

# **Police and Crime Commissioner for Devon & Cornwall and the Isles of Scilly**

## **FINANCIAL REGULATIONS**

# Financial Regulations

## **Section 1 Introduction**

Statutory and Regulatory Background  
Status  
Definitions within the Regulations

## **Section 2 Financial Management**

The Role of the PCC  
Delegation of Responsibilities  
The Joint Audit Committee  
The Roles of the Treasurer and Director of Finance and Resources

## **Section 3 Other Financial Accountabilities**

Accounting Policies  
Accounting Records & Returns  
The Annual Statement of Accounts  
Accountabilities to the Police and Crime Panel  
Value for Money (VFM)

## **Section 4 Financial Planning**

Principle Responsibilities  
Financial Planning Policies  
Police and Crime Plan  
Medium Term Financial Strategy  
Maintenance of Reserves  
Precept  
Annual Budget  
Budget Monitoring and Control  
Management of Budgets  
Virement  
Externally Funded Projects  
Comparison of outturn against budget  
Treatment of Year End Balances  
Capital Planning  
Capital Project Approval  
Medium Term Capital Programme  
Capital Programme Management and Monitoring  
Capital Financing Resources including Capital Receipts

## **5 Management of Risk and Resources**

- Introduction
- Risk Management
- Business Continuity
- Insurance
- Indemnities
- Management of Projects
- Internal Control
- Assurance mapping
- Audit Requirements
- Preventing Fraud and Corruption
- Assets
- Valuation
- Inventories
- Stocks and Stores
- Intellectual Policy
- Asset Disposal
- Treasury Management and Banking Arrangements
- Staffing
- Custody of Unofficial Funds and Private Property
- Evidential and Non Evidential Property

## **6 Systems and Procedures**

- General
- Income
- Ordering and Paying for Goods and Services
- Payments to Employees
- Taxation
- Liability Claims
- Ex Gratia Payments
- Crime and Disorder Reduction Grants

## **7 Co-operative Working & Commissioning**

- Co-operative Working
- Commissioning
- Collaboration
- Consortia

## **8 Other External Arrangements & Sponsorship**

- External Funding
- Sponsorship
- Working for Third Parties

**9 Delegated Limits**

Contract Awards Procedures  
The Capital Programme  
Liability Claims  
Assets  
Income  
Retirement and Redundancy  
Ex Gratia Payments

Annex 1 Protocol and Working Practices  
Annex 2 Precept Approval Timetable and Procedures

# 1 Introduction

- 1.1 These Regulations have been drawn up in such a way as to ensure that the financial affairs of the Police and Crime Commissioner (PCC) and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the PCC, the Chief Constable, police officers, police staff and staff within the Office of the PCC and in particular the need for openness, accountability and integrity.
- 1.2 The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their officers and staff and to provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf. They reflect the application of best practice and the requirements of legislation as set out below.

## **Statutory and Regulatory Background**

- 1.3 These regulations are designed to comply with:
- Police Reform and Social Responsibility Act 2011;
  - Policing Protocol;
  - Financial Management Code of Practice for the Police Service in England & Wales;
  - CIPFA Prudential Code;
  - CIPFA Treasury Management Code of Practice;
  - CIPFA Code of Practice for Internal Audit;
  - CIPFA Practical Guidance for Audit Committees;
  - CIPFA LAAP Bulletin 77 – Local Authority Reserves and Balances;
  - CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable;
  - Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012;
  - Accounts and Audit Regulations 2011.
- 1.4 The PCC and the Chief Constable are established in law as corporations sole within the Police Reform and Social Responsibility Act 2011.
- 1.5 The public accountability for the delivery and performance of the police service rests with the PCC on behalf of the electorate. The PCC has an electoral mandate to set the strategic direction of the Force in consultation with the Chief Constable. The Chief Constable is accountable to the PCC. The Police and Crime Panel provides the check and balance by holding the PCC to account.
- 1.6 The PCC may appoint a Deputy PCC who may exercise the functions of the PCC set out in part 3 of the Scheme of Governance.

- 1.7 The PCC is the recipient of all funding, including the government grants, precept and other sources of income, related to policing and crime reduction and all funding for the force must come via the PCC. The PCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
- 1.8 The PCC is required to appoint a Chief Executive and Monitoring Officer and he/she and the Chief Constable are both required to appoint a Chief Finance Officer.

**Responsibilities:**

- 1.9 The PCC is responsible for approving or amending Financial Regulations having had regard to any recommendations made by the Joint Audit Committee.
- 1.10 The Treasurer is responsible for undertaking an annual review of Financial Regulations after consulting with the Chief Executive and Chief Constable's Director of Finance and Resources before submitting any additions or amendments through the Joint Audit Committee to the PCC.
- 1.11 The Chief Executive and the Chief Constable are responsible for ensuring that all staff under his/her direct supervision, and all contractors, agents and partners are aware of the existence and content of the PCC's Financial Regulations and that they are complied with.

**Status**

- 1.12 These regulations are the joint Financial Regulations of the Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly (PCC) and the Chief Constable for Devon, Cornwall and the Isles of Scilly.
- 1.13 The Financial Regulations will be well publicised and available for staff and public reference via the PCC's and Force's internal and external websites.

- 1.14 The Police and Crime Commissioner for Devon and Cornwall and the Chief Constable for Devon and Cornwall have a scheme of governance, which sets out how the Police and Crime Commissioner and the Chief Constable operate, how decisions are made and the procedures, which are followed to ensure that these are efficient, transparent and accountable to local people. The scheme of governance also sets out how the Police and Crime Commissioner for Devon and Cornwall will work with the Chief Constable for Devon and Cornwall. These financial regulations comply with the scheme of governance, should a situation arise where the financial regulations do not comply with the scheme of governance the scheme of governance will take precedence.
- 1.15 In addition to the scheme of governance these regulations should be read alongside the other relevant parts of the Governance Framework and in particular the:
- Terms of Reference of the Joint Audit Committee
  - Procurement Regulations for the South West Police Procurement Department
  - The Internal Audit Strategy
- 1.16 The PCC, Chief Constable and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that use of these resources is legal, properly authorised and provide value for money.
- 1.17 Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings. Such cases shall be reported to the Treasurer who shall determine, after consulting with the Chief Executive and/or Chief Constable, whether the matter shall be reported to the PCC.
- 1.18 If anyone reading these regulations is in any doubt over their meaning or how to comply they should contact the Treasurer or the Director of Finance and Resources.
- 1.19 The Financial Regulations shall only be suspended by a formal decision of the PCC.
- 1.20 The Chief Executive and the Chief Constable will maintain separate internal control frameworks for the OPCC and the Force, which will comprise:
- Risk registers
  - Planning Frameworks
  - Policy documents (including financial policy documents)

- Key Controls
- Assurance Matrix
- Staff Codes of Conduct
- Standing Operating Procedures (SOPs)

These internal control frameworks will at all times comply with Financial Regulations.

### **Definitions with the Regulations**

1.21 The following definitions apply within these regulations:

|                                   |  |
|-----------------------------------|--|
| The Scheme of Governance          | The scheme of governance of the PCC for Devon, Cornwall and the Isles of Scilly  |
| Chief Constable                   | The designated Chief Constable or in his absence the Deputy Chief Constable or an Assistant Chief Constable designated by the Chief Constable after consulting the PCC |
| Treasurer                         | The PCC's Chief Finance Officer  |
| Director of Finance and Resources | Chief Constable's Chief Finance Officer  |
| Chief Executive                   | The Chief Executive of the Office of the PCC   |
| Joint Management Board            | A Joint Board of the PCC and the Chief Constable that acts a coordinating and decision making forum; its terms of reference are set out in the scheme of governance    |
| Employees                         | Police staff, the staff of the Office of the PCC and any volunteers who may be in possession of assets of the PCC.   |
| Police Officers                   | Sworn Officer of Devon and Cornwall Police – NB for the purposes on these regulations only the term employees should be taken to include Police Officers               |

1.22 The Treasurer, the Director of Finance and Resources and the Chief Executive are Statutory Officers, a full description of their statutory responsibilities is contained within the Governance Framework.



- 1.23 A delegation in these Financial Regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.

## 2 Financial Management

### The Role of the PCC

- 2.1 The PCC is responsible for approving the policy framework and for determining the total budget after consultation with the Chief Constable. This responsibility includes monitoring financial outcomes and approval of medium term financial plans. He/she is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:

#### Planning and Resource Allocation Policies

- Police and Crime Plan;
  - Medium Term Financial Strategy (MTFS);
  - Annual Revenue Budget;
  - Capital Programme;
  - Treasury Management Strategy;
  - Estates Strategy;
  - Value for Money Strategy;
  - Information and Communications Technology Strategy;
  - Commissioning Strategy;
  - Risk Management Strategy.
- 2.2 The Policing Protocol requires, at paragraph 18 that the PCC must not fetter the operational independence of the police force and the Chief Constable who leads it and all financial strategies and policies must reflect this principle.
- 2.3 The PCC will receive into the Police Fund all funding, including the government grant, precept and other sources of income, related to policing and crime reduction. All funding for the force must come via the PCC. How this money is allocated is for the PCC to decide in consultation with the Chief Constable, or in accordance with any grant terms.
- 2.4 The PCC will be held to account by the Police and Crime Panel, who will scrutinise his/her decisions. It is the role of the PCC to hold the Chief Constable to account.
- 2.5 The PCC will be responsible for handling complaints and conduct matters in relation to the Chief Constable. The PCC will also monitor complaints against officers and staff but will have no role in the handling of those matters. The PCC will also ensure compliance with the requirements of the Independent Police Complaints Commission.

## **Responsibilities of the Chief Constable**

2.6 The main financial responsibilities of the Chief Constable are:

- Exercising direction and control over the constabulary in such a way that is reasonable to assist the PCC to exercise the PCC's functions;
- Holding the assets set out at Annex 1 and described as Assets held by the Chief Constable, for use by the Chief Constable in that Schedule;
- Managing the budget allocated to the Chief Constable by the PCC;
- Responsibility for ensuring that all staff under his/her direct supervision, and all contractors, agents and partners are aware of the existence and content of the PCC's Financial Regulations and that they are complied with.

### **Delegation of Responsibilities**

2.7 The PCC may appoint a Deputy who may exercise any functions of the PCC with the exception of the items listed at (a) to (c) below. The term PCC in this document refers to Police and Crime Commissioner for Devon and Cornwall and his deputy/deputies except when referring to the items below:

- (a) Issuing a police and crime plan;
- (b) Appointing the Chief Constable, suspending the Chief Constable or calling upon the Chief Constable to retire or resign;
- (c) Calculating a budget requirement (see section 43 of the Local Government Finance Act 1992).

