control arrangements	The Constabulary fail to carry out their business or business on behalf of the OPCC/Commissioner in an effective or in extreme cases legal way.	3	2	6	2	1	2	Chief Executive	Joint Audit & Standards Committee and the OPCC CFO lead on arrangements for internal audit for both organisations. The chief constable is required to adopt financial regulations and procurement regulations as part of the funding arrangements. The Constabulary must appoint a professionally qualified CFO. The OPCC Governance Manager has specific responsibilities to confirm assurance on force risk management practices.	An internal audit of the Constabulary and OPCC risk management has been undertaken. There were no findings for the Constabulary and the OPCC recommendations are being actioned.		Chief Finance Officer/ Governance Manager	Nov 17

Failure by the PCC, OPCC staff to conduct themselves within agreed protocols and codes	Reputational damage to PCC and potentially OPCC. Unlawful actions or decisions taken.	2	3	6	2	1	2	Chief Executive	The OPCC has a number of codes, protocols and frameworks which cover integrity and ethical behaviour. The Governance Manager provides staff with regular reminders about the expectations on them at Team Meetings and via e-mail. In addition registers are reviewed and cross checked regularly.	JASC Internal Audit PCC mandated to act impartially Ethics & Integrity Panel		Governance Manager	Nov 17
--	--	---	---	---	---	---	---	-----------------	--	---	--	--------------------	--------

Risk Number: 16	Risk Title: Efficient & Effective Policing	It is in the interests of taxpayers generally and the people of Cumbria in particular for Cumbria to have an efficient and effective police force; There is also a legal requirement for the Police and Crime Commissioner to maintain an efficient and effective police force.
----------------------------------	---	---

Risk Mitigation Strategies:	
Avoid	Stop the risk completely or stop it having an impact.
Reduce	Reduce the likelihood and/or impact of the risk
Transfer	Outsource, use contractors or insure against things going wrong
Accept	The risk is tolerable/accepted

Risk Score		Likelihood – over the next 4 years
1	Low	Not expected to happen, but is possible
2	Medium	May happen occasionally
3	High	Will probably happen, but not a persistent issue
4	Very High	Will undoubtedly happen, possibly frequently

What is the cause of the risk? (Lack offailure to.....)	What is the consequence of the described risk? (Results in.....leads to.....)	Unmitigated Score			Mitigated Score			Risk Owner & Mitigation Strategy (Avoid, reduce, transfer, accept)	Actions				Action Owner(s)	Review Date
		Impact	Likelihood	Risk Score	Impact	Likelihood	Risk Score		Current Controls in Place to Mitigate the Risk	Assurances	Future or further actions to be taken			
The Police and Crime Commissioner has a legal obligation to maintain an efficient and effective police force for Cumbria. At the present time this particularly links to the financial risk identified above, but even without financial uncertainty a police force could become inefficient and/or ineffective.	Taxpayers paying more than they might need to for policing services. Inefficient use of resources being highlighted in external and internal inspections resulting in reputational harm.	3	3	9	3	2	6	Chief Executive (Avoid)	Consideration of reports by HMIC – in particular the PEEL inspection reports and annual VfM report - and the internal and external auditors; monitoring of Constabulary performance, budget monitoring and the Change Programme.	External inspections by HMIC and the external auditors. Internal inspections by internal audit. Work undertaken by the OPCC CFO. Scrutiny by the Police and Crime Panel and Joint Audit and Standards Committee.	Continued monitoring of the Constabulary by the Commissioner; use of VfM data and PEEL inspection reports from HMIC; continued independent scrutiny by the Police and Crime Panel and Joint Audit and Standards Committee.	Chief Executive	May 17	



Joint Audit and Standards Committee

Agenda Item 14 ii

TITLE OF REPORT:	Constabulary Quarterly Risk Management Update
-------------------------	--

DATE OF MEETING:	24th November 2016
-------------------------	--------------------------------------

ORIGINATING OFFICER:	Strategic Development, Corporate Improvement
-----------------------------	---

PART 1 or PART 2 PAPER:	PART 1 (OPEN)
--------------------------------	----------------------

Executive Summary:

The purpose of this paper is to provide the Joint Audit and Standards Committee with the November update to the Constabulary's risk management arrangements, including a review of the current strategic risk register.

