



The Police and Crime Commissioner for Cumbria

The Chief Constable for Cumbria Constabulary

## Financial Rules – March 2021

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# Introduction

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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

### Overview

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds. The Police and Crime Commissioner for Cumbria and Chief Constable for Cumbria Constabulary were established as separate statutory entities under the Police Reform and Social Responsibility Act 2011 (PRSRA 2011). The legislation provides for the Secretary of State to issue a financial code of practice in relation to the proper administration of financial affairs. The Home Office under the legislation issues a Financial Management Code of Practice for the Police Forces of England and Wales. The Code supports the statutory framework by setting out the financial relationships and requirements of the Commissioner and Chief Constable.
  
2. To conduct their business effectively, the Police and Crime Commissioner for Cumbria and the Chief Constable for Cumbria Constabulary need to ensure that sound financial management policies exist and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations and Rules. This document containing the Financial Rules is consistent with and is in a broadly similar format to the Financial Regulations approved by the Commissioner and Chief Constable. The Financial Rules, in conjunction with the Financial Regulations, form a key part of the organisation's system of corporate governance by providing a control framework to help ensure that:
  - robust, effective and well documented financial management systems are in place
  - all staff are aware of their responsibilities in relation to financial matters
  - that the organisation's assets are safeguarded
  - the organisation complies with all statutory and legislative requirements relating to finance.

3. The Financial Regulations are designed to establish overarching financial responsibilities and explain their statutory foundation. They focus, at a high level, on the respective duties, rights and powers of the Commissioner, the Chief Constable and senior officers of both parties in relation to financial management. The Financial Rules provide a greater level of detail, dealing primarily with financial matters delegated 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.

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.

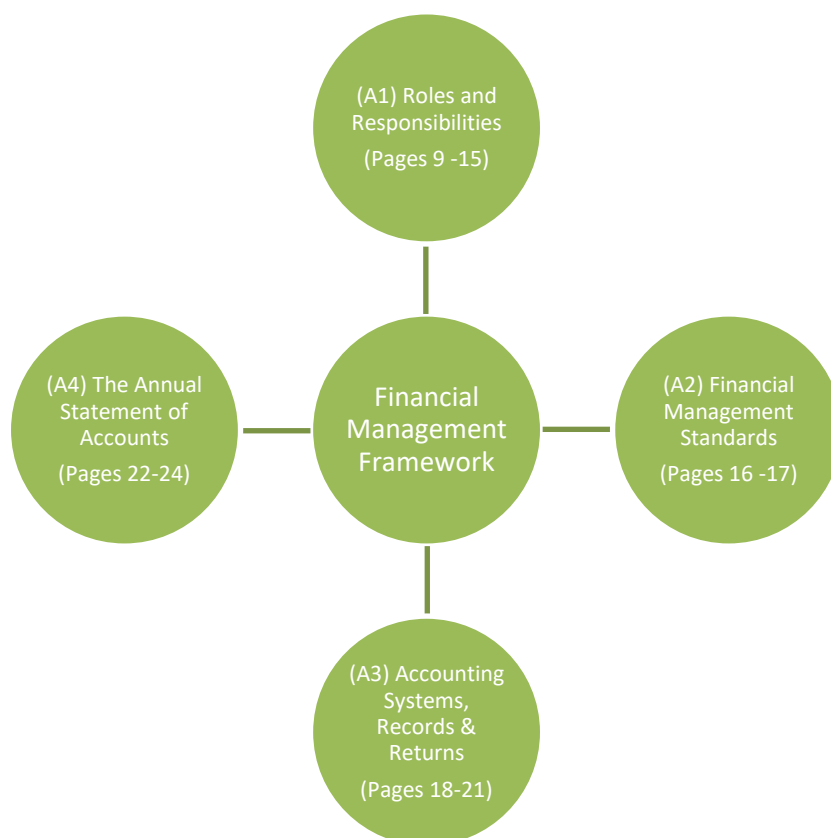
20. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Authority, the Constabulary or their affiliated bodies.
21. The expression '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.

## 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 Digital Data & Technology
- The Head of Estates and Fleet
- The Head of Professional Standards
- The Head of People
- The Head of Commercial Solutions
- 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 Executive Team
- Asset Managers
- Managers/Supervisors
- Credit, Debit & Fuel Card Holders





### Financial Management Framework

#### Introduction

This section of the financial rules sets out the responsibilities for financial management including financial management standards, accounting systems, records and returns. The financial regulations set out in detail overall responsibilities for financial management including security of assets, that are vested in the Commissioner, Chief Constable, 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.

### 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, Commercial, People and Digital 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 Officer (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 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.