2.8 The ability of the PCC to delegate his other responsibilities to persons other than to his deputy/deputies is set out within the Police Reform and Social Responsibility Act 2011. The PCC has determined a Scheme of Consent and Delegation of Functions, Transactions entered into following consent by the Police and Crime Commissioner to the Chief Constable will be in the Chief Constable's own name as a separate legal entity. Transactions carried out following a delegation of functions are in the name of the PCC and the PCC is ultimately responsible for these transactions. These Financial Regulations are in accordance with the Scheme of Consent and Delegation of Functions.

### **Property and Contracts**

2.9 Part 3 of the Scheme of Governance (Responsibility for Functions, Scheme of Consent or Delegation of Functions) sets out the ownership and use of assets and the obligations of the PCC and the Chief Constable when discharging functions relating to land and other assets. The assets schedule from the scheme of governance is reproduced as Appendix 1 to these regulations.

2.10 Within the scheme of consent assets are classified as follows:

- Assets held by the PCC for the use of the Chief Constable
  - Assets held by the PCC for the use of the PCC
  - Assets held by the Chief Constable for the use of the Chief Constable
- 2.11 The Chief Constable will have day to day management and unfettered access to assets held by the PCC for the use of the Chief Constable. Acquisition and disposal will be the responsibility of the PCC subject the obligations as set out in part 3 of the Scheme of Consent or Delegation of Functions. Delegated authorities are provided to the Force Director of Finance and Resources as set out part 3 of the Scheme of Consent or Delegation of Functions and reproduced in Chapter 9 of these regulations.
- 2.12 Assets held by the PCC for the use of the PCC will be under the full control of the PCC who will be able to acquire and dispose of such assets without reference to the Chief Constable. The PCC will also be obliged to maintain and insure those assets as appropriate.
- 2.13 Assets held by the Chief Constable for the use of the Chief Constable will be under the full control of the Chief Constable who will be able to acquire and dispose of such assets without reference to the PCC. The Chief Constable will also be obliged to ensure maintenance and insurance of those assets as appropriate.
- 2.14 Contracts may be in the name of the PCC or the Chief Constable. The Chief Executive of the OPCC will maintain a list of those supplies or works where the Chief Constable has consent to enter into contracts as set out in the Scheme of Consent or Delegation of Functions. The Chief Constable may only enter into contracts for the supply of good or works contained on this list.

### **The Joint Audit Committee**

- 2.15 The Home Office Code of Practice on Financial Management requires the establishment of an Audit Committee. The Joint Audit Committee of the PCC and the Chief Constable fulfils this requirement. It has a specific responsibility within the overall control framework of assessing the audit function. The committee has right of access to all the information it considers necessary and can consult directly with internal and external auditors. The committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's annual report.
- 2.16 The role of the Joint Audit Committee is set out in detail in the Governance Framework. The Chief Executive and the Chief Constable should be represented at meetings of the Audit Committee.

## **The Roles of the Treasurer and the Director of Finance and Resources**

- 2.17 It is a requirement of the Police Reform and Social Responsibility Act 2011 that a Chief Finance Officer is appointed by the PCC and that a Chief Finance Officer is appointed by the Chief Constable.
- 2.18 Both Chief Finance Officers have statutory responsibilities under:
- the Police Reform and Social Responsibility Act 2011;
  - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
  - The Accounts and Audit Regulations 2011.
- 2.19 Further information on the statutory responsibilities of each officer are set out in the Governance Framework, as is the operating protocol that governs the relationship between the two office holders.
- 2.20 Section 151 and Section 114 duties may be sub delegated between the two Chief Finance Officers with consent from the Deputy Chief Constable and the OPCC Chief Executive.

## **The Resources Reference Group**

- 2.21 The main objectives of this group are (subject to agreement by the Joint Management Board):
- To provide oversight and co-ordination between the two corporations sole of resource management processes, for example, budget management, estate management etc and, after due consideration, to refer any matters of significance or where delegated authority is not in place , to the PCC , the Chief Constable or any appropriate representative meeting
  - To ensure that where delegated decisions are required they are subject to advice and scrutiny by those who possess the relevant skills and knowledge.
- 2.22 The membership of the group comprises:
- OPCC Treasurer
  - OPCC Chief Executive
  - PCC's Senior Adviser
  - Force Director of Finance and Resources
  - Force Head of Finance and Business Information
  - Force Director of Legal Services

- 2.23 The Treasurer of the PCC may refer any decisions delegated to him/her as set out in Chapter 9 of these regulations to the Resources Reference Group. Any decisions made by the Treasurer in consultation with the Resources Reference Group will be recorded by the Treasurer and this will include recording the relevant legal, financial and other considerations taken into account when making the decision.

### **3 Other Financial Accountabilities**

#### **Accounting Policies**

- 3.1 The Treasurer is responsible for selecting suitable accounting policies for both corporations sole, in accordance with recognised accounting practices and ensuring they are applied consistently. The Treasurer will consult with the Force Director of Finance and Resources in relation to any change in accounting policies which will impact on the financial position of the Chief Constable.

#### **Accounting Records and Returns**

- 3.2 The Treasurer is responsible for the proper administration of the financial affairs of the OPCC and ensuring effective systems of internal control within the OPCC and the Force Director of Finance and Resources is responsible for the proper administration of the financial affairs of the Force and ensuring effective systems of internal control within the Force. It is through these mechanisms the two Chief Finance Officers will determine the standards for accounting records and returns.
- 3.3 The PCC uses computerised financial systems to record the financial transactions. Maintaining proper accounting records is one of the ways in which the PCC discharges its responsibility for stewardship of public resources.
- 3.4 The financial systems are managed and operated by the Force Finance and Resources Directorate on behalf of the OPCC and the Chief Constable. The Force Director of Finance and Resources has responsibility for the integrity of the computerised financial records and for ensuring that all accounting records are maintained in accordance with legislation and with these regulations. He/she will report annually to the Joint Audit Committee on the operation of key controls in relation to the computerised financial systems.
- 3.5 The two Chief Financial Officers have agreed a joint operating protocol in accordance with CIPFA guidelines. Any significant changes to accounting records will be considered by both the Treasurer and the Force Director of Finance and Resources as set out in the joint operating protocol.

## **The Annual Statement of Accounts**

### **Responsibilities:**

3.6 It is the responsibility of the Treasurer to:

- ensure production of the statement of accounts for the PCC on a timely basis;
- ensure receipt and scrutiny of the statement of accounts of the Chief Constable;
- ensure production of the group accounts;
- certifying that the PCC accounts and the group accounts present fairly the operations during the year.

3.7 It is responsibility of the Director of Finance and Resources to:

- produce a statement of the Chief Constable's accounts on a timely basis;
- certifying that the Chief Constable's accounts present fairly the operations during the year;
- provide information to the Treasurer as required to enable production of the group accounts.

3.8 It is the responsibility of the Joint Audit Committee to review the draft Statement of Accounts.

3.9 All accounts will be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

3.10 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 quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the PCC's resources.

3.11 The PCC is responsible for approving the annual accounts for publication.

### **Accountabilities to the Police and Crime Panel**

3.12 The Police and Crime Panel provide checks and balances in relation to the performance of the PCC and scrutinises the PCC's exercise of his/her statutory functions. In particular the Police and Crime Panel have the power to review the draft Police and Crime Plan and the related precept requirement.



- 3.13 The Police and Crime Panel have the power to request the PCC to supply relevant reports and information in the PCC's possession (except those that are operationally sensitive).
- 3.14 The PCC is responsible for determining what financial information should be provided to the Police and Crime Panel.
- 3.15 The Treasurer is responsible for ensuring that all relevant financial information as determined by the PCC is provided to the Police and Crime Panel.

### **Value for Money (VFM)**

- 3.16 Improving value for money allows expenditure to be reduced whilst minimising the impact on service delivery. A pragmatic definition therefore focuses on using VFM improvements to make cuts in spending, however in order to support a police force with a sustainable future, decisions about VFM delivery need to take into account other dimensions. These are:
- Effectiveness
  - Efficiency
  - Economy
- 3.17 Effectiveness concerns achieving outcomes i.e. how good a job the police do, this may not just be about visibility but achieving, when necessary, what the public want and appreciate.
- 3.18 Efficiency is a measure of how the Force uses staff equipment, vehicles, buildings and supplies; it reflects productivity and processes and can be extended into areas of purchasing and alternative forms of service provision e.g. in-house, buy-in or through collaboration.
- 3.19 Economy is about paying the right price for what is bought; this is not about paying the lowest price but one that delivers the required quality. All these activities need to be undertaken in the context of the PCC's overall objective of reducing threat, risk and harm.
- 3.20 The Chief Constable has a statutory duty to ensure that they and the persons under their direction control and secure VFM in exercising their functions.
- 3.21 The PCC holds the Chief Constable to account for compliance with the duty of providing VFM.
- 3.22 The Treasurer is responsible for advising the PCC on VFM in relation to all aspects of PCC expenditure.

3.23 The Director of Finance and Resources is responsible for advising the Chief Constable on VFM in relation to all aspects of Force expenditure.

3.24 The PCC and the Force should be able to satisfy the following principles:

- The process for allocating resources against desired outcomes is transparent and based on clear, quantified evidence;
- Risks to performance, improving processes and productivity are assessed. This is used to target improvement activity or develop contingency plans;
- Services and support functions are tested against appropriate benchmarks to identify and tackle excessive costs or weak performance;
- Public demand for services is understood and quantified, and informs deployment of staff;
- Staff are used efficiently and programmes to increase employee engagement are in place;
- Programmes to minimise waste are in place;
- End-to-end operational processes are focused on delivering for the customer, with data used to demonstrate this. Processes are streamlined, un-bureaucratic and efficient;
- Goods and services and supply contracts are managed in a way that maximises value, including taking advantage of central or collaborative procurement where appropriate;
- Data is fit for its intended purpose and is used and published routinely, providing clear line of sight between consumption of resources, production of outputs and realisation of outcomes;
- Nationally mandated procurement rules are followed;
- Where funding is provided to third parties, mechanisms are in place for demonstrating VFM.

## 4 Financial Planning

### Principle Responsibilities

- 4.1 The PCC is responsible for deciding the budget, allocating assets and funds to the Chief Constable and setting the precept for the policing area.
- 4.2 The Chief Constable is responsible for assisting the PCC in planning the force budget.
- 4.3 The Scheme of Delegation allocates responsibility for managing the major budget headings as follows:

| <b>Major Budget Heading</b>   | <b>Budget Holder</b> |
|---|----------------------|
| Force Operational Expenditure and Force Operational Income (the transferred budget).                | Chief Constable      |
| Office of the Police and Crime Commissioner   | Chief Executive      |
| Commissioning Budget  | Chief Executive      |
| Interest Receipts, External Borrowing Costs and Minimum Revenue Provision for the Repayment of Debt | Treasurer            |
| Contributions to / from Reserves  | Treasurer            |
| Formula Grant   | Treasurer            |
| Precept Income  | Treasurer            |

### Financial Planning Policies

- 4.4 The financial planning policies of the PCC are contained within the:
- Police and Crime Plan prepared by the PCC and reviewed by the Panel.
  - Medium Term Financial Strategy which includes the Capital Programme and the Treasury Management Strategy

A full list of planning and resource allocation policies is set out in paragraph 2.1.