Corporate Improvement has carried out a quality assurance check of all the departmental and operational risk registers to ensure that risk is effectively managed across the organisation. The Strategic Risk Register was presented and approved by the Extended Chief Officer Group on 4th November 2016.

Recommendations:

That the Audit and Standards Committee:

1. Note the Constabulary's current strategic risks, and that a quarterly review of all risk registers was completed in accordance with the Risk Management policy in November 2016.
2. Note the clarification made to risk no 25 as requested at the previous JASC meeting.
3. Note the updates to risks 2,25 and 27.

MAIN SECTION

1. Introduction and Background

1.1 Strategic Risks

Risk is the threat that an event or action will affect the Constabulary's ability to achieve its organisational aim and objectives.

Each risk is managed at the level where the control to manage the risk resides. Therefore strategic risks are managed by the Chief Officer Group, significant operational risks are managed by Crime and Territorial Policing SMT and significant strategic business risks are managed in the relevant directorate by nominated senior managers. Projects and programmes also have their own risks that are managed by the project / programme teams.

Strategic risks are those affecting the medium to long term objectives of the Constabulary and are the key, high level and most critical risks that the Constabulary faces. Best practice indicates that the number should be between 5 and 10.

The Chief Constable in his 'Annual Statement of Corporate Governance' determines the strategic direction for the Constabulary which is 'Keeping Cumbria Safe'. The Constabulary's key objectives are:

- Engaging with communities and working with partners.
- Preventing crime, road casualties and ASB.
- Managing offenders.
- Managing calls for service.
- Protecting vulnerable people and communities.
- Investigating crime, caring for victims and bringing offenders to justice.

The strategic risks identified by the Constabulary are concerned with:

1. Failure to deliver required change.
2. The impact of change on Constabulary performance.
3. Reduced public confidence and engagement.
4. Uncertainty over cost and coverage of the Emergency Service Mobile Communications Programme.
5. The implications of longer-term reduction in budget and the level of savings required.
6. Lack of capacity to address future demand and the range of potential operational threats.

The table on page 3 outlines the Constabulary's six strategic risks and provides the RAG rating (Red, Amber, and Green) for each risk (**RAG risk rating = impact x likelihood**). It also indicates which Constabulary objectives the risks link to.

Strategic Risk Register

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
26	The Chief Constable & Chief Financial Officers	<p>As a result of the potential changes to police funding formula, and the removal of dampening funding, there will be a detrimental and significant impact on the available budget and a requirement for substantially increased savings. This would result in a compromise to public safety, significant loss of public confidence and serious damage to the Constabulary's reputation.</p> <p>If this risk occurs, the Constabulary may have to focus on responsive reactive policing and maintaining public protection functions, but reducing investigative capacity to focus on serious crime only; any volume crime where there is no public safety risk will only be investigated if there is spare capacity.</p>	Very High	Very High	25	25	All	<p>Scenario planning for worst case savings. Marketing and Communications involvement. Robust challenge re achievability of the required savings to Government.</p>

