



Governance Arrangements for Cumbria Constabulary

Text in italics means that the Scheme of Delegation needs to be changed;
Highlighted text means that views need be taken prior to final governance decision being made

Introduction

Objectives and goals drive what work is done; *benefits and principles* drive *how* it is delivered. As change is a constant in policing, we need to be agile to deliver. However, we also need to balance control and accountability so our governance arrangements must adhere to the following:

- Ensure that direction is provided
- Some element of control is exercised by the Executive
- Decision making is transparent through effective governance
- Full accountability is achieved through effective performance management

This document has been prepared in the spirit of devolving decisions downwards in the organisation and is based on the following principles:

1. Having the right level of independence to operate effectively in our own areas of work, ensuring that decisions are taken at the right level to deliver the outcomes we want
2. That conflicted and non-complimentary decision making across different pieces of work is avoided
3. Decisions should be able to take place at a speed that doesn't frustrate the organisation's mission, so the governance processes should not build in avoidable or unnecessary delays and there is a coherent and logical flow
4. Demonstrating that our internal controls are effective. In particular, there **must** be adequate control on both finance and headcount, as these are areas where the culmination of individual delegated decisions can have a particularly significant cumulative effect
5. Accountability for decisions must be clear
6. Requiring individuals to exercise personal responsibility and work with integrity
7. That the organisation becomes significantly more disciplined to achieve its objectives.

This document is part of a wider governance framework, which includes Financial Rules and Regulations, Budget Protocols, the Scheme of Delegation, Joint Procurement Regulations and a significant policy framework.

The approach outlined in this document must be consistent with the overall governance arrangements. In addition, governance and decision-making arrangements are affected by the OPCC Funding Agreement, which may also need to be negotiated and changed

This document needs to be reviewed annually

- Section 1 Cumbria Constabulary Governance Model, 2021/22
- Section 2: Detailed Cumbria Constabulary Governance Map
- Section 3: Terms of Reference for Major organisational governance boards
- Section 4: Options for delegation of Continuous Improvement Grants
- Section 5: Tables of decision making permissions organised by areas of business incorporating boards and roles. It is the intention that once the template is finalised this can be translated into a table of decision making permissions by role

Appendix A – TORs for other boards tbc

Section 1: Cumbria Constabulary Governance Model, 2021/22

Strategic Decisions

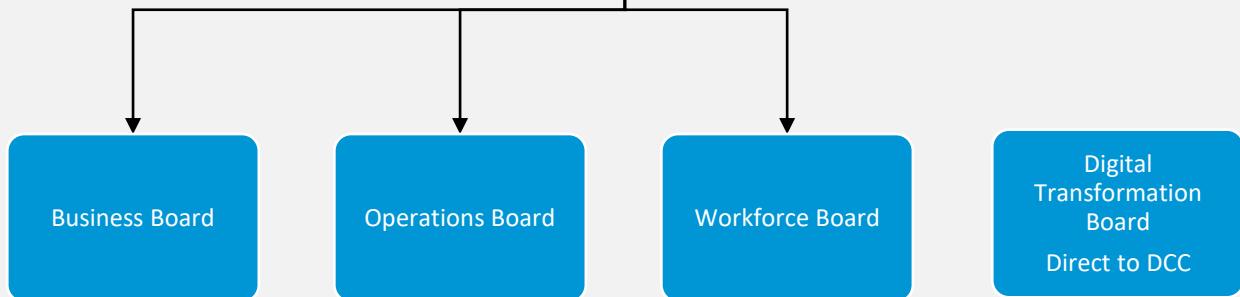
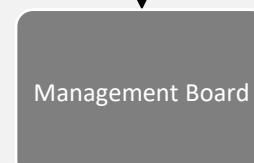
- Senior organisational board
- Overall financial control
- Sets strategic intent
- Decisions that have major consequences for the overall organisation
- Tasks Management Board

Cross-cutting decisions

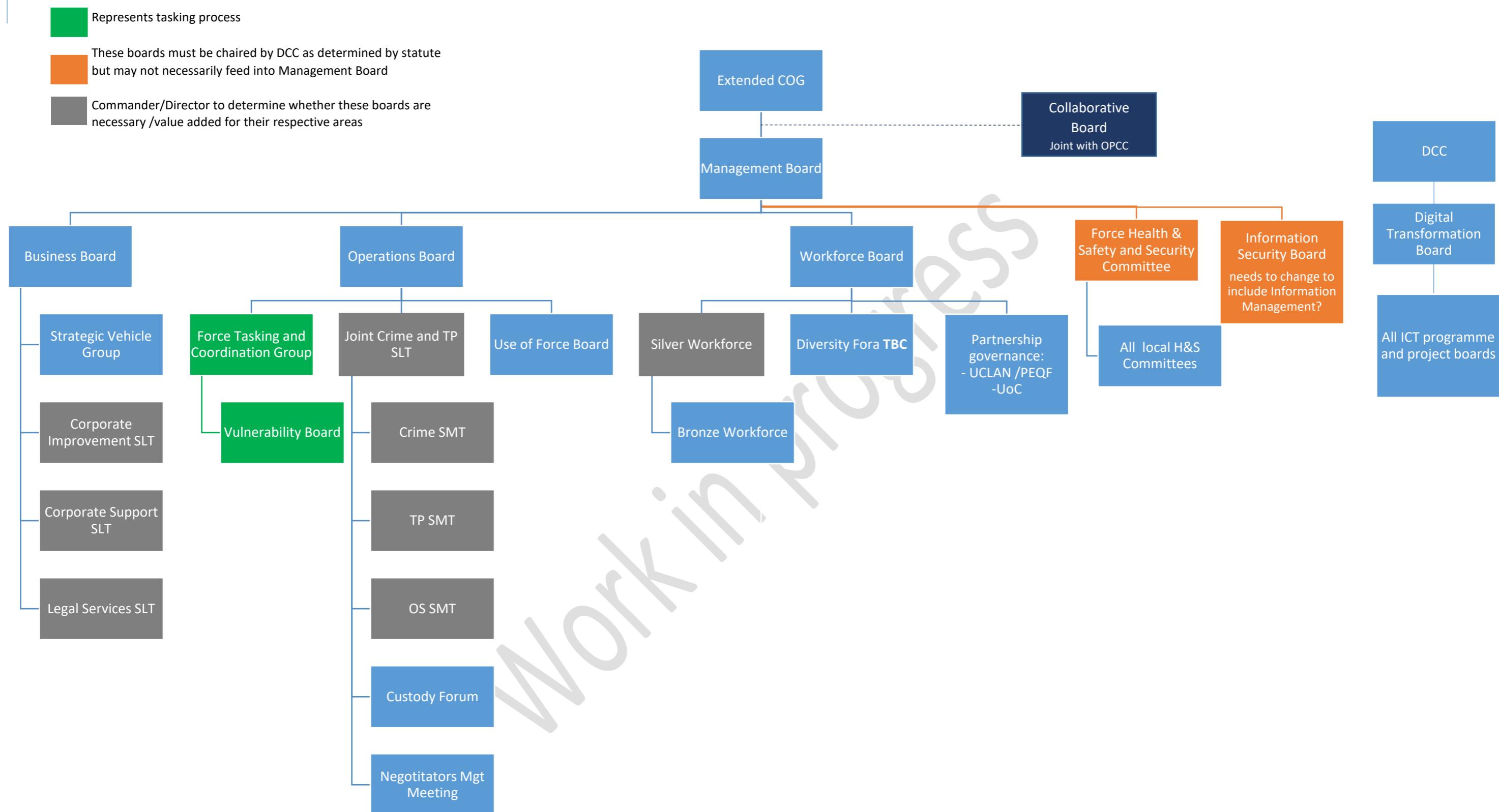
- Manages force performance
- Controls & drives benefits
- Ensures overall corporate improvement
- Regular financial & workforce management information
- Tasks to feeder boards, departments or individuals

Delegated Decisions

- Tasked by Management Board (direct to DCC for DTB)
- Deliver and drive projects to deliver strategic objectives/intent and identified benefits
- Report upwards on progress
- Manage (& escalate if necessary) issues, risks & exceptions



Section 2: Cumbria Constabulary Governance Map



This section will contain hyperlinks in the final product

Section 3: Terms of Reference for major organisational boards



CHIEF OFFICER GROUP

CHAIR
CHIEF CONSTABLE

FREQUENCY
WEEKLY

MEMBERS

Deputy Chief Constable
Assistant Chief Constable
Det. Chief Superintendent
Chief Superintendent
Director of Corp. Support
Director of Corp. Improvement
Joint Chief Finance Officer
Head of Marketing & Comms

PURPOSE

Cumbria Constabulary's senior organisational board. Sets organizational vision and strategic intent. Considers decisions that have major consequences for the overall organization

- Determine Constabulary's overall vision and strategy
- Receives regular operational overview to ensure situational awareness and for purposes of consequence management
- Strategic Media Management
- Final approval Board for capital schemes, major business and technological change and major revenue developments
- Provides financial oversight, approving annual revenue and capital budgets. This includes proposals for financial growth or reduction in establishment as set out in Scheme of Delegation, and benefits delivery
- Chief Constable's oversight of Governance Boards, Decision making, Highlight and Exception reporting dashboards
- Delegate authority to Management Board to resolve issues and take actions and manage resources

WORKPLAN

- Set & maintain force vision (Vision 25)
- Agree annual capital & revenue budgets
- Agree MTFF
- Ensure effective governance framework
- Monitors critical aspects of performance including receiving updates on critical incidents
- Consideration of public consultation findings and consequence management
- Approve scheme of delegation
- Production of Annual Force Management Statement

Any key members of staff reporting on business in exception



MANAGEMENT BOARD

CHAIR
DEPUTY CHIEF CONSTABLE

FREQUENCY
MONTHLY

MEMBERS

Assistant Chief Constable
Det. Chief Superintendent
Chief Superintendent
Director of Corp. Support
Director of Corp. Improvement
Joint Chief Finance Officer
Head of Legal Services
Superintendents
Det. Superintendents
Staff Associations
Chief Supt Collaboration

PURPOSE

Drive organisational performance and delivery of outcomes and benefits

- Ensures delivery of strategic intent
- Drives organisational improvement
- Regular thematic performance focus coupled with testing of benefits delivery and financial savings
- Challenge business and operational consistency, effectiveness and implementation of best practice
- Seek assurance and updates from the Constabulary Governance Boards on key issues, exceptions and progress
- Problem solve escalated issues; reallocating resources and raising actions where required
- Provide assurance and updates to Chief Officer Group on key issues, exceptions and progress
- Management of workflow across the governance structure – making sure the right tasks are being done at the right level, supervised by the right board and avoiding over-escalation of decision-making

WORKPLAN

- Cumbria Vision 25 Roadmap
- Thematic Performance Reporting Schedule
- COG Commissioned objectives
- Business continuity planning
- Monitoring key CCIP/Continual improvement plan delivery
- HMICFRS preparedness

Key enabling roles as and when business requires



OPERATIONS BOARD

CHAIR

ASSISTANT CHIEF CONSTABLE

FREQUENCY

MONTHLY

PURPOSE

Govern and improve the way we deliver operational policing

- Check and ensure operational consistency across force and use of best practice
- Deliver and drive the tactical use of kit and equipment
- Deliver the operational benefits identified by business and technological change
- Has authority to resolve issues & policy related to operational policing
- Delegate authority to individuals or appropriate working groups where required
- Prioritises operational requirements and highlights to the Business or Workforce Boards as appropriate
- Delivers operational strategies
- Review and monitor the Constabulary's operational priorities and objectives that are required to deliver operational policing, making recommendations to the Management Board
- Manage operational risks, exceptions and inconsistencies and escalate or devolve as appropriate
- Overview of operational budgetary spend and establishment position

WORKPLAN

- Work commissioned by Management Board
- Identifies annual operational training requirements
- Implement HMIC recommendations & other improvement plans

MEMBERS

Det. Ch. Superintendent, Crime
Ch. Superintendent, TP
Director of Corp. Support
Director of Corp. Improvement
Joint Chief Finance Officer
Supt, UOS
Ch. Insp. CJU
Ch. Insp. CCR
Ch. Insp. BIU
Area Supts (Area Ch. Insp's)
Supt Vision 25
Marketing and Comms
Staff Associations Representatives
OPCC Representative
Chief Supt Collaboration



WORKFORCE BOARD

CHAIR

DEPUTY CHIEF CONSTABLE

FREQUENCY

MONTHLY*

PURPOSE

Maximising the capability of our workforce and ensuring Cumbria Constabulary has effective skills for operational & organisational delivery

- Ensure the development and enhancement of the Workforce
- Ensure that skill capability or capacity gaps identified at Force T&CG are fed into workforce planning
- Lead organisational appraisal, talent management & leadership development
- Has authority to resolve issues within the Workforce portfolio
- Deliver the force training plan, monitoring training delivery & compliance by staff and managers
- Delegates authority to individuals or working groups where appropriate
- Takes projections and prioritises training requirements as highlighted as appropriate from the other governance boards
- Delivers effective workforce policies and strategies
- Identify projected pathways to manage and implement staffing decisions (*i.e. transition of staff across commands*)
- Manage risks, exceptions and inconsistencies and escalate or devolve as appropriate
- Direct organisational diversity, inclusion and equality activity
- Monitor organisational absence, working time, recruitment & welfare

WORKPLAN

- Workforce Plan
- Workforce Dashboard
- Management Board commissioned work.