### **Police and Crime Plan**

- 4.5 The Police and Crime plan sets out the PCC's objectives for their period in office, details the resources that will be made available to the police and partner agencies in order to deliver those objectives and the governance arrangements that will ensure that those objectives are delivered.
- 4.6 The Plan covers a five year period and must include:
- The PCC's police and crime objectives, which will include any objectives for policing, crime and disorder reduction and the discharge of the force's national and international functions;
  - the policing of the area which the Chief Constable is to provide;
  - The financial and other resources which the PCC is to provide to the Chief Constable;
  - The means by which the Chief Constable will report to the PCC on his/her provision of policing;
  - The means by which the Chief Constable's performance in providing policing will be measured;
  - Any crime and disorder reduction grants the PCC is to make, including any conditions which are placed on such grants.
- 4.7 In addition the Police and Crime Plan must take into account the Strategic Policing Requirement set by the Home Secretary.

### **Responsibilities:**

- 4.8 The PCC is responsible for issuing a Police and Crime Plan within the financial year in which each ordinary election is held. The PCC may, at any time, issue or vary a Police and Crime Plan.
- 4.9 Before issuing or varying a Police and Crime Plan, the PCC must:
- Prepare a draft of the plan or variation;
  - Consult the Chief Constable in preparing the draft plan or any variation to the plan;
  - Send the draft plan or variation to the Police and Crime Panel;
  - Have regard to any report or recommendations made by the Panel to the draft plan or variation;
  - Give the Panel a response to any such report or recommendations and publish any response;

- Consult the Chief Constable before issuing or varying a Police and Crime plan if different from the draft.

4.10 The Force Director of Finance and Resources, Chief Executive and Treasurer are responsible for providing the financial information for the Police and Crime Plan.

### **Medium Term Financial Strategy**

4.11 The PCC and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term financial strategy for the period that at least covers the period of the Police and Crime Plan.

4.12 The Medium term Financial Strategy must include the following information:

- Revenue Funding;
- Revenue Spending;
- Capital Funding;
- Capital Spending;
- Information on the use of Balance, Fund and Reserves;
- Four years data or matching the Police and Crime Plan if longer.

4.13 The following factors must be taken into account when producing the Medium Term Financial Strategy:

- Affordability;
- Alignment with the Police and Crime Plan;
- Unavoidable future commitments, including legislative requirements and initiatives already underway;
- The role of reserves in supporting the strategy and the consideration of risks;
- Policy requirements approved by the PCC as part of the policy framework;
- Proposed service developments and plans which reflect public consultation;
- The threat/risk/harm impact of changing funding priorities;
- The need to deliver value for money through efficiency and/or productivity savings;
- The need to secure the long term financial health of the organisation;
- Capital Programme and relevant asset management strategies;
- Interdependency of the revenue budget and capital investments;
- CIPFA Prudential Code on capital expenditure and borrowing;

**Responsibilities:**

- 4.14 The Treasurer is responsible for the format and timetable of the Medium Term Financial Strategy to be presented to the PCC.
- 4.15 The Force Director of Finance and Resources, Chief Executive and Treasurer are responsible for preparing medium term forecasts of income and expenditure for their respective budget headings in a format specified by the Treasurer.
- 4.16 The Chief Constable is responsible for ensuring that the Force's operational plans are aligned with the Police and Crime Plan. To do this the Chief Constable will by the 31st December in any given year provide to the PCC a demonstration that operational policing is in line to deliver the costs reduction target set in the budget process and the value for money objectives set within the Police and Crime Plan. The demonstration will be provided in a format specified by the PCC.
- 4.17 The Force Director of Finance and Resources is responsible for ensuring that medium term forecasts of income and expenditure for the Force are aligned with the Chief Constable's operational plans as set out in his Budget Budget Reports.
- 4.18 The Treasurer, Chief Executive and Chief Constable are responsible for preparing a joint report on the options for the Medium Term Financial Strategy and related budgets for the PCC and Force for the consideration of the PCC.
- 4.19 The PCC is responsible for approving in consultation with the Chief Constable the Medium Term Financial Strategy as part of the Police and Crime Plan.

**Maintenance of Reserves & Provisions**

- 4.20 The PCC holds all reserves and balances.
- 4.21 The Chief Constable will establish and hold provisions for liabilities arising from the employment of staff and in relation to any contract in the name of the Chief Constable; this specifically excludes any provision that pertains to self insurance with regard to insurable civil claims. Any other liabilities will be the responsibility of the PCC who will hold the provision. The making of a provision will be a charge against the appropriate budget heading. This means that where liabilities arise from operational policing activities a provision will be established by making a charge against the Chief

Constable's transferred budget, in accordance with accounting requirements, irrespective of whether the provision is held by the Chief Constable or the PCC. The Force Director of Finance and Resources and the Treasurer will liaise on the funding of these provisions and will report their conclusions through the regular budget monitoring reports to the Joint Management Board as set out in paragraph 4.47.

- 4.22 The Treasurer is responsible for advising the PCC about the level of reserves that the PCC holds and for ensuring there are clear protocols for their establishment and use. For each earmarked reserve held by the PCC there should be a clear protocol setting out:
- The reason for/purpose of the reserve;
  - How and when the reserve can be used;
  - Procedures for the reserve's management and control;
  - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- 4.23 The Treasurer and the Force Director of Finance and Resources will keep any legal or constructive obligations (liabilities) under review throughout the year. Any changes to the provisions or reserves required in relation to such liabilities will be reflected in the regular budget monitoring reports to the Joint Management Board as set out in paragraph 4.47.
- 4.24 In addition to the regular review outlined in paragraph 4.23 above the Treasurer and the Force Director of Finance and Resources in consultation with the Force Director of Legal Services will report formally to the Joint Management Board on the level of the outstanding liabilities and potential liabilities of both the PCC and the Chief Constable as at 30 September and 31 March of any given financial year.
- 4.25 The Treasurer has a duty to report on robustness of estimates and adequacy of reserves and provisions when the PCC is considering the budget. In particular the Treasurer must assess the adequacy of unallocated general reserves taking into account the strategic, operational and financial risks facing the PCC. In coming to this view the Treasurer must seek the advice of the Chief Constable on major policing risks facing the Force.
- 4.26 The PCC shall approve the creation and appropriations to and from general balances and reserves. To enable the PCC to reach his/her decision the Treasurer shall report the factors that influenced his/her judgement, and ensure the advice given is recorded formally.

- 4.27 Unforeseen expenditure on Major Operations will be met from the Major Operations Reserve without prior approval up to a limit of £500,000 for each incident.

### **Annual Budget**

- 4.28 The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCC's strategic policies. It provides the delegated budget holders with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Force.
- 4.29 The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget.
- 4.30 The Annual Budget forms part of the Medium Term Financial Strategy and it must include as a minimum the following information:
- Revenue budget
    - Overall annual budget
    - Separate budgets for the major budget headings as set out in paragraph 4.3
    - The Council Tax Requirement;
  - Capital budget;
  - The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and medium term financial plan.
- 4.31 The following factors must be taken into account when producing the Annual Budget:
- Funding available;
  - The requirement to balance the need of the policing service against the level of local taxation;
  - The statutory requirement to produce a balanced budget (S 25 Local Government Act 2003).

### **Responsibilities:**

- 4.32 The PCC is responsible for obtaining the views of the local community on the proposed revenue and capital expenditure in the financial year ahead.
- 4.33 The Treasurer is responsible for the format and timetable of the annual budget to be presented to the PCC.



- 4.34 The Director of Finance and Resources, Chief Executive and Treasurer are responsible for preparing detailed budget estimates for their respective budgets in a format specified by the Treasurer.
- 4.35 The Chief Constable is responsible for ensuring that the Force budget estimates are aligned with the objectives set out in the Police and Crime Plan and for producing Budget Reports by 31 December of any given year that demonstrates this.
- 4.36 The Treasurer is responsible for obtaining timely and accurate information from billing authorities on the council tax-base and the latest surplus/deficit position on collection of funds to inform budget deliberations.
- 4.37 The Director of Finance and Resources, Chief Executive and Treasurer shall submit estimates in the agreed format to the PCC's budget meeting for approval, including details of council tax implications and precept requirements.
- 4.38 The Chief Executive shall ensure that the PCC considers formally the budget proposals and the PCC acts in accordance with any legal requirements in respect of budget resolutions and the timely setting of the budget.
- 4.39 The PCC is responsible for presenting the proposed budget and police precept recommendations to the Police and Crime Panel for approval.
- 4.40 Upon approval of the annual budget, the Treasurer is responsible for submitting the Council Tax Requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirements. In addition he/she is responsible to meeting the statutory requirements in relation to the council tax information to be available to the public.

### **Precept**

- 4.41 The proposed precept is based on the Police and Crime Plan, Medium Term Financial Strategy, tax base information and central government funding.
- 4.42 The PCC is responsible for presenting proposed budget and police precept recommendations to the Police and Crime Panel for approval. The procedures and timetable for setting the Precept is set out in the Police and Crime Panels (Precepts and Chief Constable Appointments) Regulations 2012, details are provided in Appendix 2).

**Budget Monitoring and Control**

- 4.43 Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling detailed budget headings 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.
- 4.44 Once the budget is set the Chief Constable will only be required to refer back to the PCC when a decision would incur substantive changes of policy or involve any novel contentious or repercussive expenditure.
- 4.45 In the event that the PCC or the PCC's Treasurer consider there is a need for a spending adjustment to either overall capital or revenue spending to ensure that spending remains within agreed limits the Chief Constable may be required to submit a written report to the PCC and the Joint Management Board explaining proposals for rectification through a Corrective Plan. In extreme cases restrictions may be placed on future spending if this is agreed by the Joint Management Board.

**Responsibilities:**

- 4.46 It is the responsibility of the Force Director of Finance and Resources, Chief Executive and Treasurer to monitor and control their respective income, expenditure and operational performance, taking action necessary to avoid exceeding their budget. When doing this they will ensure that they rely on accurate and timely budget monitoring information.
- 4.47 The Force Director of Finance and Resources, Chief Executive and Treasurer will prepare regular (not less than quarterly) budget monitoring reports and submit them to the Joint Management Board.
- 4.48 The format of the reports shall ensure that the PCC is appraised of developments in key non-financial indicators such as actual and projected staffing numbers, progress on ICT developments and other major projects, partnerships and other requirements the PCC may consider necessary.
- 4.49 The Force Director of Finance and Resources has responsibility for ensuring that appropriate arrangements are in place to co-ordinate the financial information and provide a comprehensive and timely budget monitoring report to the PCC and the Joint Management Board.