### 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.



### 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 Officer (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.

### 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.

### 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.

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- 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 Digital 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.

### 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 that are reasonable and prudent.
  - Ensure compliance with the CIPFA Code.
  - Ensure that the accounting statements are prepared in sufficient time to allow scrutiny by the 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.



### 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.

### 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 Commissioner.

### 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 MTFE estimates of expenditure and income and the provision of clear guidance on the rules and timetable to be followed by finance staff constructing the budget.
- To ensure that all budget submissions are supported by adequate supporting workings.
- To ensure that all budgets are subject to a process of quality assurance as to their robustness, accuracy and that the sum of detailed budgets agrees with total approved budget.
- To ensure that all growth is clearly identified and supported by an appropriate business case which incorporates any indirect cost implications such as additional ICT, training or estates costs.
- To ensure that the financial implications of savings and efficiencies as a result of the Constabulary's Change Programme are evaluated and included in the budget.
- To communicate the agreed budget to all budget holders giving a detailed subjective analysis of budgets and ensuring that there is clear responsibility for all budgets.
- To ensure that the base budget is loaded into the financial ledger and appropriately profiled as a basis for subsequent monitoring.
- To ensure a list of delegations and sub delegations of budgets is maintained.
- To compile a register of names and specimen signatures for audit and control purposes, of those employees authorised to certify invoices, also indicating the purpose and extent of each role. Also to ensure this register is kept up to date and provided to Central Services on a regular basis.

### Responsibilities of the Head of Central Services

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

### Responsibilities of Budget Holders / Heads of Service

- To develop, where appropriate, business strategies for their respective areas of responsibility incorporating financial implications over the four year 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:
  - Digital Data & Technology
  - Estates
  - Fleet
  - Human Resources/People
  - Finance
  - Commercial

### 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.

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.

### Key Controls

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

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

### Responsibilities of the Chief Constable

- The Chief Constable shall ensure that expenditure to maintain the force remains within the overall 'cash limit' provided by the Commissioner and takes corrective action where significant variations from the approved budget are forecast. Where the Constabulary's projected net expenditure is forecast to exceed or underspend against the total allocation of resources by £500k or has moved by more than £500k since the last reported position, this must be communicated to the Commissioner and 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 Chief Constable and at the first opportunity in accordance with the Commissioner's funding arrangement to the Commissioner.
- To ensure that virements comply with the Financial Regulations and the conditions of the funding arrangement between the Commissioner and Chief Constable and that appropriate approval is sought.

### Responsibilities of the Deputy Chief Finance Officer

- To ensure that adequate and effective systems are in place to monitor and control expenditure
- To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned to the decision making process that commits expenditure and should be subject to annual review.
- To ensure that timely and appropriate financial information is provided to budget holders to enable budgets to be monitored effectively. This will be achieved through the allocation of a designated budget monitoring officer to each area budget-holder, who will provide financial advice to the relevant budget holder.
- To ensure that budget and actual data submitted from budget holders is reconciled to the general ledger.
- To collate a draft consolidated set of management accounts report based on budget-holder submissions which has been subject to review to ensure that overall forecasts and variance analysis are reasonable and consistent.
- To ensure that the consolidated management accounts reports are communicated to the 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. 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 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 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).

### 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.



### Responsibilities of the Director of Corporate Support, Head of 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 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
  - An exit strategy

### Responsibilities of the Deputy Chief Finance Officer

## Section B Financial Planning and Control

- 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.
- 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.

## Section B Financial Planning and Control

- 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.

### B4 Maintenance of General Balances and Earmarked Reserves

#### Overview

The Police and Crime Commissioner must decide the level of general reserves it wishes to retain consistent with the level of risk faced as part of the process of agreeing annual budgets and setting the council tax. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future.

#### Key Controls

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

#### Responsibilities of the Police and Crime Commissioner

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

### Responsibilities of the 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



### 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 OPCC 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 OPCC 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 OPCC Risk Management Strategy.
- To consider and review periodic strategic risk management reports in relation to the OPCC.
- 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.

### Responsibilities of 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 OPCC 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.

### 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 OPCC 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.

### Responsibilities of the Deputy Chief Financial Officer

- To support the Joint Chief Finance Officer 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.

### 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 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.

### Responsibilities of All Commanders, Directors and Heads of Service

## Section C Management of Risks and Resources

- 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.
  - Robust authorisation and approval processes are in place for all financial transactions, which are clearly documented and checked.

## Section C Management of Risks and Resources

- 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.