MEMBERS

Det. Chief Superintendent
Ch. Superintendent
Joint Chief Finance Officer
Director of Corp. Support
Director of Corp. Improvement
Head of People
Head of L&D
HR Business Partners
Head of Marketing & Comms
Staff Associations Representatives
OPCC Representation

Key enabling roles as and when business requires.



BUSINESS BOARD

CHAIR
DIRECTOR OF CORPORATE SUPPORT

FREQUENCY
MONTHLY*

PURPOSE

Deliver & improve organisational enabling capabilities

- ICT prioritisation
- Project Overview and Review Forum
- Progress project work within agreed budgets dictated by the forward project plan
- Review and monitor the Constabulary's business priorities and objectives that are required to deliver operational policing, making recommendations to Management Board
- Manage business risks and escalate or devolve as appropriate
- Ensures that business activities are coordinated and deliver value for money
- Ensures application of proportionate project management for the different activities

WORKPLAN

- In line with Vision 25 deliver:
 - Agreed forward project plan
 - Agreed capital programme
- Develop and deliver constabulary strategies in line with Vision 25 for:
 - Estates & Fleet
 - Commercial
- Management Board commissioned work

MEMBERS

Ch. Superintendent
Det. Ch. Superintendent
Director of Corp. Improvement
Joint Chief Finance Officer
Deputy Chief Finance Officer
Head of CSD
Head of ICT
Head of Estates and Fleet
Head of Legal Services
Head of Learning & Development
Head of People
Head of Commercial
Collaboration Ch Supt
OPCC Representation

Key enabling roles as and when business requires

Please note the following is based on a TOR document provided by ICT



DIGITAL TRANSFORMATION BOARD

CHAIR
CHIEF SUPERINTENDENT ICT & INFORMATION MANAGEMENT

FREQUENCY
MONTHLY*

PURPOSE

Provide strategic leadership in delivering the digital strategy

- to ensure the projects/work streams reporting into the Digital Transformation Board meet their key milestones and ensures projects interdependencies are clearly defined and understood.
- be responsible for ensuring the timely delivery of the Portfolio of digital projects/work streams in line with the Digital Strategy.
- be responsible for ensuring the coordination and realisation of associated benefits, and mitigating and monitoring risks
- provide regular assessment of the potential opportunities presented by digital technology, out with those presented in the Digital Strategy
- manage high-level interdependencies and risks associated with the Portfolio and the wider Constabulary programme of change
- strategically identify, prioritise and allocate resources to digital programmes and projects, re-aligning where necessary
- identify and develop funding and resource plans designed to assist in the delivery of programmes
- Put in place an over-arching effective communications and engagement strategy, sharing key messages with employees, members and partners as required
- Ensure that Project Executives and Business Leads are adequately supported in their work and held to account for the delivery of their responsibilities.
- Address any issue that has major implications for the project which genuinely cannot be resolved at implementation level
- Keep the scope under control by reviewing the work stack quarterly as emergent issues force changes to be considered
- Ensure continued alignment of the projects/work streams with wider Constabulary strategies and policies

WORKPLAN

- In line with Vision 25 deliver:
 - Agreed forward project plan
 - Agreed capital programme
- Develop and deliver constabulary strategies in line with Vision 25 for:
 - Digital Policing
 - Information
 - Management
 - IT services
- DCC commissioned work

MEMBERS

Ch. Superintendent
Det. Ch. Superintendent
Director Corporate Support
Director of Corp. Improvement
Joint Chief Finance Officer
Head of ICT
Business Development Manager
Force Disclosure Manager
Superintendents Crime & TP

Key enabling roles as and when business requires

Section 4 Continuous Improvement Grants

The budget for 2021/22 approved recently by the PCC includes a sum of £250k in a Constabulary Innovation Fund. The intention on a trial basis is to empower budget-holders to manage these resources and distribute them by means of Continuous Improvement Grants.

The purpose of the Continuous Improvement Grants (CIGs) is to incentivise continuous improvement across the force by giving freedom to senior managers to trial initiatives that will improve performance and encourage innovative thinking in their command or directorate. It is intended that a small degree of financial latitude will also help to foster a culture of self-sufficiency, also removing the bureaucracy of having to continually request low value additional funds from Chief Officers.

In order to achieve that, finance will be allocated (as per the table below). The finance will be reviewed on an annual basis. Budget-holders will be accountable for their use of the CIG on an annual basis at the budget star chambers. There will be an element of 'use it or lose it' in this scrutiny.

Dept	£000s
Territorial Policing	70
Crime	70
ICT	20
People	20
Financial Services	10
Commercial	10
Central Services	10
Estates	10
Fleet	10
Marketing & Comms	10
Legal	10
Total	250

The operating framework for the CIG includes:

- The Scheme of Delegation
- The CIG Protocol- a set of rules that each initiative must adhere to.

The Continuous Improvement Grant Protocol:

- Grants will be awarded by the Commander/Director.
- The aim should be to create added value and should be supported by a brief business rationale incorporating
 - expected benefits, which should ideally be measurable.
 - responsible officer or staff member
 - Clear description of costs and other requirements including impacts on other functions must be clearly described and verified by the right department (e.g. legal, HR, Finance, ICT, Procurement, Estates and Fleet, marketing and communications, information management or any other likely as necessary). You may have to do an EA or a DPIA – advice needs to be sought..
- Any changes to establishments must be temporary
- You cannot temporarily promote above the rank of inspector – *maybe sergeant?* - needs to be discussed.
- A clear audit trail should be maintained and any financial virements tracked by the relevant Financial Services Officer.
- Grants should be consistent with the Code of Ethics

Section 5: Decision making permissions by rank (superintendent to sergeant) and police staff managers and supervisors

Key: proposals that are new and for discussion. Anything in black is as per original and proposed to stay that way. Anything in green is previous delegation. In the people section pink highlighted section are HR comments.

	COG	MB	BB	OB	WB	WF Silver	WF Bronze	Chief	DCC	ACC	Chief Supt/ Director	CFO	Head of People	Supt/ HO Service	Chief Insp/ Senior Manager	Inspector/ Manager	Sergeant/ Supervisor	Constable/ Police staff	Limitations	HR Comments
ESTABLISHMENTS																				
Approve annual overall establishment	✓																		Agreement required with PCC	Agree
police staff, police officers, ranks, PCSOs, Specials																				
Approve resource allocation of overall establishment	✓																		Agree	
Approve 4 year Workforce Plan	✓																		Agree	
Monitor Workforce Plan & escalate changes to COG		✓				✓													No HR representation at MB, recommend WB as present	
Deliver Workforce Plan						✓													Agree	
Reduction in overall force establishment for officers or PCSOs	✓												Input on budget					Change Management Policy OPCC Funding Agreement	Agree	
Reduction in police staff establishments (except statutory roles where it is COG)	✓																Change Management Policy OPCC Funding Agreement	Agree		
Growth in force establishment for officers, PCSOs or staff posts	✓												Input on budget					Evidence based business case required; growth is defined as above overall Constabulary	Agree	
Agrees corporate wide shift patterns based on demand for all operational police officers, police staff and PCSOs- within the framework of COG approved resource allocation				✓													COG agreed RAM to be used; H&S impact assessment must be carried out	Agree - with HR representation for such matters		

Movement of officers within the same rank						✓					✓								Unable to change total police officer FTE establishment in relevant area(s)	WF Silver
Constable to Inspector rank within own command/directorate																			No financial growth within totality of relevant areas	
Movement of officers within the same rank							✓												Must comply with Police Regulations	WF Bronze
Constable to Inspector- within own TPA, Crime Area or Service																			Must ensure adequate cover to deliver key functions as determined by BCM Plans	
Movement of police officers within the same rank						✓					✓ Joint									WF Silver
Constable to Inspector rank between Crime & TP commands																				
Movement of police officers within the same rank						✓					✓									WF Silver
Constable to Inspector between business directorates																				
Movement of police officers within the same rank Constable to Inspector between commands and directorates						✓					✓									WF Silver
Secondment of DCC/ACC in or out of Constabulary								✓												
Secondment of police officers and/or police staff in or out of Constabulary						✓				✓								HO People & CFO must be consulted to ensure T&Cs and funding arrangements in place	Agree - after initial approval at WF Silver	
AUTHORISE THAT A POLICE STAFF POST CAN BE FILLED (EXISTING OR BUDGETED POST ONLY) WITHIN ORGANISATIONAL STRUCTURE																				
Initiate a recruitment freeze – wholesale or specific areas of organisation	✓																		Agree	
Appointment and recruitment at director level and above									✓	✓									Agree	
Appointment and recruitment for all staff reporting direct to director or commander						✓					✓			✓					OPCC Funding Arrangement- for shared service posts there must be consultation with	WF Silver
Authorise that PCSO posts can be filled within approved establishment	✓																		OPCC Funding Arrangement requires consultation with PCC	Agree
Authorise agency appointments for police staff posts where budget is available						✓					✓			✓					This could be external funding, virement of existing budget from current staff shortfall or	WF Silver

Authorise agency appointments for police staff posts where budget is not available							✓														HO People holds agency budget	Is this frequent enough? Agency requests usually last minute - can it be delegated to silver?
Authorise appointment of consultants where budget is available								✓													Business case required	
Authorise appointment of consultants where budget is not available							✓														This could be external funding or approval of business case via ECOG/MB	WF Silver
AUTHORISE GROWTH																					HO People holds agency budget	
Authorise change to existing /budgeted post (i.e. use existing post that's vacant to fund new posts) with no overall growth to relevant establishment – police staff only								✓												Establishments are command/directorate level	WF Silver	
Temporary posts over and above agreed establishments but which are funded from within current command/directorate budgeted establishment or other funds								✓												Police officer growth or change require ECOG/MB approval		
Temporary posts over and above agreed establishments but which have no current funding Outside of the CIG							✓													CFO must be consulted	WF Silver	
																				Permanent Changes to rank establishment not permitted		
																				HO People holds agency budget		
																				Business case required	Agree	
																				Definition of temporary required		

PAY and RATIONS																
Authorise financial assistance for professional training for all police officers and staff								✓			✓				As part of annual training plan Processed by CSD; spend monitored by Finance and reported back to People Board	Initial approval at WF Silver, final sign off WB?
Reimbursement of professional fees for police staff										✓					As per T&C Section 1.13- only to roles where membership is legal requirement for	Agree
Approve advances on gross salary in respect of police officers and police staff providing the figure is no more than one month's salary											✓					Agree
Granting honoraria for police officers at DCC and ACC ranks								✓								Agree
Granting honoraria for police officers below rank of ACC and above Chief Superintendent									✓							Agree
Granting honoraria for police officers below rank of Chief Superintendent							✓				✓				Assume a delegated budget now	WF Silver
Granting honoraria for police staff at director level										✓					As per T&C section 1.2	Agree
Granting honoraria for police staff below director level						✓				✓		✓			As per T&C section 1.2	WF Silver
Agreeing starting salary within the scale for police officers at DCC and ACC ranks									✓						National T&C Police Regs	Agree
Agreeing starting salary within the scale for police officers below rank of ACC										✓						
Agreeing starting salary within the scale for police staff directors										✓						
Agreeing starting salary within the scale for police staff below director level						✓					✓				Some guidelines should be written Quarterly report to MB/PB As per T&C section 1.3	WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends
Agreeing accelerated pay increments for police staff directors									✓						As per T&C section 1.3e	Agree

Agreeing accelerated pay increments for police staff below director level						✓	✓					✓								Some guidelines should be written Quarterly report to MB/PB As per T&C section 1.3e	WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends
Delay progression of police staff directors through pay scales due to poor performance								✓											As per T&C section 1.3f	Agree	
Delay progression of police staff below director level through pay scales due to poor performance						✓			✓			✓							Some guidelines should be written Quarterly report to MB/PB As per T&C section 1.3f	WF Silver sign off for consistency as per honorarium? Ch Supt / Dir attends	
Approval of extension of half pay and no pay sickness scheme for police officers and police staff								✓											Reg 28 2003 and PNB Circular 03/2 &05/1 Annex 3 of Police Staff T&C	Pay Panel now established	
Authorise overtime and expenses								✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Line managers' responsibility via iTrent automated system	Agree	
Authorise annual leave for police officers																✓			For most officers system automatically grants/rejects leave based on RSLs Inspectors can authorise additional leave at their discretion subject to ensuring delivery of	Agree	
Authorise annual leave for police staff						✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			Line manager authorises	Agree	
Authorise CTO exceeding the agreed ceiling for police staff						✓		✓	✓	✓	✓	✓	✓	✓	✓	✓			Line manager authorises	Propose WF Silver?	
Carryover that is more than 5 days annual leave for all police officers and staff										✓							✓		As per T&C section 1.9	Agree - LM	
Granting requests for unpaid leave for police officers and police staff										✓							✓		As per T&C section 2.2d	Agree - LM	
Granting requests for compassionate leave or special leave in excess of 3 days for police officers and police staff										✓							✓		On recommendation of line manager and with input from HRMs Police Staff as per T&C section 2.9.	Agree - LM	

Section 2 Finance – Although changes to financial management arrangements to allow greater delegation of budgets and empowerment of managers are planned these generally impact at a more detailed level than the delegations outlined below.