- 4.50 The Force Director of Finance and Resources has responsibility to determine when a financial decision or commitment in relation to the Force budget involves any novel contentious or repercussive expenditure.
- 4.51 The Force Director of Finance and Resources, Chief Executive and Treasurer have responsibility to report to the PCC when expenditure on the major budget headings is likely to exceed the overall budget. Where this becomes apparent outside of the normal reporting periods the appropriate officer will (after consultation with the Chief Constable when the overspend relates to the Force budget) submit an urgent report to the PCC.
- 4.52 The Treasurer has a responsibility to report to the PCC and external auditor when overall expenditure is likely to exceed budget.

### **Management of Budgets**

- 4.53 The Force Director of Finance and Resources, Chief Executive and Treasurer will ensure that each element of income and expenditure has a nominated budget holder to take responsibility for that part of the budget. They will also ensure that each budget holder has sufficient financial information and support to allow them to effectively monitor their budget.
- 4.54 Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.
- 4.55 Budget holders shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility. Management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

### **Virement**

- 4.56 Virement is a planned reallocation of resources between approved budgets or heads of income and expenditure. Virement is intended to enable the budget holders to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore to provide the opportunity to optimise the use of resources for emerging needs.

#### 4.57 **Virement Rules:**

- No virement shall be permitted between the major budget headings (as set out paragraph 4.3) without the prior approval of the PCC;
- Virement decisions must not lead to significant additional spending, ongoing commitments or substantive changes in policy without the prior approval of the PCC. All virement decisions made by the PCC that reallocate resources between the major budget headings will be made after consultation with the Chief Constable to establish the impact on the policing service and the delivery on the Police and Crime Plan. In addition all such virements will be the subject of a formal decision. Self financing virements from within the sum agreed for the Force Operational Budget that do not create ongoing commitments in future financial years will not require the approval of the PCC. All virements between budget lines will be recorded and available for review.

#### **Externally Funded Projects**

4.58 Approval of the PCC is required, prior to the submission of the application, for externally funded projects where:

- There is a total one-off requirement for matched funding (that is, a call on the revenue or capital resources of the PCC) of more than £500,000;
- There is a total ongoing call on the revenue resources of more than £250,000 per annum.

#### **Comparison of Outturn Against Budget**

4.59 As part of the closure of accounts procedures the Force Director of Finance and Resources, Chief Executive and Treasurer, shall compare final income and expenditure on budget headings against the budget and explain any significant variations. The Force Director of Finance and Resources shall ensure that appropriate arrangements are in place to co-ordinate the financial information and provide a comprehensive and timely out-turn report to the Chief Constable, the PCC and the Joint Management Board.

4.60 In addition the Force Director of Finance and Resources, Chief Executive and Treasurer shall retrospectively compare income and expenditure forecasts throughout the year with the final outturn to measure the reliability of forecasts. Any subsequent action that may result from this exercise shall be agreed between the Chief Constable and Treasurer and reported to the PCC.

### **Treatment of Year End Balances**

- 4.61 A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year, dependent upon the direction of the budget variation.
- 4.62 The net level of under/overspend to be carried forward in any one year will be determined by the PCC in the light of the overall financial position in consultation with the Treasurer.
- 4.63 Appropriate accounting procedures must be in place to ensure that totals carried forward into the next financial year are correct and that budgets are adjusted promptly.
- 4.64 Devolved budget holders who overspend their budget in any financial year may have their budget reduced for the following financial year, subject to the determination of the Force Director of Finance and Resources and the Chief Executive in relation to their respective budgets.
- 4.65 Similarly budget holders who under-spend their budget in any financial year may have their budget increased for the following financial year. The PCC may withdraw this provision in any financial year dependent upon the overall financial position of the PCC.

### **Capital Planning**

- 4.66 Ownership and use of assets is set out in the Asset Schedule at Appendix 1.
- 4.67 When making any decision to acquire or dispose of assets the PCC must have regard to the right of the Chief Constable to have unfettered access to operational assets.
- 4.68 Before taking a decision to acquire or dispose of assets held by the PCC for the use of the Chief Constable, the PCC shall consult the Joint Management Board and notify the Chief Constable. The PCC will have regard to the views expressed by the Joint Management Board and the Chief Constable but the final decisions will be a matter for the PCC. Paragraphs 17.1 – 17.7 of Part 3 of the Scheme of Governance will apply.

**Responsibilities:**

4.69 The Chief Constable is responsible for developing proposed asset management plans or strategies for the following asset groups:

- Estates
- Vehicles
- ICT Infrastructure
- ICT assets issued for personal usage and other equipment

4.70 The asset management plans will include investment and disposal strategies as follows:

- Estates rationalisation plan (investment and disposal plans)
- Vehicle Replacement Programme
- ICT replacement programme
- Personal issue ICT and equipment replacement plan
- Force Programme
- Other capital expenditure

4.71 In addition the Chief Constable is responsible for identifying and proposing the capital expenditure required to take forward the Force's development priorities.

4.72 The Chief Constable is responsible for ensuring that the projects within each strategy are prioritised to enable the PCC to make the best informed judgements as to the use of the capital funding available.

4.73 The Chief Constable is responsible for ensuring that all projects and programmes included in the proposed investment plans are supported by a business case. The standards that apply to individual business cases will be set out in the Business Case and Project Management Protocol.

4.74 The PCC is responsible for approving the asset management plans and investment strategies.

**Capital Project Approval**

4.75 All projects within the Estates Rationalisation Plan and the Force Programme will have a 2 stage approval process. Each project will have an indicative planning cost which will facilitate overall programme planning and approved project cost.

### **Medium Term Capital Programme**

- 4.76 The Chief Constable will prepare a four year programme of proposed capital expenditure for approval by the PCC. This programme will be based on the approved investment and disposal strategies plus the addition of approved one-off projects and will clearly identify the assets to be held by the PCC and the assets to be held by the Chief Constable Capital assets to be held by the Chief Constable will be funded by capital resources other than borrowing.
- 4.77 Projects that have not yet been approved will be included in the four year capital programme at estimated cost. Approved projects will be included in the four year capital programme at the value set out in the approved business case.
- 4.78 The Chief Constable in consultation with the Treasurer will identify available sources of funding for the medium term capital programme including the identification of potential capital receipts from the disposal of property.
- 4.79 The Medium Term Capital Programme will form an integral part of the overall Medium Term Financial Strategy. The PCC will apply the principles set out in the CIPFA Prudential code to test the affordability of the Medium Term Capital Programme.

### **Capital Programme Management and Monitoring**

- 4.80 The annual capital programme will consist of the first year of the four year capital programme.
- 4.81 Approval of business cases for projects included in the annual programme at estimated cost will lead to variations in the programme if the cost in the business case is different from the estimated cost. Any changes that increase the overall cost of the programme will only be approved if additional capital financing resources are identified and approved by the PCC to fund the additional cost.
- 4.82 Approval of the Annual Capital Programme by the PCC authorises the Chief Constable to incur expenditure on the vehicle and ICT infrastructure replacement programmes and also on all approved projects.
- 4.83 The capital programme may not be used to fund development costs for projects that have not yet been approved (without specific approval for spending in advance). A specific reserve exists to fund Estates Development Costs. Use of this reserve will be presented for approval alongside the Annual Capital Programme.
- 4.84 In year changes to the total value of an individual project up the value set out in Section 9 (delegated limits) and funded by virement between projects within each major budget heading may be agreed under delegated approval. Any

increase to the total value of an individual project in excess of the limit set out in Section 9 (delegated limits) will require a revision and re-submission of the business case to the PCC for re-approval.

- 4.85 Capital expenditure will be monitored quarterly.

**Capital Financing Resources including Capital Receipts**

- 4.86 The Chief Constable will monitor the availability of capital financing resources including capital receipts and report any variations quarterly alongside the capital expenditure monitoring report.
- 4.87 All disposals of land and buildings will require the prior approval of the PCC as set out in Section 9 of these regulations.



## 5 Management of Risk and Resources

### Introduction

- 5.1 Risk management is the planned and systematic approach to the identification, evaluation and control of risks and threats to the achievement of the organisation's aims and objectives.
- 5.2 The objectives of risk management are to secure the assets of the organisation and to ensure the continued corporate and financial well-being of the organisation.
- 5.3 It is important that risk management is embedded throughout the governance arrangements of both organisations, whether operating jointly or separately.

### Risk Management

#### **Responsibilities:**

- 5.4 The PCC is responsible together with the Chief Constable for approving the joint risk register of the OPCC and the Force
- 5.5 The Chief Executive is responsible for:
- Preparing the Risk Management Policies for the OPCC;
  - Overseeing a corporate approach to risk management for the OPCC which is aligned with the PCC's strategic objectives;
  - Maintaining the PCC's Strategic Risk Register;
  - Reviewing and where appropriate proposing changes to the OPCC's risk management policy;
  - Ensuring staff and members of the Joint Audit Committee have access to appropriate training and development opportunities to understand risk management;
  - promoting a culture of risk awareness throughout the OPCC and reviewing risk as an ongoing process;
  - Monitoring the Force's risk management arrangements and producing report to the PCC and Joint Audit Committee when appropriate but at least annually.
- 5.6 The Chief Constable is responsible for:
- Preparing the Risk Management Policies for the Force;
  - Overseeing a corporate approach to risk management for the Force which is aligned with the PCC's strategic objectives;

- Maintaining the Force's Corporate Risk Register;
  - Maintaining the Force's tactical risk registers;
  - Reviewing and where appropriate proposing changes to the Force's risk management policy;
  - Ensuring Force staff have access to appropriate training and development opportunities to understand risk management;
  - Promoting a culture of risk awareness throughout the Force and reviewing risk as an ongoing process.
- 5.7 The Chief Executive and Chief Constable will be jointly responsible for ensuring that the risk management policies of the OPCC and the Force are aligned in such a way that the risks to the achievement of the PCC's aims and objectives are clear and are managed coherently.
- 5.8 The Joint Audit Committee is responsible for the review of the effectiveness of risk management within both the OPCC and the Force.

### **Business Continuity**

#### **Responsibilities:**

- 5.9 The Chief Executive is responsible for ensuring that appropriate business continuity plans are developed, implemented and tested on a regular basis for the OPCC. The Chief Constable is responsible for ensuring that similar arrangements are in place for the Force.

