

CORPORATE GOVERNANCE FRAMEWORK

**Police and Crime
Commissioner for Humberside
&
Humberside Police**

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SECTION 1

Statement of Corporate Governance for the

**Office of Police and Crime
Commissioner for Humberside
and
the Humberside Police**

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

Introduction

The purpose of this statement is to give clarity to the way the two corporations sole, police and crime commissioner and chief constable, will govern both jointly and separately, to do business in the right way, for the right reason at the right time.

Context

The principle statutory framework within which the corporations sole will operate is:

- Police Reform and Social Responsibility Act 2011,
- Policing Protocol Order 2011,
- Financial Management Code of Practice for the police,
- Strategic Policing Requirement.

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

Principles

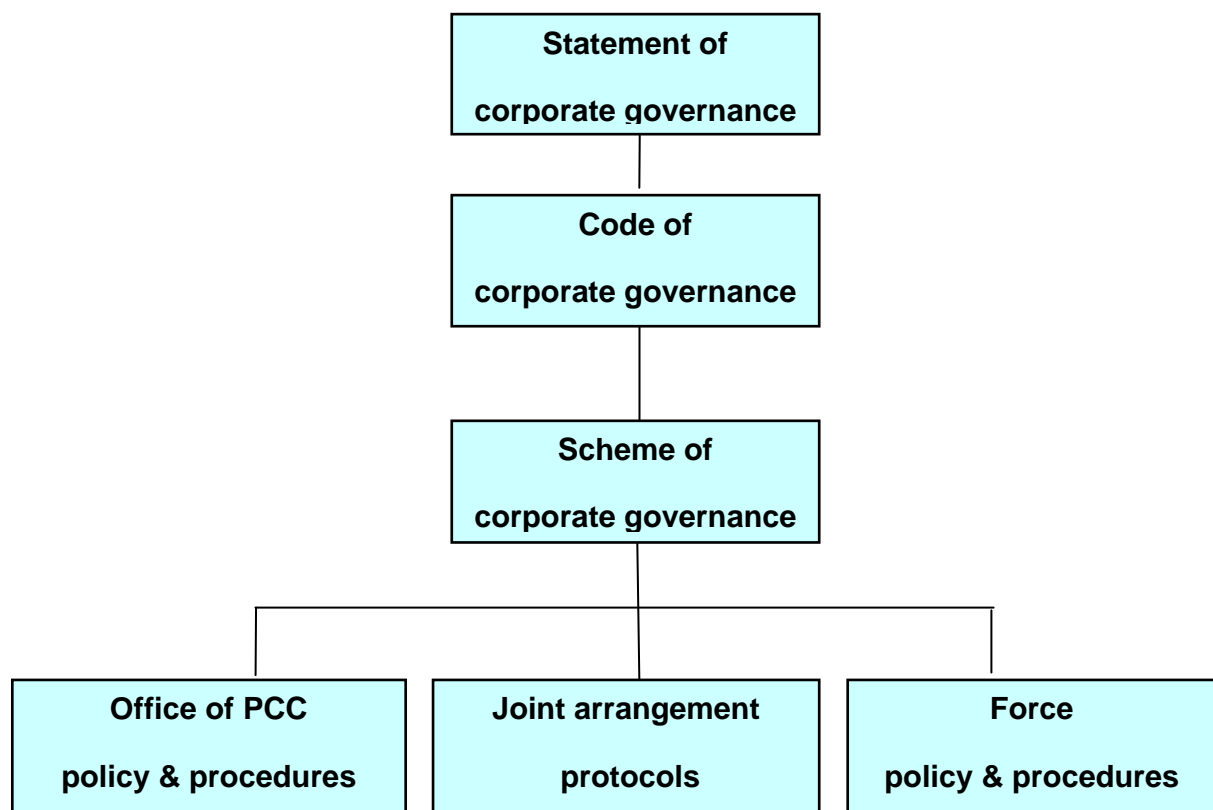
The core principles to be adopted by both corporations sole will be those highlighted by the good governance standard for public services:

- focus on the purpose of the commissioner and the Force, and on outcomes for local people, and creating and implementing a vision for the area.
- working together to achieve a common purpose with clearly defined functions and roles,
- promoting values for the commissioner and demonstrating the value of good governance through upholding high standards of conduct and behaviour,
- taking informed and transparent decisions which are subject to effective scrutiny and managing risk,
- developing the capacity and capability of all to be effective,
- engaging with local people and other stakeholders to ensure robust public accountability.