	DECISIONS ABOUT FINANCE																
	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt/ Director	CFO	Head of People	Supt/ HO Service	Chief Insp/ Senior Manager	Inspector/ Manager	Sergeant/ Supervisor	Constable /Police staff
Overall Budget Management																	
Ensuring that the financial affairs of the Constabulary are properly administered and that the joint OPCC Constabulary Financial Regulations are adhered to										✓							The CFO is a statutory role and therefore not strictly a delegation. Specific responsibilities for financial management are set out in detail in the financial regulations, rules and budget protocols.
Approval of the Constabulary revenue budget, proposal and medium term financial forecast including the overall allocation of resources	✓																The revenue budget proposal is submitted to the Commissioner for agreement.
Approval of the Constabulary capital budget and programme	✓																The capital programme is submitted to the Commissioner for agreement.
Approval of the Chief Constable's Annual Statement of Accounts.							✓				✓						The Statement of Accounts must be signed by the Chief Constable and CFO
Approval of Constabulary Annual Governance Statement.	✓							✓			✓						The Annual Governance Statement is agreed by COG but must be signed by the Chief Constable and Chief Finance Officer.
Approval of the Internal Audit Plan	✓					✓	✓										The Internal Audit Plan is agreed by Collaborative Board but must be formally agreed by the Commissioner and Chief Constable

Revenue Budget Management																		
Management of revenue budgets – Constabulary budget (including authorisation of orders for goods and services)	✓									✓			✓	✓				Designated budget-holders have responsibility for managing specific budgets. Specific budgets and responsibilities are set out in detail in the Financial Regulations, Financial Rules, Budget Protocols and the Statement of Budget-holder responsibilities. The revenue budget is reported to the Chief Officer Group.
Allocation of Cost Centre Managers										✓			✓	✓				The new finance system operates on the basis of cost centre managers. These are to be allocated by budget-holders.
Capital Budget Management																		
Management of approval capital schemes (including authorisation of orders for goods and services)										✓			✓					Designated budget-holders have responsibility for managing specific capital schemes. Specific budgets and responsibilities are set out in detail in the Financial Regulations, Financial Rules, Budget Protocols and the Statement of Budget-holder responsibilities. The capital budget is reported to the Chief Officer Group.
Allocation of Capital Cost Centre Managers										✓			✓					The new finance system operates on the basis of cost centre managers. These are to be allocated by budget-holders.
Assets																		
Management, safeguarding and recording assets										✓	✓	✓	✓	✓	✓	✓	Strategic responsibility sits with specialist functions. However all officers and staff have responsibilities which are set out in the Finance Regulations, Financial Rules and Budget Protocols.	
Development of business strategies										✓		✓	✓				Business strategies to be developed in accordance with the Commissioner's Funding Arrangement, this will include the main asset classes, i.e. Estates, ICT, Fleet, Commercial and People	
Virements																		
Moving funding between budget lines											✓						Revised virement rules are currently being developed by the CFO. The intention is to allow greater freedom to vire monies but appropriate safeguards are required.	
Use of Chief Constable's reserve and contingency budgets																		
To be able to draw down reserves								✓									The majority of budgets are controlled by the Commissioner	

SECTION 3 – PROCUREMENT, PURCHASING, CONTRACTS AND PAYMENTS OF ACCOUNTS.

Budget Managers are responsible for all purchases of goods and services within their devolved budget. Goods and services may only be procured and paid for in relation to official Constabulary or Commissioner business which has been properly authorised in accordance with the Constabulary's Scheme of Budget Management and procurement methods must be in accordance with the 'Cumbria Office of the Police and Crime Commissioner and Cumbria Constabulary Joint Procurement Regulations'.

Unless the Commissioner has consented to the Chief Constable to enter into a specific contract, all contacts must be in the name of 'The Police and Crime Commissioner for Cumbria'.

The procurement routes delegations, authorising limits and authorising officers are set out in the Constabulary's Scheme of Budget Management and Joint Procurement Regulations' and these should be adhered to at all times when dealing with procurements, purchasing and contacts.

SECTION 5 - CLAIMS AGAINST THE CHIEF CONSTABLE / LEGAL MATTERS.

DECISIONS ABOUT CLAIMS AGAINST THE CONSTABULARY / LEGAL MATTERS																			
		COG	MB	BB	OB	WB	PCC	CE	Dir Legal Services	Insurers	Chief	DCC	ACC	Chief Supt/ Director	CFO	Head of People	Supt/ HO Service	Chief Insp/ Senior Manager	Limitations
ESTABLISHMENTS																			
To approve settlement of any public liability or employer liability claim including costs made against and in the name of the Chief Constable under Section 88 of the Police Act 1996.	Up to £25,000								✓									Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PCC's Chief Executive for claims settling above £10,000. The consultation process may differ from case to case.	
	Over £25,000							✓										Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PCC's Chief Executive prior to settlement, this consultation process may differ from case to case. Before claims in excess of £100,000 are settled there is to be consultation with both the PCC's Chief Executive and the Constabulary's Insurers.	
To accept responsibility in connection with any public liability or employer liability claim for damages against any individual police officer or special constable and settlement of such claims out of the police fund under Section 88 (4) of the Police Act 1996.	Up to £25,000								✓									Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PCC's Chief Executive for claims settling above £10,000. The consultation process may differ from case to case.	
	Over £25,000							✓										Subject to the Insurers subrogated rights, rules of professional conduct and financial regulations, there is to be consultation with the PCC's Chief Executive prior to settlement, this consultation process may differ from case to case. Before claims in excess of £100,000 are settled there is to be consultation with both the PCC's Chief Executive and the Constabulary's Insurers.	
To approve settlement of minor civil claims by way of <i>ex-gratia</i> which are uninsured risks such as deliberate damage (these claims are by definition uninsured and dealt with by CSD)	Up to £2,000								✓						✓			This relates to all uninsured minor claims which are be administered by CSD.	
	Between £2,000 and £4,999													✓					
	Over £5,000						✓												

Police Complaints and Misconduct – This section requires further work to update procedures and references to regulations.

Work in progress

DECISIONS ABOUT WORKFORCE - COMPLAINTS / PROFESSIONAL STANDARDS																		
		COG	MB	BB	OB	WB	Chief	DCC	ACC	Chief Supt/ Director	CFO	Head of People	Supt/ HO Service	Chief Insp PSD	Complaints & Misconduct	Chief Insp/ Senior Manager	D Inspector PSD	Limitations
Police (Conduct) Regulations 2020																		
Appropriate Authority	Assistant Chief Constable and Deputy Chief Constable						✓											
	All officers up to the rank of Assistant Chief Constable							✓	✓			✓		✓	✓			Deputy Chief Constable to carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. To be updated for Legislative and Structural Changes Head of People Department to carry out powers as Appropriate Authority for the following functions for all ranks up to Assistant Chief Constable (however to be in consultation with the Deputy Chief Constable for all matters relating to (1) rank of Inspector and above, and (2) involving a matter of significant public interest or concern), including all cases including but not limited to allegations of discrimination and/or corruption:- 1.Regulation 12: assessment of conduct which is the subject matter of the allegation. 2.Regulation 13 (2): appointment of investigator. 3.Regulation 19: determination of case to answer on receipt of investigator's written report. 4.Regulation 20: withdrawal of case 5.Regulation 25 (2) & (4): in relation to the selection of the person to conduct the Misconduct Meeting and, in the case of a Hearing, to select the panel. 6.Regulation 4: the performance of the harm test 7.Regulation 9 (2), (3) & (4): consideration of prejudice to
Appointment of Investigators	Concerning investigations in respect of Assistant Chief Constable and Deputy Chief Constable						✓											
	All officers up to the rank of Assistant Chief Constable							✓				✓		✓	✓			Appoint investigators and exercise the Chief Constable's powers under those sections in relation to handling of complaints and conduct matters (Schedule 3, part 3, Police Reform Act 2002).
Police (Complaints & Misconduct) Regulations 2020																		
Appropriate Authority	Assistant Chief Constable & Deputy Chief Constable						✓											
	All officers up to the Rank of Assistant Chief Constable							✓	✓			✓		✓	✓			To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. To carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable. The Head of Professional Standards is authorised to carry out powers as Appropriate Authority for all ranks up to Assistant Chief Constable (however to be in consultation with the DCC for all matters relating to Chief Inspectors and above) for the following functions: 1.Regulation 3: recording of complaints 2.Regulation 4: referral of complaints to the IPCC 3.Regulations 5: disapplication of requirements of Schedule 3 4.Regulations 7: recording and referral of conduct matters 5.Regulation 8: referral of death and serious injury matters 6.Regulation 10: discontinuance of investigations. 7.Regulation 12 & 13: duty to provide information 8.Regulation 15: copies of complaint 9.Regulation 21: withdrawn complaints. 10.Regulations 22 & 23: suspension and resumption of investigation procedures. 11.Regulation 24: appointment of investigator. 12.Regulation 25: combining and splitting investigations. 13.Regulations 27 & 28: complaints about persons not serving with the Police or whose identity cannot be ascertained. 14.Regulation 31: keeping of records 15.Regulation 33 (2) (b): delegation of powers.

Dealing with Regulation 11 Appeals	All officers up to the rank of Assistant Chief Constable								✓			✓			✓	✓	✓			
Police (Performance) Regulations 2020																				
	All officers up to the rank of Assistant Chief Constable								✓											
	Certification that practise requires improvement completed.																	✓		

Gifts, Sponsorship & Hospitality

DECISIONS ABOUT GIFTS, HOSPITALITY & SPONSORSHIP																				
	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt/ Director	CFO	Head of People	Supt/ HO Service	Chief Insp/ Senior Manager	Inspector/ Manager	Sergeant/ Supervisor	Constable /Police staff	Limitations		
Gifts & Hospitality																				
Acceptance of gifts, hospitality and gratuities by Officers and Staff.																	✓	✓	The process and reporting of such gifts etc is an individual decision in consultation with line managers but must comply with Professional Standards Dept Anti-Fraud and Corruption Policy and Procedures.	
Reporting of gifts, hospitality and gratuities by Officers and Staff, (this does not relate to corporate memento's etc.)																		✓	The process of reporting is managed by the Director of Professional Standards. Also see Anti-Fraud and Corruption Policy and Procedures.	
All Sponsorship																				
Acceptance of sponsorship and loans for the benefit of the Constabulary										✓	✓								The policy is set out the Financial Rules. All gifts, loans and sponsorship must be recorded with Financial Services.	
Reporting of sponsorship and loans for the benefit of the Constabulary										✓	✓								The policy is set out in the Financial Rules. All gifts, loans and sponsorship must be recorded with Financial Services.	