### **Insurance**

#### **Responsibilities:**

- 5.10 The PCC is responsible for ensuring that adequate insurance cover is arranged where appropriate. This cover should take the form of a joint insurance policy for the PCC and the Chief Constable. Liabilities may be self insured where this is judged to be the most cost effective option. All liabilities will be the responsibility of the PCC who will establish a provision as at 31 March of any given year to meet the estimated cost of such liabilities.
- 5.11 The Treasurer in consultation with the Chief Constable is responsible for advising the PCC on insurance arrangements.
- 5.12 The Force Director of Legal Services shall be authorised to settle liability claims up to the value shown in Section 9. Beyond this value, claims must be referred to the Treasurer who will make a decision in consultation with the Resources Reference Group. Subject always to processes which exist for taking instructions in liability claims.

- 5.13 The Force Director of Legal Services is responsible for providing the information needed to undertake a regular review of self insured claims and to estimate the outstanding liabilities. This will be reported to Joint Management Board on 30 September and 31 March each year in accordance with paragraph 4.24.
- 5.14 The Force Director of Legal Services is responsible for ensuring claims made against insurance policies are made promptly.
- 5.15 The Chief Executive and the Chief Constable are responsible for ensuring that employees, or anyone covered by the Force and the OPCC insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 5.16 In addition to the requirements at paragraph 4.24. The Force Director of Legal Services shall present a quarterly written report to the Joint Management Board detailing claims experience and significant claims.

### **Indemnities**

- 5.17 The Chief Executive shall evaluate and authorise any terms of indemnity that the PCC is requested to give by external parties.

### **Management of Projects**

- 5.18 For all major projects within the Force programme of change with a budget above the threshold set out in Section 9 (excluding existing staff costs) whether funded by capital or revenue resources the Chief Constable will prepare a business case according to the standard set out in the Business Case and Project Management Protocol to ensure that all the risks within the project are properly evaluated and managed. This will include:
- A full analysis of user requirements;
  - An assessment of the business benefits of the project and the ways in which they are to be measured;
  - Option appraisal of alternative solutions;
  - A detailed scheme estimate;
  - A full consideration of the procurement options and the implications of any contractual arrangements.

- 5.19 The Chief Constable will produce a quarterly report on all capital and revenue project detailing progress on delivery of project benefits and compliance with the project budget.

### **Internal Control**

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

### **Responsibilities:**

- 5.21 The PCC must produce an Annual Governance Statement for review by the Joint Audit Committee which includes a formal statement on the operation of internal controls.
- 5.22 The Treasurer is responsible for the proper administration of the financial affairs of the PCC and ensuring effective systems of internal control. This involves reviewing the Internal Control Framework maintained by the Chief Executive and making recommendations for improvement where appropriate. Any significant weakness in the internal control framework will be brought to the attention of the Joint Audit Committee.
- 5.23 The Chief Constable must produce an Annual Assurance Statement for review by the Joint Audit Committee which includes a formal statement on the operation of internal controls.
- 5.24 The Force Director of Finance and Resources is responsible for the proper administration of the financial affairs of the Force and ensuring effective systems of internal control. This involves reviewing the Internal Control Framework maintained by the Chief Constable and making recommendations for improvement where appropriate. Any significant weakness in the internal control framework will be brought to the attention of the Joint Audit Committee.

### **Internal Control Frameworks**

### **Responsibilities:**

- 5.25 It is the responsibility of the Chief Executive and the Chief Constable to ensure that effective key controls exist within the OPCC and the Force respectively.

- 5.26 Key controls should be embedded within the managerial control systems. They should ensure that:
- Roles and responsibilities are clearly defined;
  - Policies are clearly defined;
  - Objectives and plans are clearly articulated;
  - Monitoring financial and other performance information is collected and analysed;
  - Appropriate anticipatory and remedial action is taken where necessary.
- 5.27 The arrangements established need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently and in accordance with the statutory and other authorities that govern their use.
- 5.28 The main controls operated by the PCC are set out in the Governance Framework. In addition to these controls the Chief Executive and the Chief Constable will maintain internal control frameworks as set out below.
- 5.29 To ensure adequate financial controls are in place the Chief Executive and the Chief Constable will each maintain a separate internal control framework for which will comprise:
- Planning frameworks
  - Policy documents (including financial policy documents)
  - Risk registers
  - Key Controls
  - Assurance Matrix
  - Staff Codes of Conduct
  - Standing Operating Procedures (SOPs)
- 5.30 These frameworks will at all times comply with Financial Regulations.

### **Assurance Mapping**

- 5.31 The PCC will maintain an assurance mapping process with the aim of enhancing the degree of confidence that planned outcomes are being achieved and that all legal and regulatory requirements are being met.

**Responsibilities:**

- 5.32 The Chief Executive will define the assurance mapping process and the information requirements and agree them with the Chief Constable.
- 5.33 The Chief Constable will be responsible for providing the relevant assurance information.
- 5.34 The outcome of assurance mapping will be reported in the PCC Annual Governance Statement and the Force Annual Assurance Statement.

**Audit Requirements****Internal Audit**

- 5.35 The PCC and the Chief Constable are required by the Accounts and Audit (England) Regulations 2011 to maintain effective internal audit of their affairs. In fulfilling this requirement the PCC and Chief Constable should have regard to the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom and CIPFA guidance on the role of the Head of Internal Audit in Public Service Organisations.
- 5.36 In addition to fulfilling the statutory requirements it is important that Internal Audit is able to:
- Satisfy the PCC and the Chief Constable that effective internal control systems are in place; and
  - Satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

**Joint Audit Committee**

- 5.37 The role of the Joint Audit Committee is set out in full in the Scheme of Governance. The approval powers of the committee are as follows:
- To approve the Annual Governance Statement for inclusion in the Statement of Accounts;
  - To approve any Code of Corporate Governance for the OPCC and the Force;
  - To approve (but not direct) the Internal Audit Strategy and Plan.

**Responsibilities**

- 5.38 The Treasurer shall ensure the provision of an effective joint internal audit service.
- 5.39 The Head of Internal Audit is responsible for preparing an audit strategy, approved by the Joint Audit Committee. The Head of Internal Audit is also responsible for preparing a risk based annual internal audit plan, in consultation with the PCC, Chief Constable and external auditors and designed to implement the audit strategy that is set within a longer term appraisal of the risks to which the PCC is exposed. The plan should be presented to the Joint Audit Committee annually for consideration and approval.
- 5.40 The Chief Executive and the Chief Constable will ensure that the Head of Internal Audit has unrestricted access to records, system and data for auditing purposes.
- 5.41 The Chief Constable or PCC shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 5.42 The Chief Constable shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and internal audit prior to implementation.

**External Audit****Responsibilities:**

- 5.43 The Audit Commission is responsible for appointing external auditors to each local authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998, the Local Government Act 1999 and Accounts and Audit Regulations 2011.
- 5.44 The Treasurer and the Chief Constable should work closely with the external auditor in developing the external audit plan.

5.45 The Joint Audit Committee has responsibility to:

- consider and comment upon the annual audit plan and fee;
- receive and review the annual governance reports;
- receive and review the Annual Audit Letter.

5.46 The PCC should use the reports of the external auditors to aid in its monitoring role and to ensure that all agreed policies are being implemented by the OPCC and the Force.

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

### **Preventing Fraud and Corruption**

#### **Anti-Fraud and Corruption Policy**

5.48 The PCC and the Chief Constable will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside their organisations.

5.49 Expectations of propriety and accountability are that the PCC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

5.50 It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity and without thought or actions involving fraud or corruption.

#### **Responsibilities:**

5.51 The PCC and the Chief Constable are responsible for fostering a culture that will not tolerate fraud and corruption.

5.52 The Treasurer, together with the Chief Executive and Chief Constable are responsible for preparing an effective anti-fraud and anti-corruption policy. Any policy should be approved by the PCC following advice from the Joint Audit Committee.



### **Business Interests**

- 5.53 In order to maintain transparency, business interests of all employees and office holders of the OPCC and the Force will be recorded in a register on business interests. Some business interests may conflict with the role of the employee or office holder. The Business Interests policy will set out the action to be taken in these circumstances.
- 5.54 The Scheme of Governance requires that any member of the Joint Management Board who has a disclosable interest in a contract shall withdraw from the meeting when that contract is discussed unless there is a dispensation from the Chief Executive.

### **Responsibilities:**

- 5.55 The Chief Executive is responsible for maintaining a policy on the business interests of the staff and office holders of the OPCC and also for maintaining a register of business interests.
- 5.56 The Chief Constable is responsible for maintaining a policy on the business interests of the staff of the Force and also for maintaining a register of business interests.

### **Gifts and Hospitality**

- 5.57 All employees and office holders are subject to standards of professional behaviour, which includes the expectation to be honest, act with integrity and not to compromise or abuse their position. Personal gifts or gratuities should never be accepted that could compromise their impartiality. Detailed policies will be maintained by the Chief Executive and Chief Constable on gifts and hospitality, these policies will include the requirement that no gifts of a value of more than £30 will be accepted by employees without the express approval of the Chief Executive or the Chief Constable as appropriate.
- 5.58 Offers of gifts, loans or sponsorship for the benefit of the Force or the OPCC are dealt with in section 8 of these regulations.

### **Responsibilities:**

- 5.59 The Chief Executive is responsible for maintaining a policy on gifts and hospitality in relation to the staff and office holders of the OPCC and also for maintaining a register of such gifts and hospitality.

5.60 The Chief Constable is responsible for maintaining a policy on gifts and hospitality in relation to the staff of the Force and also for maintaining a register of such gifts and hospitality.

5.61 All staff are responsible for making themselves aware of the relevant gifts and hospitality policy and complying with the policy.

### **Reporting of Suspected Irregularities**

5.62 The OPCC and the Force will maintain a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence and without recrimination. Procedures shall ensure:

- that allegations are investigated robustly as to their validity;
- that they are not malicious;
- that appropriate action is taken to address any concerns identified.

Appropriate legislation, including Public Interest Disclosure Act 1998, shall be adhered to.

5.63 All unlawful expenditure or potentially unlawful expenditure must be reported to the PCC, Police and Crime Panel and the external auditor.

### **Responsibilities:**

5.64 The Chief Executive and the Chief Constable are responsible for ensuring that all employees, the general public and contractors are made aware of the confidential reporting (whistle blowing) facilities.

5.65 The Treasurer is responsible for reporting any unlawful expenditure or potentially unlawful expenditure by the PCC or the officers of the OPCC to the PCC, the Police and Crime Panel and to the external auditor.

5.66 It is the responsibility of the Chief Executive to ensure that the Treasurer receives information on any unlawful expenditure or potentially unlawful expenditure.