### C3 Audit Requirements

#### A) Internal Audit

##### Overview

Internal audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment by evaluating the organisation's effectiveness in achieving its objectives. Internal audit objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources

In the police service the requirement to maintain effective internal audit arrangements is derived from the Accounts and Audit Regulations 2015 (as amended) which state that a *“relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with proper practices in relation to internal control”*.

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

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

### Key Controls

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

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

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

### Responsibilities of the Chief Officer Group / OPCC 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).

### 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 OPCC 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.

### *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.

### 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.

### 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 OPCC 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.

### 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.



### Responsibilities of Chief Officer Group/ OPCC 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 Officer 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 OPCC and Constabulary.
- To ensure any fraud in relation to the OPCC or Constabulary are communicated immediately to the internal auditors in order that any internal control weaknesses can be addressed.

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

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

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

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

### Responsibilities of All Officers and Staff

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

### C5 Assets

#### *Security*

#### Overview

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

#### Key Controls

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

### Responsibilities of Asset Managers

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

- Property – The Head of Estates and Fleet
- Vehicles - The Head of Estates and Fleet
- Computer Equipment – The Head of Digital Data & Technology
- Stores – The Head of 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 31<sup>st</sup> 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 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.

### Responsibilities of the Deputy Chief Finance Officer

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

### Responsibilities of All Officers and Staff

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



### C6 Treasury Management and Banking Arrangements

#### A) Treasury Management

##### Overview

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

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

The Commissioner is responsible for treasury management and this function is managed by the 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.

### 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 in relation to treasury matters, ensuring that any advice is considered.

### 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-imburement.

### 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.

### C7 Money Laundering

#### Overview

OPCC 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.

### 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 MRLO.
- To ensure that appropriate checks are undertaken to ensure that all new suppliers and counterparties are bona fide.

### Responsibilities of All Officers and Staff

- To report any suspicious activity in relation to money laundering to the MRLO.

### C8 Corporate Credit, Debit and Fuel Cards

#### Overview

Corporate credit and debit cards represent an alternative method for payment in a number of circumstances, including:

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

Fuel cards are provided to ensure the economic purchase of fuel for the vehicle fleet and hire cars used in course of business.

#### Key Controls

- All credit cards are issued in the name of the Commissioner and are agreed by the 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.

### 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 OPCC 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 OPCC.
- To approve, in consultation with the Chief Constable, changes to the staffing establishment of the Constabulary which fall outside of the funding arrangement between the Commissioner and Chief Constable.

### Responsibilities of the Chief Officer Group

- To approve changes to the officer, staff and PCSO establishments of the Constabulary. All staffing changes must meet the conditions of the funding arrangement between the Commissioner and the Chief Constable. The Commissioner's approval must be sought for all changes to shared posts as detailed in the annual funding arrangement between the Commissioner and Chief Constable.

### Responsibilities of the Chief Constable and Deputy Chief Constable

- To approve premature retirements of officers on the grounds of ill health in accordance with the Constabulary Scheme of Delegation.
- To approve, in consultation with the 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.

### 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.

### Responsibilities of the Chief Finance Officer and 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.

### 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 OPCC 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 OPCC 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 OPCC and Constabulary.
- To ensure that consideration is given to the reporting of trust funds as part of the Statutory Accounts.

### Responsibilities of All Officers and Staff

- To ensure that the Chief Executive and Chief Constable are made aware of and approve all trust funds associated with the OPCC 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.



### 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.

### Responsibilities of All Officers and Staff

- To ensure that seized and evidential property is held securely and managed in accordance with the standard operating procedures for seized and evidential property.

### C13 Gifts, Loans and Sponsorship

#### Overview

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

Gifts, loans or sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work and victims support schemes. They can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.

#### Key controls

- The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the Commissioner's annual gross revenue.
- All gifts, loans and sponsorship should be recorded in a register which is available for public inspection.