Work in progress

DECISIONS ABOUT OPERATIONAL POLICING - DISCLOSURE

	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt TPA	Chief Supt Crime	Supt Ops	Supt PPU	Supt	Chief Insp	Inspector	Disclosure Unit Manager	Limitations
Enhanced Disclosure																		
The release of enhanced disclosure material to the Disclosure and Baring Services for persons seeking occupation with the vulnerable and/or children								✓									Part V of the Police Act 1997 and Section 5 Safeguarding Vulnerable Groups Act 2006	
Repeat vetting applications received within 12 months of a previous one, where there is no change to the relevant information located, the workforce is identical or similar in nature and the previous decision was made by the DCC or Disclosure Unit Manager																✓		
Applications where the decision to disclose relates solely to the provision to the employer of details of the <i>modus operandi</i> for conviction recorded against the applicant on the police national computer																✓	Senior Decision Maker may deputise.	
Applications where the only relevant information to be disclosed is that there is an impending prosecution i.e. where a person has been arrested or charged or summonsed or due to appear before the Court, where the alleged offence is relevant to the workforce applied for.																✓	Senior Decision Maker may deputise.	
To disclose non conviction information about an applicant							✓											
The disclosure of information on third parties to the application.								✓										
Disputes – appeal against the release of enhanced disclosure material to the Disclosure and Baring Service for persons seeking occupation with vulnerable and/or children							✓									Part V of the Police Act 1997 and Section 5 Safeguarding Vulnerable Groups Act 2006 If the original decision was made by the Deputy Chief Constable.		
								✓									If the original decision to disclose was made by the Disclosure Unit Manager.	

Operational Policing – Civil Applications

	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt TPA	Chief Supt Crime	Supt Ops	Supt PPU	Supt	Chief Insp	Inspector	Sergeant	Limitations
IPNA's (Civil Anti-Social Behaviour Injunction)																		
Authority to make applications																✓		Part 1 (ss. 1 -21); Anti-social Behaviour Crime and Policing Act 2014
Sexual Harm Prevention Order																		
Authority to make applications											✓		✓					Section 103A Sexual Offences Act 2003
Sexual Risk Orders																		
Authority to make applications											✓		✓					Section 122A Sexual Offences Act 2003
Stalking Protection Orders																		
Authority to make applications											✓		✓	✓				
Slavery and Trafficking Prevention and Risk Order																		
Authority to make applications											✓		✓	✓				
Notification Orders																		
Authority to make applications											✓		✓					Section 97 Sexual Offences Act 2003
Closure Orders																		
Authority to make applications											✓							Superintendent Ops may deputise for Chief Supt TPA
Football Banning Orders																		
Authority to make applications											✓							Superintendent Ops may deputise for Chief Supt TPA
Dangerous Dogs																		
Authority to make applications											✓							Superintendent Ops may deputise for Chief Supt TPA
Domestic Violence Prevention Orders																		
Authority to make applications															✓			
Proceed of Crime Act Applications																		
Authority to make applications											✓	✓						Superintendents may deputise.

Operational Policing – Licensing

	DECISIONS ABOUT OPERATIONAL POLICING - LICENSING																	
	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt TPA	Chief Supt Crime	Supt Ops	Supt PPU	Chief Insp Ops	Chief Insp	Inspector	Sergeant	Limitations
Firearms Licensing																		
Revocation and Refusal of Shotgun/Firearms Certificate									✓								Superintendents to advise.	
Emergency Revocation of Shotgun/Firearms Certificate									✓								Superintendents to advise.	
Signing of Shotgun, Firearms, Club Certificates and associated permits									✓								Superintendents to advise.	
Explosives																		
Revocation and Refusal of Explosives Licence									✓								Superintendents to advise.	
Emergency Revocation of Explosives Licences									✓								Superintendents to advise.	
Signing of Explosive Licences and Registrations									✓								Superintendents to advise.	
Liquor Licensing																		
In accordance with policies and procedures exercise all powers vested in the Chief Officer of Police under the Licensing Act 2003. Such delegation to include the power to delegate specific tasks to police support staff, licencing officers.										✓				✓			Licensing Act 2003 CI Ops may deputise in the absence of the absence on the Chief Supt TPA	
To make representations, applications and objections in consultations with local neighbourhood policing unit Insp, or in their absence Sgt, who are briefed on licensing objectives by the Territorial Policing Superintendent										✓				✓			Licensing Act 2003 CI Ops may deputise in the absence of the absence on the Chief Supt TPA	

Work in progress

	DECISIONS ABOUT OPERATIONAL POLICING - MISCELLANEOUS																	
	COG	MB	BB	OB	WB	CollB	Chief	DCC	ACC	Chief Supt TPA	Chief Supt Crime	Supt Ops	Supt PPU	Supt	Chief Insp	Inspector	Sergeant	Limitations
Peddlers																		
Granting of certificates										✓		✓					Sections 5 and 22 Peddlers Act 1871.	
Removal & Accommodation of Children by Police in case of an Emergency																		
To undertake the role as delegated officer under the Children Act 1989 in relation to Children who have been removed and accommodated by Police in cases of emergency										✓	✓			✓			Sections 5 and 22 Peddlers Act 1871.	

Work in progress

Work in progress



Peter McCall



Regulations Financial

The Police and Crime Commissioner for Cumbria

The Chief Constable for Cumbria Constabulary

Financial Regulations – March 2021

(approved by the PCC xx/xx/2021)

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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](#), [Funding Arrangement](#), [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 Joint Chief Finance Officer is the Joint CFO
- 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, Chief Constable and Joint CFO.
- '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 or building works made on behalf of the Commissioner, the Constabulary or their affiliated bodies.

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- 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 ‘**Scheme of Consent**’ refers to an arrangement that sets out the roles, responsibilities and decision making authorities delegated by the Commissioner to officers of the OPCC and the Chief Constable.
- 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 Joint CFO and Chief Executive relate to the ~~OPCC~~ and to ensuring reciprocal appropriate arrangements are made within the Constabulary.
- Unless stated otherwise, the responsibilities of the Chief Constable and the Joint CFO 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

The terms Chief Executive, Joint CFO 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 within

Contents & Introduction

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 the Joint Chief Finance Officer 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 Joint CFO is responsible for maintaining and reviewing Financial Regulations and submitting any additions or amendments to the Commissioner after consulting with the Chief Executive. 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:

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- 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 Joint Chief Finance Officer after consultation with 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 Joint CFO 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 following consultation with the Joint Chief Finance Officer. It is anticipated that the suspension of financial regulations would be highly unlikely to occur.

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:

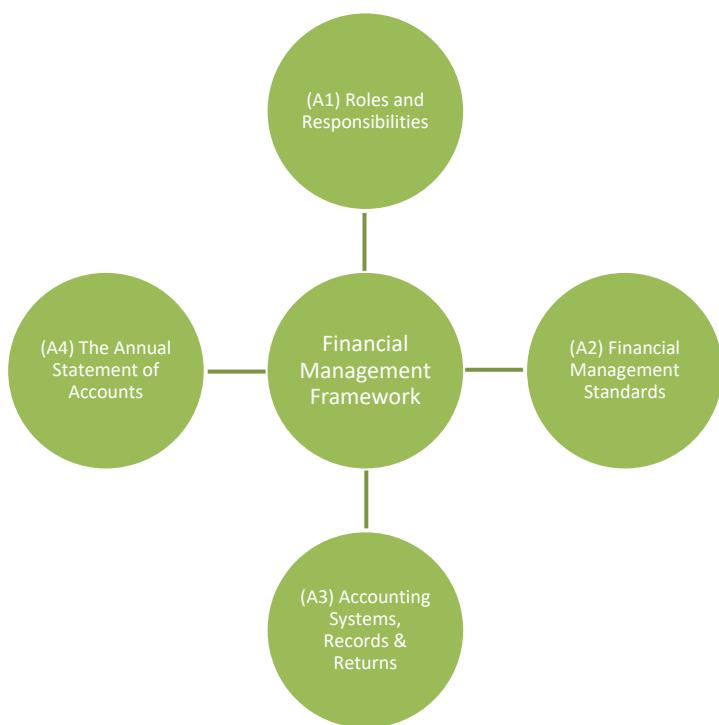
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- Relevant sections of the Police Reform and Social Responsibility Act (PR&SRA 2011), for example chapter 3 sections 21 to 27 covering financial matters
- The Accounts and Audit (England) Regulations 2015/Local Audit and Accountability Act 2014
- The 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
- Financial Management Code of Practice issued by CIPFA
 - 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, Joint CFO, 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.



Section A The Financial Management Framework

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 Joint CFO) 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

Section A The Financial Management Framework

- Strategies for Fleet, Estates, ~~ICT~~Digital Data & Technology, ~~Procurement~~Commercial and People~~and Digital~~.
- 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 Joint CFO with such staff, accommodation and other resources as are in the opinion of the Joint CFO 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

Section A The Financial Management Framework

Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.

- 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 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 Joint Chief Finance Officer (Joint CFO) in Relation to the OPCC

The Commissioner's Joint Chief Finance Officer has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer. The duties of the Joint CFO are set out in legislation, regulations, the Home Office financial management code of practice and CIPFA guidance. The Joint CFO's statutory responsibilities are set out in:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011

Section A The Financial Management Framework

- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit (England) Regulations 2015

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 Joint CFO 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.

Section A The Financial Management Framework

The Joint CFO, in consultation with the Chief Executive, 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 Joint CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and securing each year, in accordance with proper practices, a statement of the Commissioner's accounts, including group accounts.

The Joint CFO 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 Joint CFO:

- 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

Section A The Financial Management Framework

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.

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 Joint CFO are responsible for ensuring that the terms of the funding arrangement are met.

The Joint CFO 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 Joint Chief Finance Officer (Joint CFO) in Relation to the Constabulary

The Joint 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 Joint CFO'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)

Section A The Financial Management Framework

■ 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 Joint CFO is responsible for:

- 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 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 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 enable production of the Commissioner's group accounts
- Ensuring that the terms of funding between the Commissioner and Chief Constable are met
- Securing the preparation of financial rules and the financial handbook to support the implementation of financial regulations

The Joint CFO 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 Joint CFO will need to observe the locally agreed timetable for the compilation of the group accounts.

Section A The Financial Management Framework

The Joint CFO 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;
- 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 Joint CFO 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.

Section A The Financial Management Framework

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 Joint Chief Finance Officer

The responsibilities set out below apply to the Joint CFO in respect of the organisation for which they are the statutory officer. In addition, the Joint CFO must provide assurance 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.

Section A The Financial Management Framework

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.

Section A The Financial Management Framework

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 Joint Chief Finance Officer (Joint CFO)

The responsibilities below relate to each 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.

Section A The Financial Management Framework

Responsibilities of the Chief Constable and Joint Chief Finance Officer (Joint CFO)

- To discuss and agree 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.

Section A The Financial Management Framework

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 Joint Chief Finance Officer (Joint CFO)

- To ensure that a timetable is prepared for final accounts preparation, in consultation with the external auditor.
- To prepare, sign and date the statement of accounts for the separate legal entities of the Chief Constable for Cumbria Constabulary and the Police and Crime Commissioner for Cumbria (including Group Accounts), stating that it presents a true and fair view of the financial position of the Commissioner and 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 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

Section A The Financial Management Framework

Responsibilities of the Joint Audit 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.



Section B Financial Planning and Control

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 statutory

Section B Financial Planning and Control

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, [ICTDigital Data & Technology](#) and fleet.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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, Digital Data & Technology^{ICT} requirements, fleet and people proposed by the Chief Constable.

Section B Financial Planning and Control

Responsibilities of the Chief Constable and Joint Chief Finance Officer (Joint CFO)

- 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, and to submit estimates and workings in the agreed format to the PCC Executive Team for consideration.
- 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-Digital Data & Technology](#) requirements and Fleet.

Section B Financial Planning and Control

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 Joint Chief Finance Officer (Joint CFO)

The Chief Executive and Joint CFO have joint responsibility to manage the overall budget for Policing and Crime, including funding arrangements and terms, in consultation with partners. The Joint CFO 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. The Chief Executive will provide support arrangements for budget holders within the COPCC ensuring appropriate lines of escalation to the Chief Executive and Joint CFO in respect of variations and the need to take action. 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 the Joint Chief Finance Officer (Joint CFO)

The Chief Constable and Joint CFO 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 Joint CFO, as part of the conditions of funding, will:

- Adopt these financial regulations and maintain, a detailed set of Financial Rules to support the proper administration of the Chief Constable's financial affairs.
- Ensure that in accordance with the financial rules 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 Joint CFO 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 expenditure 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 Joint CFO and Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Commissioner.

Section B Financial Planning and Control

- Submit budget monitoring information 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 set out in the funding arrangement.
- 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 Joint CFO, take any action necessary to avoid any adverse variation in expenditure from their budget allocation and alert the Chief Constable and Joint CFO to any problems as soon as practicable.
- 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 Joint CFO.
- Ensure that budget holders receive sufficient training and financial support to enable them to undertake their budgetary control responsibilities.
- The Chief Constable and the Joint CFO must keep the Commissioner 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 funding 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 Joint CFO 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.
- Any virement which creates an ongoing liability for future years for example in respect of staffing costs must also be subject to approval by the Chief Officer Group or Commissioner and must comply with the funding arrangement. This ensures that cognisance is taken of the longer term budgetary impact.
- Virements are actioned on the financial system through journal entry and are subject to internal and external audit

Section B Financial Planning and Control

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 Joint CFO 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.