5.67 The Director of Finance and Resources is responsible for reporting any unlawful expenditure or potentially unlawful expenditure by the Chief Constable or the officers of the Chief Constable to the PCC and to the external auditor.

- 5.68 It is the responsibility of the Chief Constable to ensure that Director of Finance and Resources receives information on any unlawful expenditure or potentially unlawful expenditure.

### **Assets**

- 5.69 Ownership and use of capital assets is set out in the Asset Schedule at Appendix 1.

### **Responsibilities**

- 5.70 The Chief Executive and the Force Director of Finance and Resources must ensure that:
- Assets are only used for the purposes of the Force and the OPCC and are available for use when required and are properly accounted for;
  - An asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
  - Assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
  - Lessees and other prospective occupiers of land owned by the PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
  - Title deeds to PCC property are held securely;
  - No PCC or Chief Constable asset is subject to personal use by an employee without proper authority;
  - Valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the Force or OPCC.

For all operational assets used by the Force the above responsibilities will lie with the Director of Finance and Resources.

### **Valuation**

- 5.71 The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown in Section 9, in a form approved by the Treasurer. Assets are to be recorded when they are acquired by the PCC or the Chief Constable and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued:

- In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice in accordance with the requirements specified by the Treasurer;
- For insurance purposes.

## **Inventories**

### **Responsibilities:**

- 5.72 The Chief Executive and the Chief Constable shall ensure that inventories are maintained that record an adequate description of portable and desirable items (with a value in excess of the amount shown in section 9).
- 5.73 There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder and must be independently reviewed.

## **Stocks and Stores**

- 5.74 The Chief Constable shall make arrangements for the care, custody and control of the stocks and stores and maintain detailed stores accounts in a form approved by the Director of Finance and Resources. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence. Annual stock taking exercises will take place in the presence of the Internal Auditor.
- 5.75 Discrepancies between the actual level of stock and the book value of stock may be written off by the Force Director of Finance and Resources up to the level shown in Section 9. Amounts for write off above this value must be referred to the Force Chief Officer Group for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.
- 5.76 Obsolete stock may be written off by the Force Director of Finance and Resources up to the level shown in Section 9. Amounts for write off above this value must be referred to the OPCC Management Board for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

### **Intellectual Property**

- 5.77 The Chief Executive, in conjunction with the Treasurer and the Chief Constable, is jointly responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures. Any such policies should be approved by the PCC.

### **Asset Disposal**

- 5.78 All disposals of surplus land and buildings must be approved by the PCC.
- 5.79 When making any decision to dispose of assets the PCC must have regard to the right of the Chief Constable to have unfettered access to operational assets. The PCC shall consult the Joint Management Board and notify the Chief Constable. The PCC will have regard to the views expressed by the Joint Management Board and the Chief Constable but the final decisions will be a matter for the PCC. Paragraphs 7.1 – 7.7 of Part 3 of the Scheme of Governance will apply.
- 5.80 The Force Director of Finance and Resources may approve the disposal of vehicles and items of equipment up to the estimated value shown in Section 9. Disposals above this value are to be referred to the relevant authority as set out in Section 9.
- 5.81 Assets shall be disposed of when in the best interests of the PCC and in the most economically advantageous way. Where this is not the highest offer, the Force Director of Finance and Resources shall prepare a report for the Treasurer and the Resources Reference Group outlining the reasons and seeking approval for disposal at the lower value.
- 5.82 Items above the estimated value shown in 9 shall be disposed of by public auction or sealed bids after advertisement. The process for property disposals will be in accordance with the Building and Land Disposal Practice Note.

### **Treasury Management and Banking Arrangements**

- 5.83 The PCC has adopted CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

### **Responsibilities;**

- 5.84 The PCC is responsible for approving the Treasury Management Policy and the Annual Treasury Management Strategy.

- 5.85 The Treasurer shall prepare regular reports for the PCC on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year report and an annual report after its close, in the form prescribed in its Treasury Management Practices.
- 5.86 The PCC delegates responsibility for the execution and administration of treasury management decisions to the Treasurer, who will act in accordance with the organisation's policy statement and Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.
- 5.87 The Treasurer shall have overall responsibility for banking arrangements. The Treasurer, in consultation with the Force Director of Finance and Resources, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PCC unless authorised by the Treasurer and Chief Executive.

### **Money Laundering**

- 5.88 The OPCC and the Force are alert to the possibility that it they may become the subject of an attempt to involve them in a transaction involving the laundering of money.
- 5.89 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.
- 5.90 Internal control procedures will be monitored to ensure they are reliable and robust in terms of the prevention of money laundering.

### **Responsibilities:**

- 5.91 The Treasurer will be the nominated Money Laundering Reporting Officer (MLRO) for the PCC.
- 5.92 All employees have a responsibility to notify the Treasurer as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.

## **Staffing**

5.93 Police Officers are crown servants, the staff of the OPCC are employees of the Police and Crime Commissioner and police staff of the Chief Constable are employees of the Chief Constable. Delegated responsibilities with regard to staffing, redundancy and pensions matters are set out in the Scheme of Consent and Delegation of Functions.

5.94 The Chief Executive is responsible for:

- Providing overall management of staff within the OPCC and ensuring that there is a proper use of the evaluation or other agreed systems for determining the remuneration of a job;
- Ensuring that the staffing budget of the OPCC provides an accurate forecast of staffing levels, that it accords with the approved staffing policies of the PCC
- Advising the PCC on the budget provision necessary to cover estimated staffing levels;
- Ensuring that employees are appointed and employed in accordance with the agreed personnel policies of the PCC and that service records are properly maintained.

5.95 The Chief Constable is responsible for:

- Providing overall management of staff within the Force and ensuring that there is a proper use of the evaluation or other agreed systems for determining the remuneration of a job;
- Ensuring that the staffing budget of the Force provides an accurate forecast of staffing levels, that it accords with the approved staffing policies of the Chief Constable;
- Advising the PCC on the budget provision necessary to cover estimated staffing levels;
- Ensuring that employees are appointed and employed in accordance with the agreed personnel policies of the Chief Constable and that service records are properly maintained.

5.96 Decisions with regard to the application of those discretions provided within Local Government Pensions Scheme listed below will be subject to a delegated limit as set out in Section 9.

- Early payment of pension benefits at the request of a member;
- Flexible retirement;
- The establishment of Shared Cost AVC scheme;

- Increase membership of an active member up to 10 years;
- Award of additional pension up to £5000 per annum.

5.97 Redundancy of Police Staff where the consequential redundancy payments exceed the limits set out in Section 9 will be approved by PCC.

### **Custody of Unofficial Funds**

5.98 The Chief Constable must ensure that suitable policies are developed for the safe custodianship of unofficial funds. This should include a central register of such funds and annual confirmation from the management bodies of funds that accounts have been audited and accepted as such. Processes and procedures should also be in place to ensure that staff responsible for such funds are aware and comply with their obligations.

### **Evidential and Non Evidential Property**

5.99 Police activities may involve the seizure of cash, drugs, guns and other assets. 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. This should include the development of policies and procedures for the safekeeping of private property of a person, other than a member of staff, under his or her guardianship or supervision or found or seized property. He/she must ensure that in the event of any loss of such property, consequential costs arising from any loss, restoration of intrinsic value or liability claims which result in disbursements from police fund and considered significant by the two statutory finance officers, are reported to the Joint Management Board.



## **6 Systems and Procedures**

### **General**

- 6.1 The Treasurer and the Force Director of Finance and Resources, are responsible for determining the accounting systems, procedures, form of accounts and the supporting financial records for the OPCC and the Force respectively as set out in paragraphs 3.2 of these regulations.
- 6.2 The Chief Executive is responsible for the proper operation of the financial processes in the OPCC and should ensure that sufficient guidance, procedures and training is provided to employees acting on the PCC's behalf.
- 6.3 The Chief Constable is responsible for the proper operation of the financial processes in the Force and should ensure that sufficient guidance, procedures and training is provided to employees acting on his/her behalf.
- 6.4 The Chief Executive and the Chief Constable are responsible for ensuring that computer and other systems are registered in accordance with data protection legislation and that staff are aware of their responsibilities under freedom of information legislation.
- 6.5 The Chief Executive and Chief Constable should ensure that levels of authority have been established within the OPCC and Force and are operating effectively. These levels of authority should identify staff authorised to act on the Chief Constable's behalf, in respect of payments, income collection and placing orders, together with the limits of their authority.
- 6.6 As set out in relevant paragraphs below the Chief Constable is responsible for providing some financial and administrative support services to the PCC. In addition to the requirements set out in the regulations below any relevant clauses included in the Service Level Agreement for the Provision of Support Services will also apply to the operation of those services on behalf of the PCC.

### **Income**

#### **Responsibilities:**

- 6.7 The Chief Executive and Chief Constable shall make arrangements for the collection of all income due to the PCC, including the appropriate and correct charging of VAT.

- 6.8 The Chief Executive and Chief Constable shall ensure that all income is paid fully and promptly into the designated bank account. Appropriate details should be recorded on to paying-in slips to provide an audit trail.

### **Fees and Charges**

- 6.9 The Force's policy with regard to fees and charges will be approved by the Joint Management Board PCC. The Chief Constable shall review scales of fees and charges at least annually and report any changes to the Joint Management Board PCC for approval.
- 6.10 All charges should be at full cost recovery and in compliance with the ACPO National Charging Policy except where regulations require otherwise or with the express approval of the Joint Management Board.

### **Income Write Off**

- 6.11 Income due to the PCC shall not be written off until the Chief Executive or Chief Constable (as appropriate) is satisfied that all reasonable steps have been taken for its recovery.
- 6.12 Individual amounts of income due the PCC may be written off up to the levels shown in Section 9. Amounts for write-off above this value must be referred to the Joint Management Board for approval, supported by a written report explaining the reasons for the write-off.
- 6.13 Any write-off of capital sums due or interest income in relation to the PCC treasury management activity must be referred to the PCC for write off.

### **Ordering and Paying for Goods and Services**

- 6.14 Public money should be spent with demonstrable probity and in accordance with the PCC's policies. The PCC has a statutory duty to achieve value for money, in part through economy and efficiency. The PCC's procedures should help to ensure that value for money is achieved via purchasing arrangements.

### **Personal Interests**

- 6.15 The PCC and every officer of the OPCC and the Force have 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 decision on behalf of the PCC.