Framework / Instruments of governance

The corporate governance framework within which both corporations sole will govern, both jointly and separately will consist of:

- Statement of corporate governance – statutory framework and local policy,
- Code of corporate governance – sets out how the good governance core principles will be implemented,
- Scheme of corporate governance – defines the parameters within which the corporations soles will conduct their business,
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.



Leadership

A corporate governance group will review the framework on an annual basis (using the recognised review process¹) with the findings being used to inform the annual governance statements and annual report. The group will also oversee its implementation at least on a quarterly basis. Membership will consist of police and crime commissioner (& deputy), chief constable (& deputy), chief executive and the respective chief finance officers.

¹ Chartered institute of public finance and accountancy – delivering good governance in local government (guidance note for police), November 2012, review process pages 21 - 23

SECTION 2

Code of Corporate Governance for the Office of Police and Crime Commissioner for Humberside and the Humberside Police

Code of Corporate Governance for the Police and Crime Commissioner and Chief Constable

Introduction

This code of corporate governance sets out how the police and crime commissioner and chief constable will govern their organisations both jointly and separately in accordance with policy contained within the statement of corporate governance. It will do this by highlighting the key enablers for ensuring good governance, as set out in the recognised guidance².

Context

This code will set out how the organisations will govern, using the six good governance core principles³ as the structure for setting out the statutory framework and local arrangements.

Code of corporate governance

1. ***Focusing upon the purpose of the commissioner and the force, and on outcomes for local people, and creating and implementing a vision for the local area.***

The Act⁴ requires the police and crime commissioner to issue a ***police and crime plan*** for one year beyond the term of office. It will outline the police and crime objectives (outcomes) and the strategic direction for the policing.

Each corporation sole must have regard to the plan and the police and crime commissioner must have regard to the priorities of the responsible authorities⁵ during its development.

Each organisation will have a ***corporate / strategic plan***, which sets out how it will operate to support achievement of these outcomes.

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

A ***medium term financial strategy*** will be jointly developed by the corporate governance group and thereafter reviewed quarterly to support delivery of these plans. A joint protocol will ensure proper arrangements for financial management.

² Chartered institute of public finance and accountancy – delivering good governance in local government (guidance note for police), November 2012

³ Good governance standard for public services, 2005

⁴ Police Reform and Social Responsibility Act 2011

⁵ PRSR Act 2011, section 10(1)

A **commissioning and award of grants framework** will be developed by the police and crime commissioner, which will incorporate commissioning intentions and priorities.

A **complaints protocol** will be jointly agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be allegations of organisational or individual failure/ concerns.

2. **Working together to achieve a common purpose with clearly defined functions and roles**

The Act⁶ and clearly sets out **the functions of the police and crime commissioner and chief constable** and the protocol⁷ sets out how these functions will be undertaken to achieve the outcomes of the police and crime plan.

The police and crime commissioner may appoint a deputy who will be a member of his staff as highlighted in the Act⁸. The role description approved by the police and crime commissioner will incorporate functions delegated within the scheme of corporate governance.

The Act requires the police and crime commissioner to have **a chief executive and chief financial officer**⁹. The chief executive will be the head of paid service and undertake the responsibilities of monitoring officer¹⁰ and these statutory responsibilities will be incorporated into the job description.

The Act¹¹ requires the chief constable to appoint **a chief finance officer**.

The **financial management code of practice and statement of roles**¹² sets out the responsibilities of chief financial officers for both police and crime commissioner and chief constable and these statutory responsibilities will be incorporated into the respective job descriptions.

The **scheme of corporate governance** highlights the parameters for key roles in the corporations sole including delegations or consents from the police and crime commissioner or chief constable, financial regulations and contract standing orders.

Officers, police support staff and staff of the office of police and crime commissioner will operate within:

⁶ PRSR Act 2011, section 5 – 8,

⁷ Policing Protocol Order 2011

⁸ PRSR Act 2011, section 18 (1)

⁹ PRSR Act, sch 1, 6 (1) ,

¹⁰ Local Government and Housing Act, section 5,

¹¹ PRSR Act 2011, schedule 2 (4).

¹² Financial Management Code of Practice for the Police, section 4, & CIPFA statement on role of chief finance officers, 2011

- Office of PCC and force policy and procedures,
- corporate governance framework,
- discipline regulations, codes of conduct.

A **joint assurance protocol** will enable that effective monitoring of the organisations to ensure they are achieving their priorities.

A joint independent **audit committee** will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) and within the guidance of the Financial Management Code of Practice¹³.

Collaboration or partnership agreements will set out the functions, roles and responsibilities of each body.