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
25	ESMCP Programme Executive Ch Supt Andy Towler	<p>Commitment to the Emergency Services Mobile Communications Programme (ESMCP) and subsequent use of the Emergency Services Network (ESN) has the potential to breach the Constabulary's risk capacity, cost and levels of service provision.</p> <p>This could potentially result in unacceptable levels of service provision; compromise officer safety, increasing costs and loss of reputation.</p> <p>The duration of impact is likely to exceed 2 years.</p>	Very High	Very High	25	25	All	<ul style="list-style-type: none"> Established links with the Home Office to conduct preliminary identification and analysis of risk involved. The introduction of an ICT led Project team to conduct a more thorough identification and analysis of risks and to provide suitable risk response actions. Potential costs included in capital forecasts. Financial information rec'd which indicates that £6m over 10 years will be provided to Cumbria for the delivery of ESN / ESMCP. This will be part of the core grant so business case etc. may still be required for governance purposes. Meeting held 19th May to discuss further with key individuals. User groups have been created to ensure effective officer and staff engagement throughout the project. The constabulary is working in partnership with other forces and emergency services to deliver ESMCP together as a region. A full business case and options analysis was approved by the ESMCP Board on 29th June 2016 and was presented by the Director of Corporate Support for discussion at Extended COG on 4th October 2016. It was highlighted that there would be significant financial implications for next year's budget. It was agreed that stringent governance around the project would be essential due to its high risk status and the Chief Finance Officer of the Constabulary was asked to discuss the budget requirements with the Chief Finance Officer of the OPCC. It was expected that the new system would go live in late 2017. However, the project has been delayed by at least 5 months. As a result of this Cumbria Constabulary is not expected to go live until early 2018. This is subject to further delay depending upon progress made by the national project.

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
27	Supt Gary Slater (West Cumbria)	The Constabulary may have no capacity to address future demand and the range of potential operational threats (such as environmental protest), caused by the significant economic development of controversial nuclear and associated industries (especially along the West Coast). This could potentially result in a possible major/critical incident, compromising public safety, a loss of public confidence and a severe impact on the Constabulary's reputation.	High	Medium	16	12	All	<ul style="list-style-type: none"> • The NuGen proposal is to build 3 new nuclear reactors. The company have completed stage one of their consultation and are now in the more detailed phase. • The potential impact on the Constabulary has been accounted for in the BIG6 and a professional lead has been allocated to the activity. • Stage 2 Consultation with Regeneris (the outsourced company acting on behalf of NuGen) has been completed and we are now working with the company on the Statements of Common Purpose and mitigation measures through our SPOC, PC Matt Brannon. • The company is moving towards the submission of the Development Consent Order for April 2017 and as part of the process is required to engage in formal mitigation meetings with us and partners to smooth the way. We are fully engaged in this process and are following the pathway set out by Avon and Somerset Constabulary in dealing with the Hinkley development. • We have provided relevant crime /transport/community impact data through the consultation as part of the community impact process and have utilised a recognised formula to predict the proposed increase in staff required in order to mitigate the impact of the development over the key phases. This will be formally presented to Chief Officers for sign off before forming part of the final police response to the company. • We are engaged in the joint Sect 106 Planning Act submission which is being managed by the County Council to ensure a joined up approach on behalf of team Cumbria. • Supt Slater attends the National Police Nuclear Build Gold

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
								Group chaired by Avon and Somerset police to ensure we learn from the experiences of other constabularies and organisations.
2	Director of Corporate Improvement & Director of Corporate Support	The Constabulary may not have the capacity to deliver the Change Programme and Corporate Support Business Plan, in particular the reliance on IT to deliver systems which improve officer productivity and reduce manual intervention in processes. If this risk occurs the Constabulary would have to find further savings.	High	Medium	10	12	All	<ul style="list-style-type: none"> • Dedicated resources have been allocated to the Change Programme and the Change Strategy has been developed, including contingency plan • Financial budgeting and forecasting, including comprehensive MTFP completed and reviewed quarterly. • Workforce plan developed. • Mobile & Digital Steering Group established to deliver systems to improve productivity. • ICT workload prioritised quarterly via FSDB. • Resourcing of Change and Business Plans has been completed. • Revised governance arrangements have been implemented to improve strategic oversight and delivery. • Dedicated planning day held on 29 January 2016 to schedule all the complex and interdependent change across the Constabulary with plan for delivery. • Appointment of chief superintendent to deliver change in the operational organisation, coordinating business change. • Revised ICT Strategy approved in January 2016. • Revised Change Strategy approved in Nov 2015 which includes capacity building. Recruitment to full establishment is complete. • Additional resource into Change and ICT following planning days. <p>Please note that this risk will be reviewed after the Constabulary's next Strategy day on 9th December 2016.</p>