#### Responsibilities of the Chief Executive / Chief Officer Group

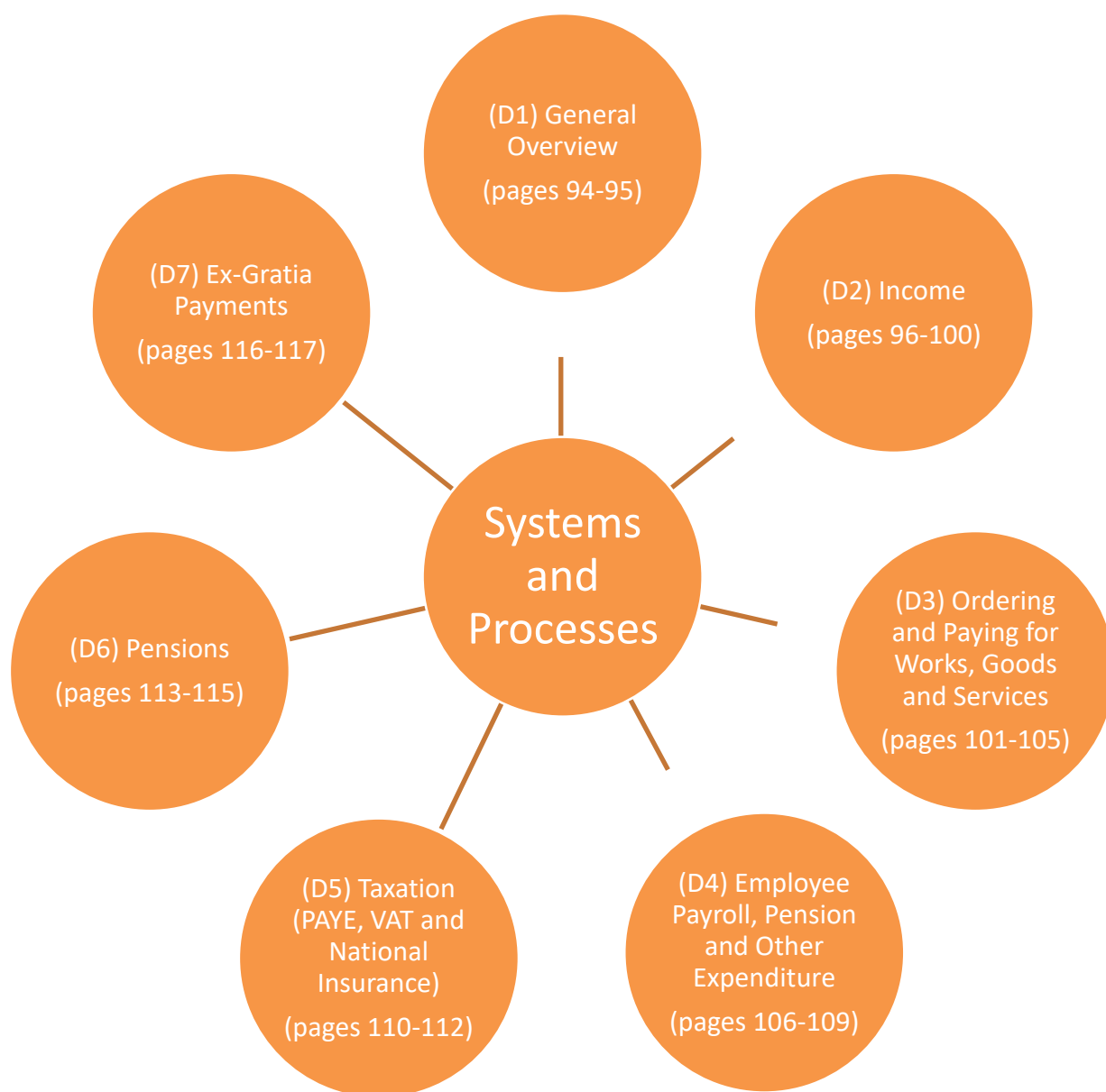
- To approve guidelines for the acceptance of gifts, loans or sponsorship.

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

- To ensure that all gifts, loans or sponsorship accepted comply with the guidelines before acceptance.
- To ensure that the Deputy Chief Finance Officer is informed of all offers of gifts, loans or sponsorship prior to acceptance to ensure that decision making takes into consideration any financial implications including those pertaining to insurance and taxation.
- To ensure that all cash gifts, loans or sponsorship is banked in accordance with normal banking procedures.
- Where the sponsorship or loan of vehicles or other assets are offered the responsibility for repairs and insurance of the asset should be clearly established at the outset. If the Constabulary has responsibility for insuring or maintaining the asset the budget and accounting arrangements to undertake this must be agreed with the Deputy Chief Finance Officer before the offer of gift, loan or sponsorship is accepted.

### Responsibilities of the Deputy Chief Finance Officer

- To advise on the financial implications of gifts, loans or sponsorship.
- To maintain a list of all gifts, loans and sponsorship and to present this annually to the PCC as part of the revenue outturn reporting.



## Section D Systems and Processes

### D1 General Overview

#### Introduction

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

Arrangements for systems and processes are managed by the 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.

### Responsibilities of the Joint Chief Finance Officer (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.



### 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.

### 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.

### 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.

### 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.

### 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 Commercial 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 Commercial 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.

### 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 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 10<sup>th</sup> 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.