Section B Financial Planning and Control

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 expenditure can include “invest to save” type schemes whereby upfront capital investment can reduce ongoing revenue expenditure. 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.

Section B Financial Planning and Control

- **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 Joint CFO for final approval. Joint CFO 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 Joint CFO 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 are subject to agreement with the Joint CFO.

Responsibilities of the Police and Crime Commissioner

- Approve the estates, fleet and [ICT, Digital Data & Technology](#) 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 Joint 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 Joint Chief Finance Officer (Joint CFO)

- Working with the Deputy Chief Finance Officer to 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 available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property.

Section B Financial Planning and Control

- 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.
- 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 Joint Chief Finance Officer (Joint CFO)

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 Joint CFO, 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 Joint CFO will:

- Prepare a 4 year capital budget and a 10 year rolling programme of proposed capital expenditure for consideration and approval by the Commissioner. Each scheme shall identify

Section B Financial Planning and Control

the total capital cost of the project and any additional revenue commitments.

- 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 Joint CFO 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 Joint CFO.
- 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 Joint CFO 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 Joint CFO.
- 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 Chief Constable 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 Joint CFO, 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

Section B Financial Planning and Control

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 Joint CFO.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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.
- To publish a Reserves Strategy on the Constabulary and PCC Websites.

Responsibilities of the Chief Constable and Joint Chief Finance Officer (Joint 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.

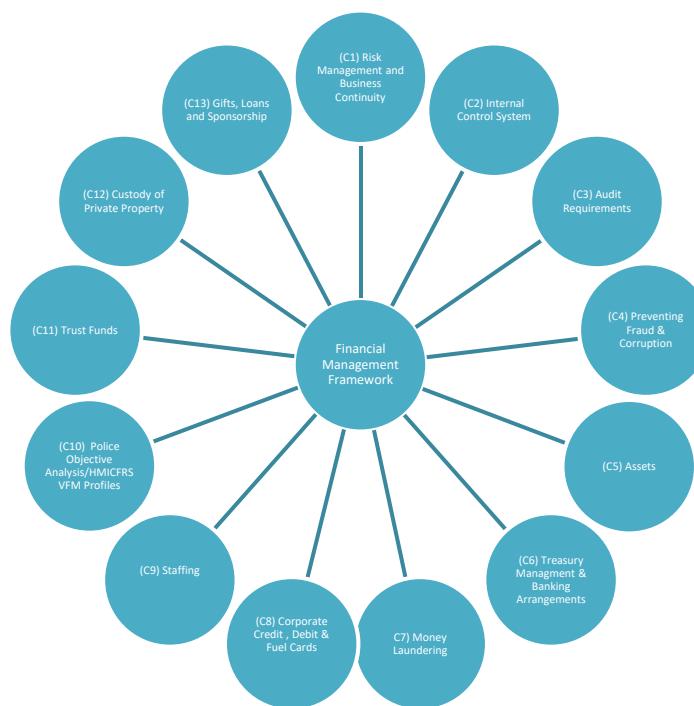
Section B Financial Planning and Control

- To present a business case to the PCC Executive Team 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.



Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

Responsibilities of Chief Officers

- To prepare a risk management strategy, subject to scrutiny by the Joint Audit 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 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

Section C Management of Risks and Resources

Responsibilities of the Joint Chief Finance Officer

- 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
- To review any matters likely to have 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 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.

Section C Management of Risks and Resources

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

Section C Management of Risks and Resources

- 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 ~~EOPCC~~ must be signed by the Commissioner, the Chief Executive and the Joint Chief Finance Officer. The statement for the Constabulary must be signed by the Chief Constable and the Joint Chief Finance Officer.

Responsibilities of the Joint Audit 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.

Section C Management of Risks and Resources

C3 Audit Requirements

Overview and Control

Internal Audit

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

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 authority 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".

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 Joint Chief Finance Officer

- The Joint CFO shall advise the Commissioner and make arrangements for internal audit on behalf of the Commissioner and the Chief Constable. The Joint 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 Committee and Commissioner as part of consideration of the Annual Governance Statement including the effectiveness of internal controls.
- The Joint CFO will advise the Chief Constable as to the effectiveness of audit arrangements. The Joint CFO 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 internal audit prior to implementation.

Responsibilities of the Joint Audit Committee

The Joint Audit 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, Chief Constable, and Joint CFO, 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 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 Committee, including an opinion on the effectiveness of the internal control environment within the ~~EOPCC~~ and within the Constabulary.

Section C Management of Risks and Resources

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 Joint CFO 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 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.

In practice the primary responsibilities for appointment of external auditors is undertaken by Public Sector Audit Appointment (PSAA) however, the Joint Audit Committee retain their responsibilities as an auditor panel to advise the Commissioner and Chief Constable of the most appropriate route for auditor appointment.

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, the Chief Constable and the Joint 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 Joint 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 provide the Home Office with a copy of the annual audit letter

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Responsibilities of the Joint Audit Committee

The Joint Audit 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 HMICFRS and the HM Revenue & Customs, who should be afforded the same rights of access as internal and external audit.

Section C Management of Risks and Resources

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.
- To implement and maintain a clear internal control framework to be followed by all members and employees.

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Whistle blowing arrangements must provide a facility that enable 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 and that they are regularly publicised.

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 Act for 1998
- To arrange for any suspected incidents of fraud or corruption to be reported and investigated in conjunction with the Joint CFO and Group Audit Manager (Head of Internal Audit).

Responsibilities of the Joint Chief Finance Officer (Joint -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.

Section C Management of Risks and Resources

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 Joint CFO. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the Joint CFO.

Section C Management of Risks and Resources

- To ensure that inventories are maintained for insurance purposes in a format approved by the Joint CFO 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 Digital Data & Technology](#) 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 Joint CFO.
- 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 Joint CFO.
- 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 Joint CFO 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.

Section C Management of Risks and Resources

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 Joint CFO outlining the reasons.

Responsibilities of the Chief Executive and Joint Chief Finance Officer (Joint CFO)

- 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

Section C Management of Risks and Resources

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 Joint Chief Finance Officer (Joint CFO)

- 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 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 Committee

In compliance with the CIPFA Code of Practice on Treasury Management, the Commissioner has nominated the Joint Audit 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.
- Review assurances on Treasury Management (for example internal audit reports)

Section C Management of Risks and Resources

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 Joint Chief Finance Officer (Joint CFO)

- To have overall responsibility for the banking arrangements for the Commissioner and Chief Constable.
- To oversee the establishment and maintenance of bank accounts.
- 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 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 Joint CFO. The Chief Constable may determine to open bank accounts subject to the consent of the Commissioner and in conjunction with the Joint CFO.

Section C Management of Risks and Resources

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 Joint CFO, 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.

Section C Management of Risks and Resources

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 Joint Chief Finance Officer (Joint CFO)

- 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 CFO 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 Joint CFO 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 Joint CFO. This instruction does not apply to seizures and subsequent banking under the Proceeds of Crime Act.

Section C Management of Risks and Resources

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 of the Joint Chief Finance Officer (Joint CFO)

- The Joint CFO will approve credit/debit card policy and procedures.
- The Joint CFO will authorise the application for all credit cards and debit cards where these are outside the arrangements within credit/debit card policy
- The Joint CFO will 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.
- The Joint CFO will arrange for credit and debit card reconciliations to be undertaken on a timely and accurate basis.

Section C Management of Risks and Resources

Responsibilities of the Chief Officers

- 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.

Responsibilities of the Card Holders

- 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.

Section C Management of Risks and Resources

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, Chief Constable and Chief Officers

- 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 Joint CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency ~~for all staff~~ and redundancy arrangements for ~~support~~all staff.
- To ensure that arrangements are in place for individual line managers to recover all ID badges, force assets, door fobs, keys etc and to ensure that all access to systems is removed upon an employee leaving the organisation.

Section C Management of Risks and Resources

C10 Police Objective Analysis/HMICFRS 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. HMICFRS 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 Joint Chief Finance Officer (Joint CFO)

- To analyse costs on the basis of the POA/HMICFRS profiles in accordance with CIPFA requirements.
- To secure the timely provision of financial and other data to HMICFRS/CIPFA in accordance with the annual data returns/POA deadlines
- To provide a quality assurance role with regard to provisional/draft POA/HMICFRS 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 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.

Section C Management of Risks and Resources

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 should 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 Joint CFO 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.

Section C Management of Risks and Resources

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 Joint Chief Finance Officer (Joint CFO)

- 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 Joint Chief Finance Officer immediately in the case of loss or diminution in value of such property.

Section C Management of Risks and Resources

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 Joint CFO 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.

Section C Management of Risks and Resources

Responsibilities of the Joint Chief Finance Officer (Joint CFO), Chief Executive (Monitoring Officer) and Chief Officers

- To present an annual report listing all Constabulary gifts, loans and sponsorship for approval by the PCC.
- 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 Joint 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.



Section D Systems and Processes

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 contain controls to ensure that transactions are properly processed and errors detected promptly. The Joint CFO has a statutory responsibility, for the two 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 Joint Chief Finance Officer (CFO)

The responsibilities below are in respect of the COPCC and the Constabulary for the Joint CFO. 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 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 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.

Section D Systems and Processes

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 dependent 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.

Section D Systems and Processes

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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 Joint CFO will prepare detailed Financial Rules for dealing with income under the arrangements for shared support services, and issue them to all appropriate employees.

Section D Systems and Processes

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 other public bodies, 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 Joint Chief Finance Officer (Joint CFO)

- 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.

Section D Systems and Processes

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, are consistent with organisational needs, 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 Joint CFO. 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 Joint CFO.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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 delegation (OPCC) and the scheme of devolved resource management (DRM) within the constabulary.
- Payments are not ~~to be normally~~ 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 and credit card purchases 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 in accordance with the arrangements for anti-fraud and corruption (policy and procedure).
- To ensure that staff are aware of and comply with the joint procurement regulations

Section D Systems and Processes

- To nominate the Joint CFO 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.

Section D Systems and Processes

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 Joint CFO, the secure, accurate and reliable payment of salaries, overtime, pensions, allowances, compensation and other benefits 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 accordance with HM Revenue & Customs (HMRC) requirements and compliance with IR35

Section D Systems and Processes

regulations. 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 Joint 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 Joint CFO, and these shall be issued to all appropriate employees.

Section D Systems and Processes

D5 Taxation (PAYE, VAT and national insurance)

Overview and Control

Like all organisations, the ~~EOPCC~~ 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 Joint CFO for relevant transactions of the Commissioner and of the Constabulary and transactions made on behalf of the Commissioner under the shared services arrangements for financial administration.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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.
- To ensure that all tax liabilities are correctly disclosed in the annual statement of accounts.

Section D Systems and Processes

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. The Chief Constable is the Scheme Manager for the Police Officer 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 pension schemes should have the appropriate skills and expertise. However, there is 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
- ~~N~~ominating an appropriately trained employer representative for the pensions board

Section D Systems and Processes

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

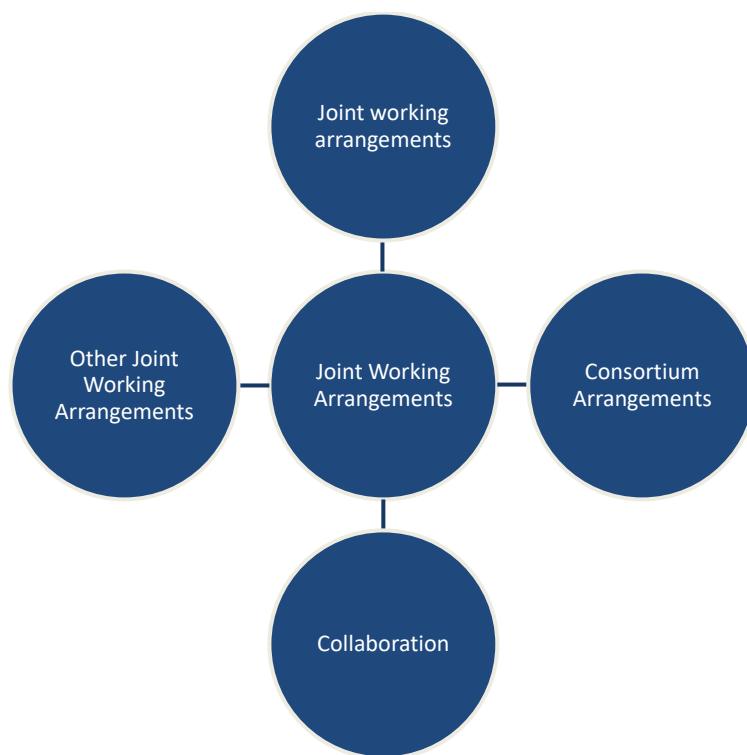
- To make ex gratia payments, on a timely basis, to members of the public or employees for damage or loss to property or for personal injury or costs incurred as a result of police action, where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the EOPCC 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. All ex gratia payments should be reviewed and authorised in accordance with the Constabulary Scheme of Delegation. 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.