3. **Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

The Policing Protocol 2011 requires all parties to abide by the seven **Nolan principles**¹⁴ and these will be central to the conduct and behaviour of all. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

The Financial Management Code of Practice requires the police and crime commissioner and chief constable to ensure that the **good governance principles** are embedded within the way the organisations operate.

The police and crime commissioner and chief constable will set out their **values** in the respective corporate and strategic plans.

4. **Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk**

The **decision making protocol** sets out principles behind how decisions will be taken by the police and crime commissioner and chief constable and the standards to be adopted.

It requires a combined forward plan of decisions, which brings together the business planning cycles for the **police and crime plan**, the **office of the police and crime commissioner** and the force **integrated business management process**. This will ensure proper governance by bringing together the right information at the right time e.g. needs assessments, costs, budgets.

The **national decision making model**¹⁵ will be applied to spontaneous incidents or planned operations, by officers or staff within the force as individuals or teams, and to both operational and non-operational situations.

¹³ Financial Management Code of Practice for the Police, section 11.1.3

¹⁴ Standards in public life, 2005

¹⁵ Single National Decision Model (NDM) for the Police Service. ACPO July 2011

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

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

The **communication and engagement protocols** demonstrate how the police and crime commissioner and chief constable will ensure that local people are involved in decision making.

An **information sharing agreement** provides clear understanding of the basis upon which information will be exchanged between the Chief Constable and the Commissioner in a manner that complies with the law and enables both to fulfil their respective obligations.

The **forward plan of decisions** combined with an open and transparent **information scheme** will make information readily available to local people, with those of greater public interest receiving the highest level of transparency (except where operational and legal constraints exist). This will enable the **Police and Crime Panel** to be properly sighted on the decisions of the Police and Crime Commissioner.

5. **Developing the capacity and capability of all to be effective in their roles**

The office of the police and crime commissioner's **learning and development strategy and the force's people strategy** set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

6. **Engaging with local people and other stakeholders to ensure robust public accountability**

The protocol¹⁶ highlights that the police and crime commissioner is **accountable to local people** and that he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the chief constable.

The **police and crime plan** will clearly set out what the strategic direction and priorities are to be and how it will be delivered. An **annual report** and associated **annual governance statements** will amongst other things, set out the performance against the plan.

To complement this, the **communication and engagement protocols** will set out how local people will be involved with the police and crime commissioner and the chief constable to ensure they are part of the decision making, accountability and future direction. This will be a mixture of being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.

The police and crime commissioner and chief constable will develop arrangements for effective engagement with key **stakeholders**, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction.

¹⁶ Policing Protocol Order 2011, section 14

SECTION 3

Scheme of Corporate Governance for the

**Office of Police and Crime
Commissioner for Humberside
and
the Humberside Police**

Scheme of Governance

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Notes

- 1 Within this document there are references to significant financial implications. These are any items of spending that are novel, contentious or repercussive or where expenditure has not been budgeted for and cannot be provided for within the virement rules set out in the Financial Regulations.**
- 2 This document also refers to sensitive issues. These are unusual or exceptional circumstances which have arisen as a result of a risk assessment based on the PESTELO (Political, Economic, Social, Technological, Environmental, Legal, Organisational) method.**
- 3 Section 18 (6) of the Police Reform and Social Responsibility Act 2011 prohibits delegation to a constable, including the Chief Constable. As a consequence all delegations within this Scheme of Governance relating to the local Force must be to a member of Police Staff, providing that they are not employed by the Chief Constable. Any such delegation will therefore cease to operate if the member of staff becomes employed by the Chief Constable.**

Introduction

The Statement of Corporate Governance details the key roles of the Police and Crime Commissioner, Chief Executive, Chief Constable and the Chief Finance Officers.

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

This Scheme of Corporate Governance provides a framework which ensures the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall corporate governance framework of the two corporations sole. It should be read in the context of the aforementioned statement and code. It has been developed in accordance with the nationally agreed scheme of governance statement of principles¹⁷.

This Scheme of Corporate Governance sets out the delegations by the Police and Crime Commissioner to a Deputy Police and Crime Commissioner (Deputy PCC) (if appointed), the Chief Executive, the Police Force via senior officers such as the Chief Constable's Chief Finance Officer and the Force Solicitor (see note 3 above).

In addition, this Scheme of Corporate Governance incorporates other instruments such as the financial regulations and standing orders relating to contracts.

This Scheme of Corporate Governance aims to clarify those powers which, for the benefit of good business practice, are given to the statutory officers. The Police and Crime Commissioner may limit these powers and/or remove delegation.

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

Powers are given to the Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the Police and Crime Commissioner or the Chief

¹⁷ Interim scheme of governance – statement of principles ver 4 8th November 2012 (APACE).