### 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 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.

### 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.

### 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 vatable supply must indicate the amount of VAT, the VAT rate, tax point (date of supply) and the Commissioner's VAT registration number.
- All VAT transactions with corresponding entries to the VAT account are traceable to the relevant prime document.

#### FOR CIS

- Where construction and maintenance works are undertaken, the Commissioner shall fulfil the necessary construction industry tax deduction requirements. The Head of Central Services shall provide details to the HMRC regarding the Construction Industry Tax deduction scheme.



### Responsibilities of the Deputy Chief Finance Officer

To ensure that:

FOR VAT

- A central VAT account is maintained detailing all VAT inputs and outputs and any VAT adjustments. No adjustments may be made to the VAT account except by the Financial Services Department.
- The Financial Services Department will also ensure that VAT returns to HMRC in respect of the Commissioner/ Constabulary are completed and submitted on a timely and accurate basis and any payments due are made within the specified timescale. Each VAT return must be signed by the 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.

### 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.

### 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:

- 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.

### 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

### 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

### 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

- 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.

### 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:

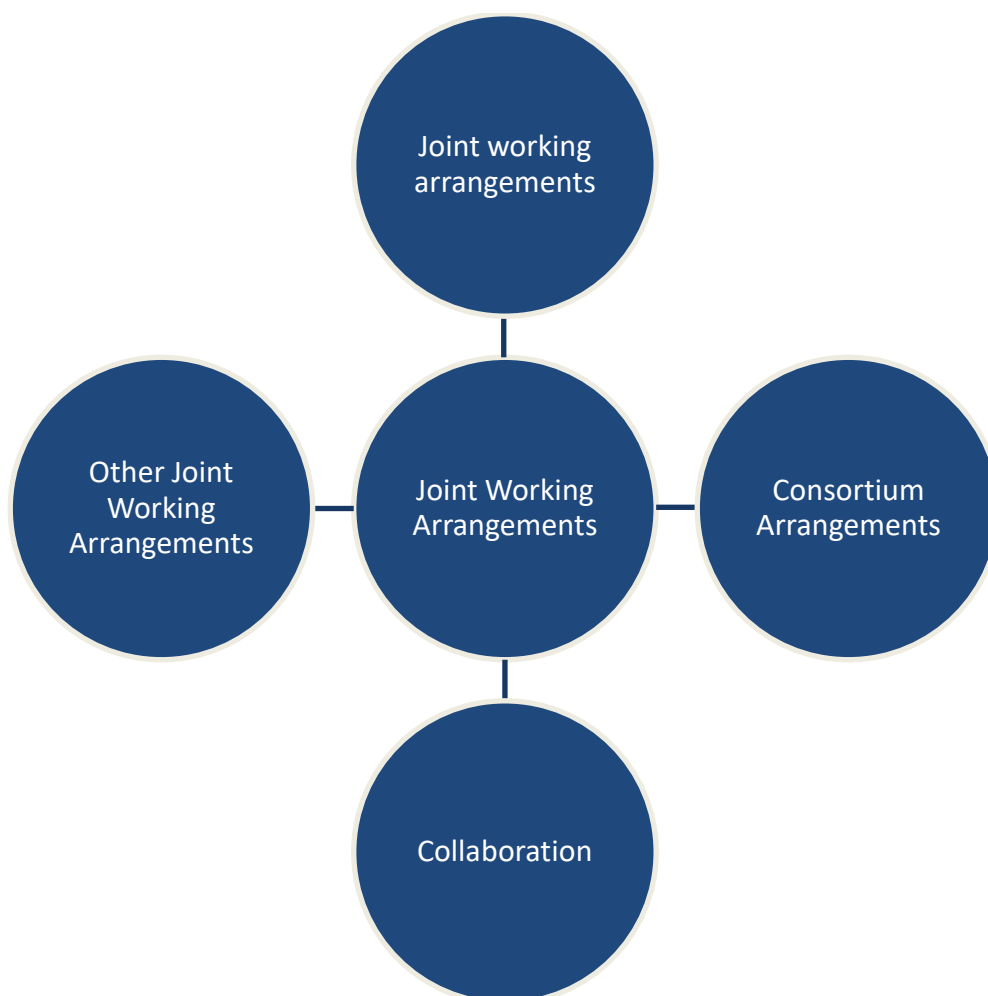
- a report detailing the circumstances behind the claim should be prepared.
- the extent of damage and cost of replacement / repair should be independently verified.
- the claim should then be authorised in accordance with the limits prescribed above.
- once an ex-gratia payment is approved a payment 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.



### 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 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 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	JointCFO	Chief Executive
Up to <b>£100,000</b>	✓	
Up to <b>£150,000</b>	✓	✓

## 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.