Section E Joint Working Arrangements

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

Section E Joint Working Arrangements

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 Joint CFO in respect of any partnering arrangements to ensure the correct treatment of taxation and other auditing and 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 / Deputy 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.
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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, including a robust performance management framework and to seek assurance that appropriate accounting and auditing 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.

Section E Joint Working Arrangements

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, the Joint CFO to ensure the correct treatment of taxation and other accounting arrangements
- To produce a business case to show the full economic benefits to be obtained from participation in the consortium

Section E Joint Working Arrangements

- 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 Joint CFO in the first instance.

Section F Guidance Notes on Unlawful Expenditure, Breach of Financial Regulations and Rules, Joint Procurement Regulations and Arrangements for Anti-Fraud & Corruption

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

The Joint CFO has responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears 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 Joint CFO. 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 Joint CFO in the performance of the duty 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.

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.

Section F Guidance Notes on Unlawful Expenditure, Breach of Financial Regulations and Rules, Joint Procurement Regulations and Arrangements for Anti-Fraud & Corruption

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 Joint CFO. In the event that the Joint CFO requests an exemption from the financial regulations, this must be approved by the Commissioner.

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 repercussions. 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 repercussions 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 Joint CFO must be notified as soon as the variation is known.

Virements: The levels of authorisation for virements are:

Limit	Joint CFO	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 Joint CFO and Chief Executive.

The Joint CFO 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 Joint CFO to carry forward any underspend. The Joint CFO may authorise carry forward of 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 Joint CFO.

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 Joint CFO for final approval. Joint CFO 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 Joint CFO 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 will be subject to Joint CFO approval.

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 Joint CFO 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 Joint CFO 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 Joint CFO 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 Joint CFO 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: The Constabulary may make ex-gratia payments to employees or members of the public up to £4,999 (per claim) in accordance with its scheme of delegation and as set out in the financial rules. Payments of £5,000 or above must be approved by the Commissioner.



Peter McCall



Rules Financial

A central graphic featuring the word 'Rules' above 'Financial'. The text is surrounded by various financial and administrative terms arranged in a circular pattern, including: Inspection, Payroll, Gratia, Business, JASC, Controls, Budgetary, Ordering, Governance, Gifts, Sponsorship, PAYE, Returns, Audit, Records, Limits, Definitions, Regulations, Overview, Money, Planning, Income Control, Corruption, Procurement, Accounts, Delegations, Cash Balances, Stakeholders, Laundering, Assets, Revenue, Responsibilities, Loans, Security, Capital, Treasury, Property, Services, Pension, Banking, Expenditure, Staffing, Assets, Revenue, Responsibilities, Loans, Security, Capital, Treasury, Property, Services, Reserves, Resources, Risks, Systems, VFM, CFO, Corruption.

The Police and Crime Commissioner for Cumbria

The Chief Constable for Cumbria Constabulary

Financial Rules – ~~February 2019~~ March 2021

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.



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Introduction

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 (PRSA 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.

Introduction

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 by the Commissioner to the Chief Constable to manage.
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 procurement and contracting policy and procedures , 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 Joint Chief Finance Officer, who has 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 and OPCC themselves.

Introduction

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 Joint Chief Finance Officer, 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 Joint Chief Finance Officer 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 Joint Chief Finance Officer and communicated to key stakeholders.
13. The Joint Chief Finance Officer 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 Joint Chief Finance Officer 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.
23. The term 'Scheme of Consent' refers to an arrangement that sets out the roles, responsibilities and decision making authorities delegated by the Commissioner to officers of the OPCC and the Chief Constable.

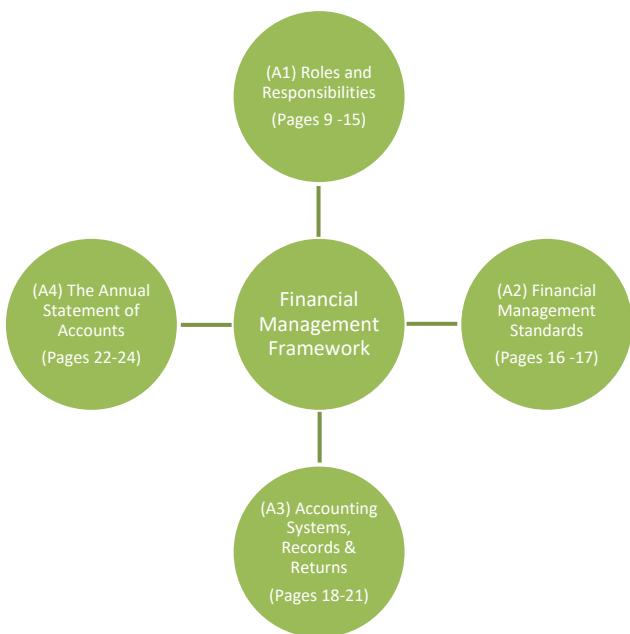
Introduction

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 Joint Chief Finance Officer (Joint CFO)
- The Chief Executive
- The Governance and Business Services Manager
- The Deputy Chief Finance Officer
- The Head of Central Services
- The Head of ~~ICT~~[Digital Data & Technology](#)
- The Head of Estates and Fleet
- The Head of Professional Standards
- The Head of People
- The Head of ~~Procurement~~[Commercial Solutions](#)
- ~~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 Committee
- Group Audit Manager (Head of Internal Audit)
- Financial Services Team
- Central Services Department
- OPCC ~~Management~~[Executive](#)-Team
- Asset Managers
- Managers/Supervisors
- Credit, Debit & Fuel Card Holders

Section A The Financial Management Framework



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, the Joint CFO and the Chief Executive under statute, regulations, codes of practice and financial and accounting standards. This section also makes reference to the role of external bodies in providing independent assurances with regard to arrangements for financial management. 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)
- Strategies and other Asset Management plans for Fleet, Estates, ProcurementCommercial, People and DigitalDigital Data & Technology.
- 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 Joint CFO 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 Joint Chief Finance Officers (Joint 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 Officer ~~is 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 the Joint CFO is 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.
- Securing preparation of the annual statement of accounts including the single entity and group accounts.

Section A The Financial Management Framework

- Leading on the promotion of good financial management to ensure that public money is safeguarded and used appropriately, economically and efficiently.
- Ensuring that appropriate arrangements are in place for the appointment of external auditors and that there is effective liaison with the external auditors.
- To support and ensure the effective operation of the Joint Audit Committee.

In addition to the above responsibilities the Joint CFO also 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 Joint Chief Finance Officer is 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 to the Joint CFO 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.

Section A The Financial Management Framework

- Ensuring that budget holders receive appropriate financial advice.
- 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.
- To co-ordinate arrangements for and act as the key liaison point with the Joint Audit Committee.

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.
- Managing the payroll service contract.

Section A The Financial Management Framework

- Provision of strategic advice on Police Pensions Regulation changes ensuring regulations are correctly implemented and officers informed.
- Managing 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 People 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.

Section A The Financial Management Framework

Responsibilities of Internal Audit

Provides an independent assurance function with regard to the Commissioner's and Chief Constable's arrangements for governance, internal control and management.

Responsibilities of the Joint Audit 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 Committee supports both the Commissioner and Chief Constable and its role includes considering and advising on:

- Arrangements for internal and external audit.
- 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.
- The Treasury Management Strategy.
- Apprenticeships.

Responsibilities of External Audit

External audit carry out a statutory responsibility to provide an independent external audit of the Commissioner's and Chief Constable's annual statement of accounts and also provide an opinion on the arrangements to secure value for money.

Section A The Financial Management Framework

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 Joint Chief Finance Officers (Joint 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, financial regulations, financial rules and are adequately developed, trained and supported in carrying out these duties.

Section A The Financial Management Framework

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 on an annual basis. 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.

Section A The Financial Management Framework

Responsibilities of the Joint Chief Finance Officer (Joint CFO), Deputy Chief Finance Officer, Head of Commercial Solutions 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 2018.
- 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 Joint CFO 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 Joint Chief Finance Officer (Joint 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 Joint CFO.
- 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 Service Reporting Code of Practice.
 - Clearly distinguish between revenue, capital and balance sheet items.
 - Support the production of the Police Objective Analysis

Section A The Financial Management Framework

- 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 ICTDigital Data & Technology

- 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.

Section A The Financial Management Framework

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 Joint Chief Finance Officer (Joint CFO)

The financial regulations set out in detail the responsibilities of the Joint CFO in relation to production of the statements of accounts for the respective organisations. They also set out the Joint CFO responsibilities in relation to the group accounts.

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 Joint 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
- Provide a narrative statement

The Joint CFO 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 Joint Audit Committee 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 Joint CFO.
- 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 Joint CFO. The statements must:
 - Reflect all financial transactions attributable to the reporting period.
 - Report expenditure and income on a full accruals basis.

Section A The Financial Management Framework

- Ensure the application of consistent and appropriate accounting policies.
 - Ensure that judgements and estimates 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 Joint CFO 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 Joint CFO 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.

Section B Financial Planning and Control



Section B Financial Planning and Control

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 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 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 arrangements, it provides the basis on which expenditure can be incurred and a basis on which to monitor financial performance.

Section B Financial Planning and Control

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 Joint Chief Finance Officer (Joint 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 [Joint CFO Commissioner](#).

Section B Financial Planning and Control

Responsibilities of the Joint Chief Finance Officer (Joint CFO) in Relation to the Constabulary

- 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. This will cover the forthcoming financial year and the following three years. To submit supporting workings in the agreed format to the PCC Executive Team. 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:
 - Outline the respective roles and responsibilities of budget holders and those who provide them with financial advice in relation to financial management.

Section B Financial Planning and Control

- 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 the preparation and consolidation detailed budget and MTFF 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.
- 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.

Section B Financial Planning and Control

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 MTFF 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](#) [Digital Data & Technology](#)
- Estates
- Fleet
- Human Resources/People
- Finance
- [Procurement](#) [Commercial](#)

Section B Financial Planning and Control

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 arrangement 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 arrangement 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.
- Allocation of resources from continuous improvement grants.

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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.

Section B Financial Planning and Control

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 Joint CFO immediately and a plan to fund any additional spending developed.

Responsibilities of the Joint Chief Finance Officer (Joint 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 Joint FO 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 Joint CFOChief Constable and at the first opportunity in accordance with the Commissioner's funding arrangement to the Chief ConstableCommissioner.
- To ensure that payments comply with the Financial Regulations and the conditions of the funding arrangement between the Commissioner and Chief Constable and that appropriate approval is sought.

Section B Financial Planning and Control

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 Joint Chief Finance Officer 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 arrangements 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 by Financial Services Officers (FSOs) to the Deputy Chief Finance Officer for approval by Financial Services Officers (FSOs). Details of virement rules can be found in the funding Commissioner's funding arrangement 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 Joint 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, [cost centres](#) 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](#)[Joint Chief Finance Officer](#), 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](#)[Management Board](#) 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 arrangement to the Chief Constable and the budget protocols (appendix b).

Section B Financial Planning and Control

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 Joint CFO for final approval. The Joint CFO 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 Joint CFO 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 which includes, capital and revenue implementation costs, ongoing revenue costs and any other business implications.
- 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 (both in terms of capital and ongoing revenue implications). 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.

Section B Financial Planning and Control

- To approve capital strategies in support of the capital programme prior to submission to the Commissioner.
- 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 Joint Chief Finance Officer (Joint CFO)

- To ensure that a 4 year capital budget and 10 year programme of capital expenditure is prepared for consideration and approval in accordance with the timescales outlined in the funding arrangement between the Commissioner and Chief Constable.
- 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 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 ensure that all proposed capital schemes are supported by business cases in an agreed format.
- To scrutinise business cases in support of capital schemes.
- 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.
- To ensure that monitoring reports on the capital programme are submitted to the Joint CFO in an agreed format on a periodic basis in accordance with an agreed reporting timetable.
- 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 in accordance with delegations/limits set out in the funding arrangement and in section G.

Section B Financial Planning and Control

Responsibilities of the Director of Corporate Support, Head of ICT, Digital Data and Technology, 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 and incorporated within the revenue budget. 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 Joint CFO. 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.
 - 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

Section B Financial Planning and Control

- 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 Joint CFO, 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 MTFF.
- 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.
- 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.