Constable or, as in the case of police regulations, the Secretary of State for the Home Department.

The powers given to the statutory officers should be exercised in line with the Police and Crime Commissioner's delegation, the law, standing orders and financial regulations, and also policies, procedures, plans, strategies and budgets.

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

1. Key Role of the Police and Crime Commissioner

1.1 The details of the role of the Police and Crime Commissioner can be found in the Code of Corporate Governance.

The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, with the responsibility for the financial administration of his/her office and the force, including all borrowing limits. Consent can be given to the Chief Constable to acquire property (other than land and buildings) and is detailed in the financial regulations and standing orders relating to contracts.

The Police and Crime Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. All funding for the force must come via the Commissioner. How this money is allocated is for the Commissioner to decide in consultation with the Chief Constable, or in accordance with any grant terms.

The Police and Crime Panel is a check and balance on the Commissioner through reviewing or scrutinising his/her decisions, but not those of the Chief Constable.

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

2 General principles

2.1 The Commissioner expects anyone exercising delegated powers under this scheme to draw to the attention of the Office of Police and Crime Commissioner any issue which is likely to be regarded by the Commissioner as novel, contentious or repercussive.

2.2 In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred, prior written approval must be obtained from the Commissioner's office.

2.3 Delegations for such approval are set out in this scheme. The Police and Crime Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.

2.4 The scheme does not attempt to list all matters which form part of everyday management responsibilities.

- 2.5 Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the Police and Crime Commissioner for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
- 2.6 When a statutory officer is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
- 2.7 All decisions statutory officers make under powers given to them by the Commissioner must be recorded and be available for inspection.
- 2.8 The Police and Crime Commissioner will want to be involved in any projects/areas of work which may have a significant impact on local people. He/she will want to be involved in the scope tendering process and evaluation of any business case.
- 2.9 In this document, reference made to the statutory officers include officers authorised by them to act on their behalf.
- 2.10 The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Governance.
- 2.11 The person appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officer (section 151 officer) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
- 2.12 The Scheme of Delegation provides an officer with the legal power to carry out duties of the Commissioner. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
- Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act.
 - Policing Protocol Order 2011,
 - Financial Regulations
 - Home Office Financial Management Code of Practice
 - CIPFA Statements on the Role of the Chief Finance Officer in Public Service Organisations and the Role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of Chief Constable
 - Contract Regulations
 - The Commissioner's Corporate Governance framework
 - The Commissioner's and Force employment policies and procedures.
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes.
- 2.13 When carrying out any duties, the Police and Crime Commissioner and staff must have regard to the following:
- The views of local people
 - Any report or recommendation made by the Police and Crime Panel on the annual report for the previous financial year.
 - The Police and Crime Plan and any guidance issued by the Secretary of State.

(this list is a summary and is not exhaustive)

- 2.14 This Scheme is a record of the formal delegations in accordance with the Act. The Police and Crime Commissioner's corporate governance framework, including this Scheme of Governance will be reviewed annually. With the exception, of those matters listed in paragraph 3.2, the scheme allows any person, with appropriate authority, to delegate that power further.
- 2.15 The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it.
- 2.16 To enable the Police and Crime Commissioner to exercise the functions of their office effectively they will need access to information, and officers and staff within their force area. This access must not be unreasonably withheld or obstructed by the Chief Constable, or restrict the Chief Constable's direction and control of the force.
- 2.17 The Police and Crime Commissioner has a wider responsibility than those solely relating to the police force and is referred to in the Code of Corporate Governance.

3. Functions delegated to the Deputy Police and Crime Commissioner (Deputy PCC)

- 3.1 Section 18 of the Police Reform and Social Responsibility Act 2011 provides the power for the Commissioner to appoint a deputy Police and Crime Commissioner and arrange for him / her to exercise any function.
- 3.2 The Police and Crime Commissioner cannot delegate to the deputy, those functions listed in section 18, subsection (7) (a), (e) or (f). In his/her absence the Deputy PCC can delegate to the Chief Executive to carry out any of his functions (with the exception of those listed in Section 18, sub section 7).

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

The Code of Corporate Governance identifies the role of the Chief Executive as the head of the Police and Crime Commissioner's staff, and the Monitoring Officer.

The formal delegations, listed below, are those given to the Chief Executive, which are in effect at the time of the publication of the scheme.

General

- 4.1 To act as 'monitoring officer' under section 5(1) of the Local Government and Housing Act 1989.
- 4.2 Prepare the police and crime plan for submission to the Commissioner.
- 4.3 Prepare an annual report for submission to the Commissioner.
- 4.4 Provide information to the Police and Crime Panel, as reasonably required to enable the panel to carry out its functions.