**Responsibilities:**

- 6.16 The Force Director of Finance and Resources is responsible for maintaining a purchasing policy covering the principles to be followed for the purchase of goods and services. This policy will apply equally to the OPCC and the Force. The policy will be in accordance with the PCC's Standing Orders for Tenders and Contracts.
- 6.17 The key controls of the OPCC and the Chief Constable will set out the proper processes to be followed when ordering and paying for goods and services. These key controls will be in line with the purchasing policy and will include robust arrangements to ensure all goods and services are ordered only by appropriate persons and are correctly recorded.
- 6.18 It is the responsibility of all budget holders to ensure that the purchasing policy and key controls are complied with at all times.
- 6.19 The exchequer and payment function will be provided by the Force Finance and Resources Directorate. The Chief Executive and the Chief Constable will be responsible for ensuring that correct instructions are given to the Force Finance and Resources Directorate Exchequer Team with regard to payments to suppliers.
- 6.20 The Force Director of Finance and Resources is responsible for ensuring that payment mechanisms are in line with all legislation and national guidance and that where possible a different person authorises the payment from the person who approved the order.

**Procurement Policy**

- 6.21 It is important that procurement arrangements encourage competition by seeking quotations from a number of suppliers whenever this is practicable and cost effective. In addition the PCC must comply with EU procurement legislation. PCC Standing Orders for Tenders and Contracts set out the thresholds and procedures that will apply in terms of obtaining written quotations and tenders. These Standing Orders for Tenders and Contracts must be adhered to at all times.
- 6.22 The PCC's of Devon and Cornwall, Dorset, Gloucestershire and Wiltshire have established a regional procurement unit, the "South West Police Procurement Department" (SWPPD) to undertake the process of procuring goods, services, or works on their behalf. The PCC for Devon and Cornwall manages and is the lead PCC for SWPPD.

- 6.23 The PCC delegates to the SWPDD authority to conduct procurements of goods, services or works notified by the PCC to SWPPD strictly in accordance with PCC's Standing Orders for Tenders and Contracts.
- 6.24 In some situations it may be appropriate to vary Standing Orders for Tenders and Contracts. Delegated limits for approval to variations in the contract award and contract management procedures are set out in Section 9.
- 6.25 The PCC may also use the SWPDD to advise on the acquisition or disposal of real property although there is no obligation on the PCC to use SWPPD for this purpose.

### **Purchasing Cards**

- 6.26 Purchasing cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. Use of purchasing cards generates an efficiency saving from lower transaction costs. All purchasing cards will be controlled by the Force Finance and Resources Directorate. The Force Director of Finance and Resources is responsible for ensuring that the proper practices are in place for the control of purchasing cards and the reconciliation of any associated control accounts.

### **Payments to Employees**

- 6.27 The payroll function will be provided by the Force Finance and Resources Directorate. The Chief Executive and the Chief Constable will be responsible for ensuring that correct instructions are given to the Force Finance and Resources Directorate Payroll Team with regard to payments to staff and the members of the PCC's Committees.
- 6.28 The key controls of the OPCC and the Chief Constable will set out the proper processes to be followed when making payments to employees. It is the responsibility of all budget holders to ensure that the key controls in relation to payments to employees are complied with at all times.

## **Taxation**

### **Responsibilities:**

- 6.29 The Force Finance and Resources Directorate is responsible for maintaining the tax records for the OPCC and the Force and making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. This responsibility also includes the requirement to ensure that legislative and regulatory changes are identified and implemented accordingly.
- 6.30 The Treasurer is responsible for advising the PCC on taxation issues and the impact of changes in legislation and the Force Director of Finance and Resources is advising the Chief Constable on such matters.

### **Liability Claims**

- 6.31 The PCC has external insurance for public and employers liability and in addition maintains a self insurance fund to meet claims below the policy excess. The Director of Legal Services deals with all claims against the Force and PCC. On occasion, the Force insurers will require that claims are handled externally due to the financial value of those claims.
- 6.32 The limits for the approval of payment of such claims are set out in Section 9.

### **Ex Gratia Payments**

- 6.33 The Force will make ex-gratia payments up to the level shown in Section 9 in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC. The Chief Constable shall maintain details of such payments in a register.
- 6.34 Amounts greater than those specified in Section 9 must be referred to the PCC for approval.

### **Crime and Disorder Reduction Grants**

- 6.35 The PCC must include in the Crime and Policing Plan, any Crime and Disorder Reduction Grants that he/she intends to make.
- 6.36 The Chief Executive is responsible for ensuring that the payment of a Crime and Disorder Grant is in alignment with the Crime and Policing Plan and any attached conditions have been or are being complied with.

## 7 Co-operative Working and Commissioning

### Co-operative Working

7.1 Subject to the constraints that may be placed on individual funding streams, PCCs are free to pool funding as they and their local partners see fit. PCCs can enter into any local contract collectively with other local partners, including non-police bodies.

#### **Responsibilities:**

- 7.2 The PCC, in exercising his/her functions, must:
- have regard to the relevant priorities of each responsible body within their policing area;
  - work effectively with local partners to tackle agreed community safety priorities.

### Commissioning

7.3 The PCC may commission services and award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their police and crime plan. In doing this the PCC may:

- Act alone as the commissioner of services;
- Or act co-operatively to commission services jointly with other bodies.

7.4 Where appropriate and in line with the objectives set out in the Police and Crime Plan the PCC may make un-ring fenced grants in support of local priorities.

#### **Responsibilities:**

7.5 The PCC is responsible for publishing a Commissioning Strategy and a Commissioning Protocol that will set out the objectives of their commissioning activity and governance of the commissioning process.

7.6 When the PCC acts as a commissioner of services, they will be responsible for agreeing the shared priorities and outcomes expected to be delivered either through a contract or a grant agreement with each provider.

7.7 The Chief Executive is responsible for developing and maintaining a Commissioning Protocol that will support the Objectives set out in the Police and Crime Plan and the Commissioning Strategy. This will include a financial framework with approved authorisation levels.

- 7.8 Where the mechanism for commissioning is the award of a contract for service provisions the Chief Executive is responsible for seeking advice from the Head of the South West Police Procurement Department on the procurement process and the procurement activity will be in line with the PCC's Standing Orders for Tenders and Contracts.
- 7.9 The Chief Executive is responsible for ensuring that expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan.
- 7.10 When working jointly with other bodies to commission services the Chief Executive will ensure that these Financial Regulations and Standing Orders and for Tenders and Contract apply to the joint procurement activity or will set out in a formal decision why the Financial Regulations or Standing Orders for Tenders and Contracts can be varied.

### **Collaboration**

- 7.11 The PCC has the duty to enter into collaboration agreements with other PCCs, other policing bodies and partners that improve the efficiency of effectiveness of policing for one or more policing bodies or forces in consultation with the Chief Constable. Where the collaboration agreement relates to the functions of the Force, the prior agreement of the Chief Constable must be obtained.
- 7.12 The PCC is responsible for approving any proposed collaboration agreement between the Chief Constable and other Chief Constables. The Chief Constable is accountable to the PCC for the outcomes of any such collaboration agreements.
- 7.13 The Treasurer is responsible for advising whether a proposed collaboration agreement is in alignment with the Police and Crime Plan and the Medium Term Financial Strategy and the long term sustainability of policing in the area.

### **Consortia**

- 7.14 Where the PCC judges that it is appropriate to enter into a long-term joint working arrangement with other bodies, operating with a formal legal structure, specific legal and procurement advice will be obtained. In such circumstances it will be necessary to update the Financial Regulations to acknowledge any new structures that exist within the consortium and ensure that all contractual conditions are met.

## 8 Other External Arrangements and Sponsorship

### External Funding

- 8.1 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the PCC and Chief Constable.

#### **Responsibilities:**

- 8.2 The Chief Executive and the Chief Constable are responsible for actively pursuing any opportunities for additional funding where this is considered to be in the interests of the Force and PCC. In addition they are responsible for ensuring that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.

### Sponsorship

- 8.3 The Home Office Financial Management Code of Practice sets out guidance with regard to the acceptance of sponsorship and external funding.

#### **Responsibilities:**

- 8.4 The PCC will maintain a Sponsorship Policy that is in line with; the Home Office Financial Management Code of Practice, Section 93 of the Police Act 1996 and the Bribery Act 2010.
- 8.5 The Chief Executive and Chief Constable must ensure that any conditions placed on the Force in relation to external funding are in accordance with the approved policies of the PCC and in particular the Sponsorship Policy of the PCC.
- 8.6 The Chief Executive and the Chief Constable are responsible for ensuring that all funding notified by external bodies is received and properly recorded in the PCC's accounts.

### Working for Third Parties

- 8.7 The Force provides services to outside bodies as part of its normal obligations, for which charges are made. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.



**Responsibilities:**

- 8.8 The Chief Constable is responsible for ensuring that proposals for assistance are costed, that proper contract arrangements are established within delegated limits and that no contracts are subsidised by the PCC. All work for third parties will be reviewed by the Force Director of Legal Services to ensure that any liabilities are recognised and appropriate insurance cover is arranged.

## 9 Delegated Limits

### Contract Awards Procedures

- 9.1 Following a competitive procurement process (including mini competition through frameworks) the SWPPD will present a recommendation to award contract paper (gate 2) to the SW Police Procurement Project Board for formal sign off. This paper will be circulated to the Treasurer and the Director of Finance and Resources (as appropriate) at least two weeks prior to the Board meeting.
- 9.2 The Chief Executive of the OPCC will maintain a list of those supplies or works where the Chief Constable has consent to enter into contracts as set out in part 3 of the Scheme of Governance (Responsibility for Functions, Scheme of Consent or Delegation of Functions) The Chief Constable may only enter into contracts for the supply of good or works contained on this list.
- 9.3 The Treasurer and the Director of Finance and Resources (as appropriate) will be responsible for seeking local approval as follows:

| <b>Contracts in the name of the:</b>   |  |
|--|--|
| <b>Police and Crime Commissioner</b>   | <b>Chief Constable</b>                             |
| Up to £500,000 – the Treasurer after consultation with the Resources Reference Group | Up to £500,000 - Director of Finance and Resources |

PCC contracts of £500,000 and over will be approved by the PCC. Chief Constable contracts of over £500,000 will be approved by the Chief Constable after consultation with the Force Chief Officer Group (COG). Where any such contract involves novel or contentious matters either the PCC or the Chief Constable, as appropriate will seek authorisation from the Joint Management Board before approving the contract.