Section B Financial Planning and Control

- 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. Projected variances in respect of ongoing revenue costs should also be highlighted.
 - 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.
- 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 highlight as soon as practicable when changes to the anticipated associated revenue costs of a scheme are identified.

Section B Financial Planning and Control

- 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.

Section B Financial Planning and Control

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.

Section B Financial Planning and Control

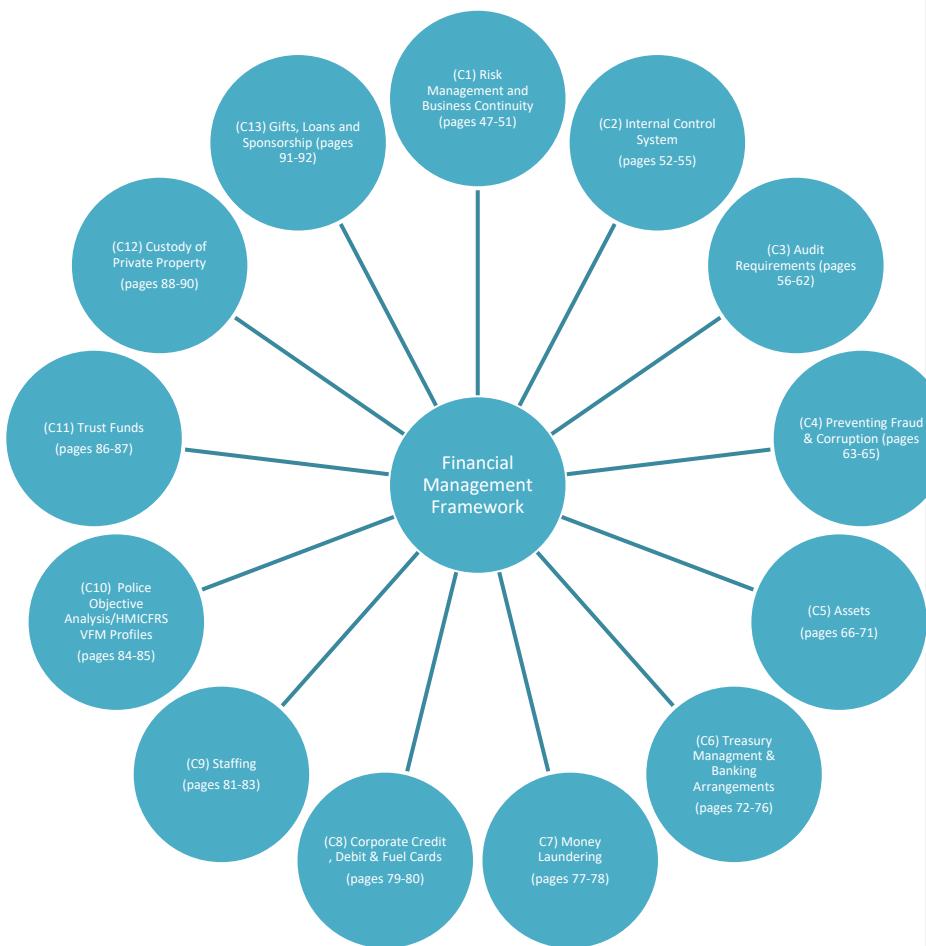
Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- 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 Joint Chief Finance Officer (Joint 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 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



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 [EOPCC 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 [EOPCC](#) 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. 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.

Section C Management of Risks and Resources

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 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.
- To communicate the Constabulary risk register to the Commissioner and Joint Audit 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.

Section C Management of Risks and Resources

Responsibilities of ~~the Director of Corporate Improvement~~ the Chief Superintendent Performance and Insight (TBC) 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 ~~EOPCC~~ respectively.
- To prepare a risk management strategy, subject to scrutiny by the Joint Audit 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.
- 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.

Section C Management of Risks and Resources

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 ~~EOPCC~~ 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 Joint Chief Finance Officer

- 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.

Section C Management of Risks and Resources

Responsibilities of the Deputy Chief Financial Officer

- To support the Joint 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 Committee

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

Section C Management of Risks and Resources

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 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 an effective audit committee operates in accordance with CIPFA guidance.
- That the framework of internal control is formally outlined within the Annual Governance Statement.

Section C Management of Risks and Resources

Responsibilities

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

Responsibilities of the Chief Officer Group / OPCC

Management Executive Team

- To implement effective systems of internal control, in accordance with advice from the Joint CFO. 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 Joint Chief Finance Officer

- 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.
- The Joint CFO has responsibility for the provision of an effective internal audit and responsibility for the management of internal audit arrangements within both organisations.

Section C Management of Risks and Resources

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 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.

Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

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 Executive Team / Collaborative Board

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

Section C Management of Risks and Resources

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

To advise the Commissioner and make arrangements for internal audit on behalf of the Commissioner and the Chief Constable. The Joint 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 Committee as part of consideration of the Annual Governance Statement including the effectiveness of internal controls.

- To advise the Chief Constable as to the effectiveness of audit arrangements.
- 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 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.

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.

Section C Management of Risks and Resources

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

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

Section C Management of Risks and Resources

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 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.

Section C Management of Risks and Resources

Responsibilities of the Police and Crime Commissioner, the Chief Constable and the Joint 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 Joint Chief Finance Officer

- 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.

Section C Management of Risks and Resources

Responsibilities of the Joint Audit Committee

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

C) Other Inspection Bodies

The ~~EOPCC~~ 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 and Fire and Rescue Services (HMICFRS), 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.

Section C Management of Risks and Resources

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:

- 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.

Section C Management of Risks and Resources

Responsibilities of Chief Officer Group/ OPCC ~~Management~~Executive 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 Joint Chief Finance Officers in order that any internal control weaknesses can be addressed.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- To undertake an annual Fraud Risk Assessment on behalf of the ~~COPPC~~ 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.

Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

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 ~~I&T~~[Digital Data & Technology](#)
- Stores – The Head of ~~Procurement~~[Commercial Solutions](#)
- 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 Joint CFO 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 Joint 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.
- 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.

Section C Management of Risks and Resources

- 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 Joint CFO.
- 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.
- 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.

Section C Management of Risks and Resources

- 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~~Joint Chief Information Officer

- 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.

Section C Management of Risks and Resources

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 used 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.

Section C Management of Risks and Resources

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 Joint CFO 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.

Section C Management of Risks and Resources

Responsibilities of the Deputy Chief Finance Officer

- To support the Joint CFO 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 Joint CFO 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 Committee.
 - To produce and monitor treasury management activities against Prudential Indicators, in accordance with the Treasury Management Code of Practice, reporting deviations to the Joint CFO.
 - To liaise with the Commissioner's specialist advisors ~~Arlingclose~~ in relation to treasury matters, ensuring that any advice is considered.

Section C Management of Risks and Resources

Responsibilities of the Joint Audit 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 re-imbursement.

Section C Management of Risks and Resources

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- The Joint CFO has overall responsibility for the maintenance of effective banking arrangements. The Joint CFO 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 Joint CFO.
- 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.

Section C Management of Risks and Resources

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 Joint Chief Finance Officer

(Joint 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.

Section C Management of Risks and Resources

Responsibilities of the Deputy Chief Finance Officer

- To act as the MLRO in the absence of the Joint CFO.
- 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 MLRO.
- 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.

Section C Management of Risks and Resources

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 Joint CFO.
- 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 Joint Chief Finance Officer (Joint CFO)

- To approve the credit / debit card policy and procedures.
- To approve the issue of all debit and credit cards.
- To ensure that credit card reconciliations take place on a timely and accurate basis.

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.

Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

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 Joint CFO, 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 People 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.
- To ensure that controls are in place to ensure that new employees are appropriately qualified and experienced.

Section C Management of Risks and Resources

- 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.

Section C Management of Risks and Resources

C10 Police Objective Analysis/HMICFRS 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. HMICFRS 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 HMICFRS Value for Money process.
- That the HMICFRS 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 / HMICFRS reports.
- The results of the HMICFRS VFM profiles are analysed and reported to the Chief Constable and Commissioner.
- HMICFRS 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 People

- 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.

Section C Management of Risks and Resources

Responsibilities of the Chief Finance Officer and Director of Corporate Improvement Chief Superintendent Performance & Insight (TBC)

- 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.

Section C Management of Risks and Resources

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 Joint Chief Finance Officer must be informed of the purpose and nature of all trust funds in which the EOPCC 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 EOPCC and Constabulary respectively.
- To ensure that any employees to be appointed as trustees are suitably qualified and trained.

Responsibilities of the Joint Chief Finance Officer (Joint CFO)

- To ensure that appropriate financial management arrangements are in place for trust funds associated with the EOPCC and Constabulary.
- To ensure that consideration is given to the reporting of trust funds as part of the Statutory Accounts.

Section C Management of Risks and Resources

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 Joint CFO 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.

Section C Management of Risks and Resources

C12 Evidential and Non-Evidential 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 Joint 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.

Section C Management of Risks and Resources

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.

Section C Management of Risks and Resources

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, 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.

Section C Management of Risks and Resources

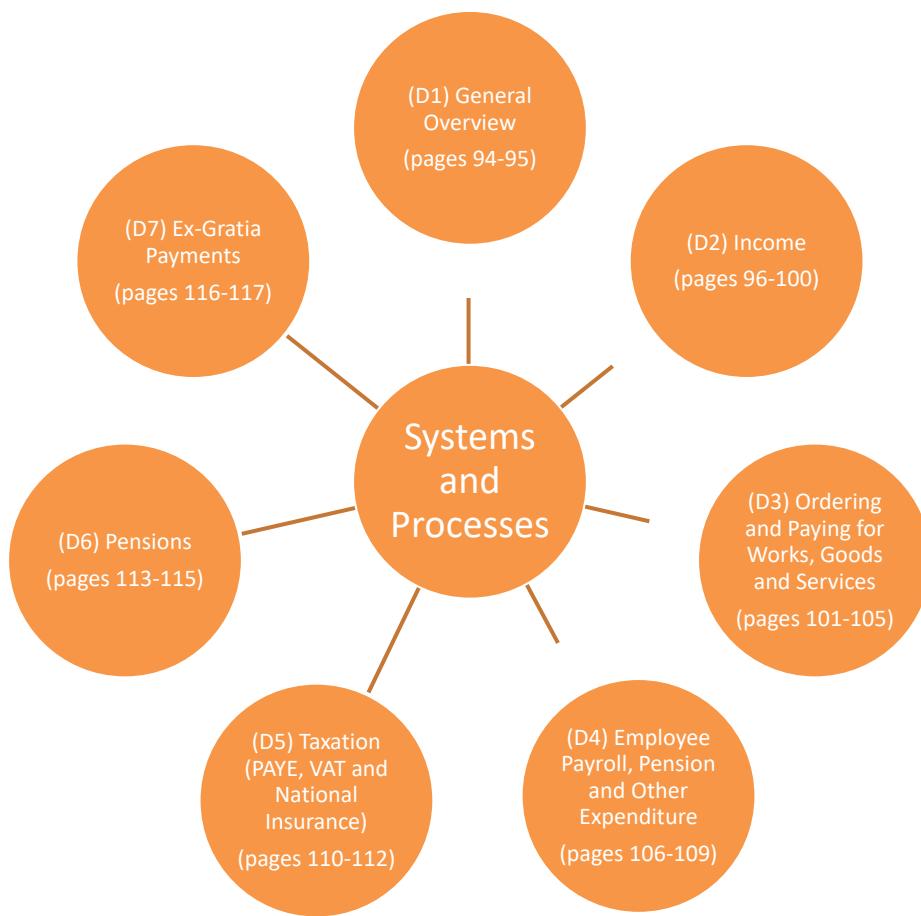
Responsibilities of all Commanders, Directors, Heads of Service and Senior Managers

- 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



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 Joint Chief Finance Officer (Joint 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 Joint 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.

Section D Systems and Processes

Responsibilities of the Joint Chief Finance Officers (Joint CFO)

The Joint CFO has a statutory duty, to the 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 Joint Chief Finance Officer (Joint CFO) for the Constabulary and the OPCC.

- 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.
 - 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.

Section D Systems and Processes

D2 Income

Overview

The Commissioner is the recipient of all funding relating to policing and crime reduction, including government grants and precepts 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.

Section D Systems and Processes

Key Controls (continued)

➤ Accounts Receivable/Debtors Invoices

- All debtor 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 Apprentice and will be independently verified by the Financial Services Manager.
- 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 Joint CFO to gain authorisation for the write off.
- Where a write off is approved by the Joint CFO. 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 Joint CFO) and submitted to the PCC about the overall position on collection of debts, including any write-offs by the Joint CFO. The Deputy CFO will provide the Joint CFO 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 Joint 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.
 - 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.