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
11	Assistant Chief Constable and Director of Corporate Improvement	The Constabulary's performance may be adversely affected due to the significant level of change across the Constabulary as a whole. This may result in adverse publicity and reputational damage, and potential direct intervention from Her Majesty's Inspector of Constabulary (HMIC).	Medium	Medium	20	8	All	<ul style="list-style-type: none"> The Change Programme coordinates all change activities and manages risk at programme level and review level. There are robust governance arrangements in place for the Change Programme strategies. There is a comprehensive Communications Strategy for the Change Programme. Unison and the Federation are fully engaged in the change management processes. Effectiveness of Dec 2014 Performance Development Conferences has been evaluated and actions have been completed. A revised communications strategy has been developed to improve awareness and engagement, internally and externally. The Constabulary is driving forward the national well-being agenda, following attendance at a conference facilitated by the University of Central Lancashire. The Constabulary has developed a local strategy to support officers and staff, including notification of access to services. Plan on a Page for 2016/17 and the associated BIG6 strategies, with supporting business improvement strategies have been approved. The Delivering Excellence Strategy has been approved. Delivered Plan on a Page. The Business Improvement Unit is up and running, focusing on Quality Counts, and carrying out reality checks. May PDCs have been held, best practice and actions have been incorporated into a plan which was sent out to senior management on 20th May 2016 and will be followed up at subsequent PDCs.

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
23	The Deputy Chief Constable and Head of Professional Standards	There may be reduced public confidence in the Constabulary and reduced engagement with frontline police officers and staff due to a perceived (because of current national media focus and government communication) or actual lack of integrity amongst police officers and staff. This would result in significant reputational damage and a potential drop in performance because of less public support.	Medium	Low	9	6	All	<ul style="list-style-type: none"> Action Plan from HMIC Fear or Favour Police Integrity Inspection 2012 and 2013, including roll out of the integrity Model. Comprehensive policy framework including confidential reporting line and whistleblowing. Regularly reviewed and updated. Training and awareness as a direct result of specific incidents that have happened in the force. Significant proactive comprehensive communication and media strategies for specific cases, involving use of Gold groups led by chief officers. Ethical audits – business interests and internet usage. User satisfaction, including treatment by officers and staff, as part of performance framework and processes. Quarterly reports to PCC on all professional standard issues and complaints. PCC audit through dip sampling of complaints cases. HMIC Integrity Inspection 2014 recommendations have been implemented. CoP Code of Ethics has been rolled out and incorporated into individual and organisational performance meetings. Feedback from the HMIC Effectiveness and Legitimacy Inspection in November 2015 said the Constabulary has well embedded the Code of Practice and the National Decision Model across the organisation. There is a PSD control strategy in place which is reviewed every 6 months. A revised communications strategy has been developed to improve awareness and engagement.

Risk Ref No	Responsible Officer(s)	Risk Description	Impact	Likelihood	Initial Score	Latest Score	Link to Strategic Objectives	Summary of mitigating actions already taken
								<ul style="list-style-type: none"> • Development of transparency arrangements with public. • Well Being Strategy approved by COG in May 2016. • Ongoing scrutiny by independent Ethics Panel and actions • HMIC Legitimacy inspection completed in June 2016 resulted in an overall 'good' grading.

Risk Tolerance Levels

<p><u>Risk Score 1-4</u> Acceptable. No action is required but continue monitoring.</p>	<p><u>Risk Score 5-12</u> Tolerable risks but action is required to avoid a Red status. Investigate to verify and understand underlying causes and consider ways to mitigate or avoid within a specified time period.</p>	<p><u>Risk Score 15-25</u> Unacceptable. Urgent attention is required. Investigate and take steps to mitigate or avoid within a specified short term.</p>
--	--	--

1.2 Drivers for Change

Effective risk management is a key component of effective corporate governance. Managing risk will contribute towards delivery of the strategic priorities. There are potential significant consequences from not managing risk effectively.