### **Change control / variation**

- 9.4 From time to time there will be a requirement to vary contracts through a formal contract change control. In these circumstances the SWPPD will draft a recommendation paper detailing the scope and reason for the variation. The following financial delegation levels will apply:

| <b>Contracts in the name of the:</b>   |  |
|--|--|
| <b>Police and Crime Commissioner</b>   | <b>Chief Constable</b>                             |
| Up to £200,000 - the Treasurer after consultation with the Resources Reference Group | Up to £200,000 – Director of Finance and Resources |

Variations to PCC contracts of £200,000 and over will be approved by the PCC. Variations to Chief Constable contracts of over £200,000 will be

approved by the Chief Constable after consultation with the Force Chief Officer Group (COG)

### Contract Extensions

- 9.5 A number of contracts will have an option to extend the initial contract period. In such circumstances the SWPPD will draft a recommendation paper for approval to extend the contract, and the following financial delegation levels will apply:

| <b>Contracts in the name of the:</b>   |  |
|--|--|
| <b>Police and Crime Commissioner</b>   | <b>Chief Constable</b>                             |
| Up to £200,000 – the Treasurer after consultation with the Resources Reference Group | Up to £200,000 – Director of Finance and Resources |

Contract extensions to PCC contracts of £200,000 and over will be approved by the PCC. Contract extensions to Chief Constable contracts of over £200,000 will be approved by the – Chief Constable after consultation with the Force Chief Officer Group (COG)

### Waiving of Standing Orders / Procurement Regulations

- 9.6 From time to time the SWPPD may request a waiving of Standing Orders / Procurement Regulations, due to commercial and/or operational reasons. In these circumstances the SWPPD will provide a briefing paper outlining the rationale for the request. The following financial delegation levels will apply:

| <b>Contracts in the name of:</b>   |  |
|--|--|
| <b>Police and Crime Commissioner</b>   | <b>Chief Constable</b>                                   |
| Up to £200,000 – the Treasurer after consultation with the Resources Reference Group | Up to £200,000 – Force Director of Finance and Resources |

The waiving of standing orders/procurement regulations for any contract in the name of either the PCC or the Chief Constable with a value of more than £200,000 will be the subject of a formal report by the Head of Regional Procurement and will be approved by the Joint Management Board

### Urgency Powers

- 9.7 In the event that a major operation or other emergency event requires the waiving of standing orders in order to procure goods and services urgently the limits set out at 9.6 will be waived. Such procurement action will be approved by both the Treasurer and the Director of Finance and Resources and reported retrospectively to the Joint Management Board at the earliest opportunity.

### **Notification of Relief Events**

- 9.8 From time to time suppliers may require to formally notify the Force of contractual relief events. In such circumstances notification of all relief events should be submitted to the following:

| <b>Contracts in the name of:</b>     |                                       |
|--------------------------------------|---------------------------------------|
| <b>Police and Crime Commissioner</b> | <b>Chief Constable</b>                |
| The Chief Executive of the OPCC      | The Director of Finance and Resources |

### **The Capital Programme**

- 9.9 Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. The estimate for each scheme will be approved by the Joint Management Board at the same time that the full business case is approved. Schemes need not be referred back to the Joint Management Board for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the variation in the cost of the scheme exceeds the limit below.

Limit: £250,000

- 9.10 The following limits shall apply to the approval of property leases:

|  |  |
|--|--|
| Any lease with a value up to excess £50,000 p.a. or any lease with a duration of 3 year or less          | The Treasurer in consultation with the Chief Constable's Director of Finance and Resources |
| Any lease with a value in excess £50,000 p.a. or any lease over 3 year's duration but less than 10 years | The Treasurer in consultation with the Resources Reference Group                           |

Any lease of more than 10 years or any lease that involves novel or contentious matters must be approved by the Joint Management Board.

### **Liability Claims**

- 9.11 The Force shall be authorised to make payments in settlement of liability claims (including costs) up to the value shown below. All such claims will have been approved for payments as set out in the Force process for taking instructions in Liability Claims.

Limit: £80,000

Beyond this value, claims must be referred to the Treasurer who may approve the settlement after consultation with the Resources Reference Group. A summary of the claims approved by the Treasurer and any other claims that raise complex organisational issues will be presented to the Joint Management Board on a quarterly basis.

### **Assets**

- 9.12 The scheme of consent sets out the assets held by the Chief Constable and the assets held by the PCC. A list of these assets is provided at Annex 1

### **Asset Registers**

- 9.13 The Chief Constable and the PCCC shall maintain asset registers for all fixed assets (or programmes of assets) under their respective control with a value in excess of the limits shown below.

Limits:

|                   |         |
|-------------------|---------|
| Land & Buildings  | £10,000 |
| Vehicles          | £10,000 |
| Computers         | £10,000 |
| Plant & Equipment | £10,000 |

### **Inventories**

- 9.14 The Chief Constable and the OPCC Chief Executive shall maintain inventories that record an adequate description of portable and desirable items (not already recorded on an asset register) for items with a value of more than:

Limit: £250

### **Stock**

- 9.15 The scheme of consent sets out the stocks held by the Chief Constable and details are provided at Annex 1.
- 9.16 Discrepancies between the actual level of stock and the book value of stock may be written off by the Director of Finance and Resources up to the level shown below.

Limits:

|  |         |
|--|---------|
| Individual items to a value of   | £25,000 |
| Cumulative total value of stocks within written off for financial year | £50,000 |

Any write off above this limit will be referred to the Chief Officer Group.

- 9.17 Obsolete stock may be written off by the Director of Finance and Resources up to the level shown below.

Limits:

|   |         |
|---|---------|
| Individual items up to a value of:                                      | £25,000 |
| Cumulative total value of stocks within written off for financial year: | £50,000 |

Any write off above this limit will be referred to the Chief Officer Group.

### Asset Disposals

- 9.18 The allocation of assets between the PCC and the Chief Constable is set out in the Appendix 1. Valuation will relate to current market value.

| <b>Assets Held by the:</b>   |  |
|--|--|
| <b>Police and Crime Commissioner</b>   | <b>Chief Constable</b>   |
| <b>Land and Buildings</b>  | <b>Land and Buildings</b>  |
| Up to £500,000 – OPCC Treasurer after consultation with the Resources Reference Group  | Not applicable   |
| <b>All other fixed assets</b>  | <b>All other fixed assets</b>  |
| Individual assets held by the Police and Crime Commissioner for the use of the Chief Constable with a value of up to £25,000 – Director of Finance and Resources on behalf of the PCC            | Individual assets held by the Chief Constable – Director of Finance and Resources. |
| Individual assets held by the Police and Crime Commissioner for the use of the PCC with a value of up to £25,000 – the Treasurer   |  |
| Individual assets held for use of either the PCC or the Chief Constable with a value of over £25,000 but less than £50,000 – the Treasurer after consultation with the Resources Reference Group |  |

Disposal of land and buildings with a value of more than £500,000 will be approved by the PCC after consultation with the Joint Management Board.

Disposal of all other individual Police and Crime Commissioner assets with a value of more than £50,000 will be approved by the Police and Crime Commissioner after consultation with the Joint Management Board.

Disposal of all other individual Chief Constable PCC assets with a value of more than £25,000 will be approved by the Chief Constable after consultation with the Force Chief Officer Group (COG).

- 9.19 Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement. Disposal of items above the limits set out below that is not by public auction or sealed bids after advertisement will be on the basis of an alternative approach agreed by the two Chief Finance Officers and for property assets is in line with the Property Assets Disposal Practice Note.

Limits:

|                        |         |
|------------------------|---------|
| Land & Buildings       | Nil     |
| Equipment and vehicles | £25,000 |

### **Income**

- 9.20 Annex 2 provides details of the income streams under the control of the Chief Constable. All other income streams are under the control of the Police and Crime Commissioner

Individual amounts may be written off up to the levels given below:

|  |
|--|
| Up to £25,000 – Force Director of Finance and Resources or OPCC Chief Executive as appropriate.      |
| Over £25,000 and up to £50,000 – the Treasurer after consultation with the Resources Reference Group |

The writing off of income with a value of 50,000 and over will be approved by the Joint Management Board.

### **Retirement and Redundancy**

- 9.21 The PCC and the Chief Constable will maintain and publish policies and/or regulations with regard to the application of those discretions provided within Local Government Pensions Scheme listed below.
- Early payment of pension benefits at the request of a member;
  - Flexible retirement;
  - The establishment of Shared Cost AVC scheme;

- Increase membership of an active member up to 10 years;
- Award of additional pension up to £5000 per annum.

The overall cost of any staff reductions exercise will be notified to the Treasurer in order to ensure that adequate financial provision is in place.

The overall costs of all staff reduction exercises applying to the staff of the Chief Constable will be approved by the Chief Constable in consultation with the Chief Officer Group as will any individual package with a value of more than £50,000.

The overall costs of all staff reduction exercises applying to the Office of the PCC will be approved by the PCC as will any individual package with a value of more than £50,000.

All discretions awarded will be within the published policies of the PCC and the Chief Constable.

- 9.22 The PCC and the Chief Constable will maintain and publish policies and or regulations with regards to the redundancy of police staff/OPCC staff.

The overall cost of any staff reductions exercise will be notified to the Treasurer in order to ensure that adequate financial provision is in place.

The overall costs of all staff reduction exercises applying to the staff of the Chief Constable will be approved by the Chief Constable in consultation with the Chief Officer Group as will any individual package with a value of more than £50,000.

The overall costs of all staff reduction exercises applying to the Office of the Police and Crime Commissioner will be approved by the PCC Commissioner as will any individual package with a value of more than £50,000.

All redundancy payments will be within the published policies of the PCC and the Chief Constable.



**Ex Gratia Payments**

- 9.23 Ex gratia payments up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Chief Constable or the PCC.

| <b>Police and Crime Commissioner</b>                               | <b>Chief Constable</b>                          |
|--|---|
| Up to £5000 – Chief Executive of the Police and Crime Commissioner | Up to £5000 - Director of Finance and Resources |
| Over £5000 - PCC   | Over £5000 - Chief Constable                    |

## Appendix 1

### Asset Schedule

#### 1. Assets held by the Police and Crime Commissioner for the use of the Chief Constable

Land and Buildings including:

- Freehold buildings

- Enhancements to leasehold buildings

IT Infrastructure including:

- Desk tops

- Servers , storage and all related hardware

- Capitalised software

Vehicles

Boats

Bicycles

#### 2. Assets held by the Police and Crime Commissioner for the use of the Police and Crime Commissioner

Furniture ,ICT, equipment, stocks and any other short life assets required for the operation of the Office of the Police and Crime Commissioner

#### 3. Assets held by the Chief Constable for the use of the Chief Constable

IT Personal Usage (Mobiles/Blackberries)

Firearms

Camera's

Uniforms

Airwave handsets and related software

Stock including

- Vehicle parts

- Fuel included in bunkers and in vehicles

Scientific Equipment

Personal Protective Equipment, for example, body armour, tasers etc

Furniture and Fittings

Gym Equipment

Reprographics Equipment

Advertising and Promotional Boards

Canteen Equipment

Stores Equipment

Estates Equipment

Storage Containers

Custody Attack/Cell Call System

Interview Recording Equipment

Road Scanners for accident investigation

Operational Equipment

ANPR Equipment (not yet acquired)

Trailers

PCC PRECEPT APPROVAL (Final Regulations)