Section D Systems and Processes

- 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 Joint 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.
- 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 Joint CFO before transacting the write off through the financial system. Debtor invoices can only be authorised for write off by the Joint CFO.

Section D Systems and Processes

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 Joint Chief Finance Officer.

Section D Systems and Processes

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. The person who placed the order should not receipt goods on the i-proc system.
- 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 Joint 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.

Section D Systems and Processes

Responsibilities of the Joint Chief Finance Officer (Joint 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 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 Joint 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 Joint 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).
- 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.

Section D Systems and Processes

- 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 Joint CFO.
 - The Deputy Chief Finance Officer
 - The Financial Services Manager (3 posts).
- 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.

Section D Systems and Processes

- 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 each book is issued and the relevant order number range.

Responsibilities of the Head of ProcurementCommercial Solutions

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 ProcurementCommercial 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.
- 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 Joint 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.

Section D Systems and Processes

- 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.

Section D Systems and Processes

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 that are submitted via the Crown Duties system on appropriately authorised electronic self service claim forms are 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 Cabinet Office. This includes the full investigation of matches highlighted in the reporting mechanism and any necessary action following investigation.

Responsibilities of the Head of People

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, police staff 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.

Section D Systems and Processes

Responsibilities of Managers/Supervisors/Resource Coordinators

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. Claims should be checked against hours recorded in the Duties Management System for accuracy prior to authorisation of the electronic overtime claim form for payment.

Responsibilities of Managers/Supervisors

- 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.

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Section D Systems and Processes

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 Joint CFO for relevant transactions of the Commissioner and the Constabulary and transactions made on behalf of the Commissioner under the shared services arrangements for financial administration.

Section D Systems and Processes

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 People 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 Joint CFO, all employee deductions eligible for VAT must be fully identifiable.
- All accounts receivable/debtors invoices or receipts issued for a valuable 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.

Section D Systems and Processes

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 Joint 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.

Section D Systems and Processes

D6 Pensions

Overview

As a large employer the Constabulary and OPCC have a legal requirement to provide all employees with access to pension schemes. The Chief Constable is the Scheme Manager for the Police Officer Pension Scheme. 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 is 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.

Section D Systems and Processes

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 Joint Chief Finance Officer (Joint CFO)

The Joint CFO 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.
- ensure the Local Government Pension scheme Administering Authority requirements are met.

Section D Systems and Processes

Responsibilities of the Head of Central Services

To ensure that:

- act as the Chief Constable's nominated employer representative on the Police Pension Board
ensuring regular attendance at board meetings
 - 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

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Responsibilities of the Head of People

To ensure that:

- The Constabulary produces, consults and holds an Employer Discretions policy in relation to the Local Government Pension scheme

Section D Systems and Processes

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 Joint Chief Finance Officer

- To authorise ex-gratia payments up to £2,000 (per claim) 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 Director of Legal Services

Section D Systems and Processes

- To approve the settlement of minor legal claims arising out of damage to, or loss of, property as a result of negligent actions of officers and staff employed by the Chief Constable up to a limit of £2,000 (per claim). Such claims are public liability claims which fall below the insurance excess.

Section D Systems and Processes

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.

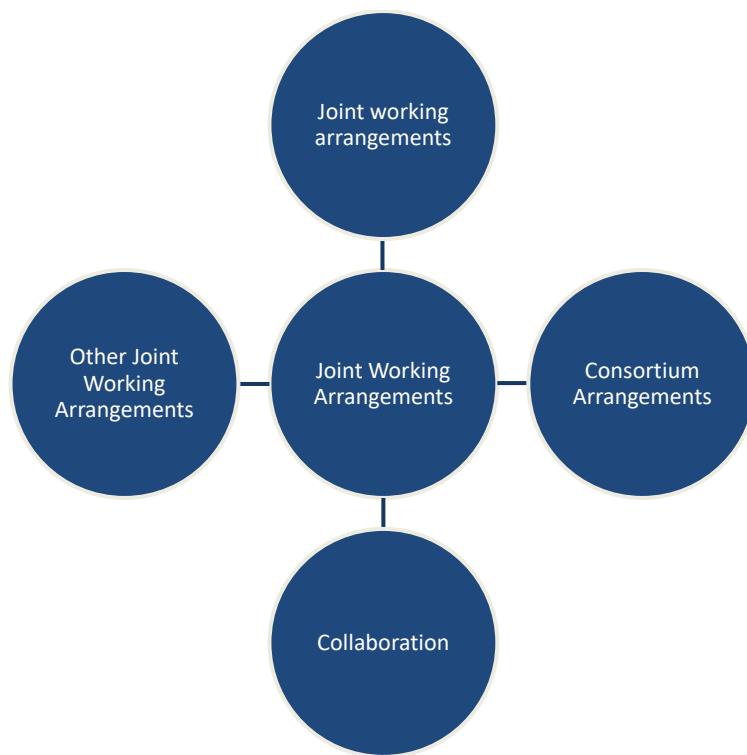
Responsibilities of the Deputy Chief Constable/Chief Executive

- To approve ex-gratia and minor legal claims between £2,000 and £4,999 on behalf of the Chief Constable in consultation with the Joint CFO and Director of Legal Services.

Responsibilities of the Police and Crime Commissioner

- The Commissioner must approve any ex-gratia payments in excess of the £5,000 limit delegated to the Chief Constable.

Section E Joint Working Arrangements



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 to 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 the 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 arrangement, 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.
 - To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.

Section E Joint Working Arrangements

- 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~~Chief Superintendent Performance and Insight (TBC)

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 Joint Chief Finance Officer (CFO)

In relation to significant joint working arrangements involving the Constabulary the Joint 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 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 Unlawful Expenditure, Breach of Financial Regulations and Rules, Joint Procurement Regulations and Arrangements for Anti-Fraud & Corruption

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 Joint CFO has responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to 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 Joint CFO. 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 Joint CFO 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.

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.

Section F Guidance Notes on Unlawful Expenditure, Breach of Financial Regulations and Rules, Joint Procurement Regulations and Arrangements for Anti-Fraud & Corruption

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 Joint CFO for exemptions regarding the Commissioner's Office and 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 Joint 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 Arrangement.

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 Joint CFO must be notified as soon as the variation is known.

Virements: The levels of authorisation for virements are:

Limit	Joint CFO	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 Joint CFO or the Joint CFO and Chief Executive.

The Joint CFO 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 Joint CFO to carry forward any underspend. The Joint CFO 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 Joint CFO.

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 Joint CFO on the final cost of the scheme compared to budget and within 12 months of completion provided an evaluation of the business benefits delivered,

Section G Regulation Limits and Delegations

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 Joint CFO 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 Joint CFO 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 Joint CFO 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 Joint CFO 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: The Constabulary may make ex-gratia payment to employees or members of the public up to £4,999 (per claim) in accordance with its scheme of delegation and as set out in the financial regulations. Payment of £5,000 or above must be approved by the Commissioner.

The Police and Crime Commissioner for Cumbria

Treasury Management Activities 2020/21 as at 31 December 2020 (Quarter 3)

Public Accountability Conference 19 February 2021 and Joint Audit Committee 17 March 2021



Cash flow Balances

Quarterly average daily balance - £22.996m

Investment balance @ 31/12/20 £15.873m 
(down from £20.237m at 30/09/20).



Investment Interest Forecast

Base Budget - £96,491

Revised Budget - £96,491

Current Estimate - £15,000



Borrowing Strategy

No borrowing was undertaken during the quarter ended 31 December 2020 and none is expected during the remainder of 2020/21.

Investment Strategy

Category	Category Limit (£m)	Investments at 31 Dec (£m)	Compliance with Limit
1 - Banks Unsecured	20	0.691	Yes
2 - Banks Secured	20	0.000	Yes
3 - Government (inc LA)	10	8.600	Yes
4 - Registered Providers	10	0.000	Yes
5 - Pooled Funds	15	6.582	Yes
Total		15.873	

There have been no breaches in the approved limits to report during the quarter.

Performance Indicators

	Number of Days	Average Balance £	Largest Balance £
Days In Credit	91	7,818	116,443
Days Overdrawn	1	(720)	(720)

Average interest rate earned 0.02%

Average bank base rate quarter 3 0.10%

(Current bank base rate 0.10%)

Treasury and Prudential Indicators

During the quarter ended 31 December 2020, the treasury function has operated within the treasury and prudential indicators set out in the Treasury Management Strategy Statement and in compliance with the Treasury Management Practices.

Compliance with the prudential and treasury indicators are shown on page 3.

Economic Outlook and Treasury position for the quarter ended 31 December 2020

Economic outlook and Interest Rate Forecasts

The key quarterly meeting of the Bank of England Monetary Policy Committee on 05/11/20 kept Bank Rate unchanged. However, it revised its economic forecasts to take account of a second national lockdown which will have the effect of putting back economic recovery and doing further damage to the economy.

Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report. Link Treasury's Interest rate forecasts currently shows no increase, (or decrease), through to quarter 1 2024 but they estimate that there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short-lived factor and so not a concern.

Vaccination announcements have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. Effective vaccines would radically improve the economic outlook once they have been widely administered.

Strategy Limits

There have been no breaches in the strategy limits during quarter 3.

Category/Institution	Credit Rating	Investment Date	Investment Matures	Days to Maturity	Rate (%)	Amount (£)	Counterparty Total (£)
Category 1 - Banks Unsecured (Includes Banks & Building Societies)							
Svenska (Deposit Acc)	AA	Various	On Demand	N/A	0.00%	499,414	499,414
NatWest (Liquidity Select Acc)	A+	31/12/2020	04/01/2021	O/N	0.01%	192,000	192,000
							691,414
							691,414
Category 2 - Banks Secured (Includes Banks & Building Societies)							
							0
							0
Category 3 - Government (Includes HM Treasury and Other Local Authorities)							
Debt Management Office	Gov	03/11/2020	29/01/2021	29	0.01%	1,600,000	1,600,000
Debt Management Office	Gov	06/11/2020	29/01/2021	29	0.01%	3,000,000	3,000,000
Debt Management Office	Gov	27/11/2020	22/01/2021	22	0.01%	1,000,000	1,000,000
Debt Management Office	Gov	07/12/2020	26/02/2021	57	0.01%	3,000,000	3,000,000
							8,600,000
							8,600,000
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		Various	On demand	O/N		1,950,000	1,950,000
Fidelity		Various	On demand	O/N		482,005	482,005
BlackRock		Various	On demand	O/N		1,650,000	1,650,000
Goldman Sachs	AAA	Various	On demand	O/N		500,000	500,000
Aberdeen Standard	AAA	Various	On demand	O/N		2,000,000	2,000,000
							6,582,005
							6,582,005
Total						15,873,419	15,873,419

In July 2020 the police pension grant was received from the Home Office. Along with the July grant payment the investments reached their highest balance of £30.677m. A large proportion of the pension grant was invested with the Debt Management Office (DMO) of HM Treasury to be returned at regular intervals as cashflow forecasts require. This has almost all been returned and with the DMO rates fluctuating daily (even into negative rates) we will manage the remaining portfolio in MMF's, taking advantage of positive DMO rates where we can to spread our risk.

Treasury and Prudential Indicators 2020/21 at 31 December 2020

Treasury Management Indicators		Result	RAG	Prudential indicators		Result	RAG	
The Authorised 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 maximum borrowing need with some headroom for unexpected movements. This is a statutory limit under section 3(1) of the local government Act 2003.</i>	TEST - Is current external borrowing within the approved limit	YES		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>	TEST - Is the ratio of capital expenditure funded by revenue within planned limits	YES	
The Operational Boundary	<i>The operational boundary represents an estimate of the most likely but not worse case scenario it is only a guide and may be breached temporarily due to variations in cash flow.</i>	TEST - Is current external borrowing within the approved limit	YES		Net Borrowing and the Capital Financing Requirement <i>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 preceding year plus any additional borrowing for the next 2 years.</i>	TEST - Is net debt less than the capital financing requirement	YES	
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>	TEST - Is the external debt within the Authorised limit and operational boundary	YES		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 2020/21</i>	TEST - Is the current capital outturn within planned limits	YES	
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>	TEST - Is the PCC planning to borrow in advance of need	NO		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>	TEST - Is the capital financing requirement within planned limits	YES	
Maturity Structure of Borrowing	<i>The indicator is designed to exercise control over the Commissioner having large concentrations of fixed rate debt needing to be repaid at any one time.</i>	TEST - Does the PCC have large amounts of fixed rate debt requiring repayment at any one time	NO					
Upper Limit for total principal sums invested for over 365 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 principal sums invested.</i>	TEST - Is the value of long term investments within the approved limit	YES					