Robust risk management will help improve decision-making and drive corporate activity that represents value for money.

Effective risk management will help protect the reputation of the Constabulary and the Office of the Police and Crime Commissioner, safeguard against financial loss and minimise service disruption.

1.3 Consultation processes conducted or which needs to be conducted

Individual risk owners have been consulted as part of the standard risk management arrangements.

1.4 Impact assessments and implications on services delivered

Not applicable- described in the risk register where appropriate.

1.5 Timescales for decision required

Not applicable to this report.

1.6 Internal or external communications required

None.

2. Financial Implications and Comments

Any financial implications are described in the relevant risks outlined within this report.

3. Legal Implications and Comments

Any legal implications are described in the relevant risks outlined within this report.

4. Risk Implications

The Constabulary's risks are described in section one of this report.

5. HR / Equality Implications and Comments

Any HR / Equality implications are described in the relevant risks outlined within this report.

6. ICT Implications and Comments

Any ICT implications are described in the relevant risks outlined within this report.

7. Procurement Implications and Comments

Any procurement implications are described in the relevant risks outlined within this report.

8. Supplementary Information

9.1 List any relevant documents and attach to report

Appendix 1	Risk Scoring Matrix
-------------------	---------------------

9.2 List persons consulted during the preparation of report

- All Departmental Risk Owners.
- Territorial Policing and Crime Command Risk Owners.
- Extended Chief Officer Group.

Risk Scoring Matrix

Impact Score	Description					
		IMPACT ON SERVICE PROVISION	FINANCIAL IMPACT	IMPACT ON PEOPLE	DURATION OF IMPACT	IMPACT ON REPUTATION
5	Very High	Unable to function, inability to fulfil obligations	Severe financial loss > £3M	Multiple fatalities	In excess of 2 years	Highly damaging, severe loss of public confidence or being declared a failing Force
4	High	Significant impact on service provision	Major financial loss £1M to £3M	Fatality	Between 1 year - 2 years	National publicity, major loss of confidence or serious IPCC complaint upheld
3	Medium	Service provision is disrupted	Significant financial loss £500k to £1M	Serious injury, RIDDOR reportable	Between six months to 1 year	Some adverse local publicity, legal implications, some loss of confidence
2	Low	Slight impact on service provision	Moderate financial loss £100k to £500k	Slight medical treatment required	2 to 6 months	Some public embarrassment, or more than 1 complaint
1	Very Low	Insignificant impact, no service disruption	Insignificant financial loss < £100k	First Aid treatment only No obvious harm/injury	Minimal - up to 2 months to recover	No interest to the press, internal only

Likelihood Score	Tolerance Levels – Likelihood Assessment	
5	Very High	A risk has a very high score if there is a 90% or more chance of it happening every year. This means that it is almost certain to happen regularly.
4	High	A risk has a high score if there is a 65% to 90% likelihood of it happening at some point over the next 3 years. Basically, it probably will happen but it won't be too often.
3	Medium	A risk has a medium score if the likelihood of it happening is between 20% and 65% over the next 10 years. This means it may happen occasionally.
2	Low	A risk has a low score if the likelihood of it happening is between 5% and 25% at some point in the next 25 years. This means it is not expected to happen but it is possible.
1	Very Low	A risk has a very low score if the likelihood of it happening is less than 5% over 100 years. Basically, it could happen but it is most likely that this would never happen.

		Impact	Impact	Impact	Impact	Impact
		Very Low (1)	Low (2)	Medium (3)	High(4)	Very High (5)
Likelihood	Very High (5)	5	10	15	20	25
Likelihood	High (4)	4	8	12	16	20
Likelihood	Medium (3)	3	6	9	12	15
Likelihood	Low (2)	2	4	6	8	10
Likelihood	Very Low(1)	1	2	3	4	5
		Impact	Impact	Impact	Impact	Impact