- 4.5 To sign all contracts on behalf of the Commissioner (and Deputy Commissioner if appointed) in accordance with any decisions either has made.
- 4.6 To consider whether, in consultation with the Chief Finance Officer, to provide indemnity to the Police and Crime Commissioner (and Deputy PCC if appointed) in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- 4.7 To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the Commissioner in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.

Financial

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

Human Resources

- 4.10 To appoint and dismiss, in consultation with the Police and Crime Commissioner, staff who are not under the control of the Chief Constable
- 4.11 To make recommendations to the Police and Crime Commissioner with regard to staff terms and conditions of service, in consultation with the Chief Finance Officer.
- 4.12 To undertake the management of staffing resources for all staff employed by the Police and Crime Commissioner (and not under the direction or control of the Chief Constable) in line with agreed policies and procedures.
- 4.13 Settlement of employment tribunal cases and grievances of staff under his / her direction and control with the exception of those cases felt to be exceptional because:-
- they involve a high profile claimant
 - there is a particular public interest in the case
 - there is a real risk that the Commissioner will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- 4.14 To process all appeals made by police officers retired due to ill health, and to implement the subsequent awards made, in line with the provisions of the Police and Pensions Regulations, subject to second stage transfer.
- 4.15 To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.

- 4.16 To provide, in consultation with the Police and Crime Commissioner (and after taking legal advice if necessary), financial assistance to police officers (and, if considered appropriate, police community support officers, members of the special constabulary and police staff) in legal proceedings taken by or against them, as long as they act in good faith and exercise reasonable judgement in performing their police duties. This action must be taken in line with Home Office advice.
- 4.17 To appoint Independent Custody Visitors and terminate appointments if necessary.

Other

- 4.18 To affix the common seal of the Police and Crime Commissioner:
- which grant or convey an interest in land where a seal is requested, or
 - when it is determined by the Chief Executive that there is a particular need for the seal to be attached.
- 4.19 To exercise the statutory powers of the Police and Crime Commissioner for professional standards, on behalf of the Deputy PCC (if appointed), as delegated to them on a temporary or permanent basis, and such delegations to be documented with this Scheme.
- 4.20 To authorise people to make, defend, withdraw or settle any claims or legal proceedings on the Police and Crime Commissioner's behalf, in consultation with the Legal Advisor (or Chief Finance Officer if there is significant financial implications).
- 4.21 To consider, with the Police and Crime Commissioner, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint.
- 4.22 To respond to consultations on proposals affecting the Police and Crime Commissioner, if necessary, after first taking the views of the Commissioner, the Chief Finance Officer or the Chief Constable, as appropriate.
- 4.23 To get legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Police and Crime Commissioner's best interests and for his/her benefit.
- 4.24 To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.
- 4.25 To make sure, in consultation with the Chief Constable, appropriate arrangements are made to gather the community's views on policing and preventing crime.

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

The Code of Corporate Governance identifies the role of the Chief Finance Officer. As the financial adviser to the Police and Crime Commissioner there is a statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).

The detailed financial management responsibilities of the Chief Financial Officer are set out in the financial regulations.

6. Key Role of the Chief Constable

Introduction

The role of the Chief Constable is referred to in Code of Corporate Governance, but essentially is responsible for maintaining the Queen's peace and has direction and control over the force's officers and staff.

The Chief Constable is accountable for the exercise of police powers, and to the Police and Crime Commissioner for the delivery of efficient and effective policing, and management of resources and expenditure by the police force.

Functions delegated to the appropriate officer under the Direction and Control of the Chief Constable

Note:

As set out in the Act and in the nationally recognised statement of principles¹⁸, the commissioner is prevented from delegating any functions to the chief constable or any of his employees. Therefore the recommended approach is to be adopted whereby the assistant chief officers (support and human resources) can be delegated the authority to act on behalf of the commissioner. However, it is important that this authority is exercised in consultation with the chief constable.

The functions set out below must be mirrored within the Force's Scheme of Delegation. These must identify the relevant posts responsible for these functions.

Financial (delegated to assistant chief officer (support) in consultation with the chief constable)

- 6.1 The detailed financial management responsibilities of the Chief Constable and his / her staff are set out in the financial regulations.

Procurement (delegated to assistant chief officer (support) in consultation with the chief constable)

- 6.2 Undertake the day to day management of the procurement function in accordance with the standing orders relating to contracts.

Property (delegated to assistant chief officer (support) in consultation with the chief constable)

¹⁸ Interim scheme of governance – statement of principles, ver 4, 8th November 2012.

- 6.3 To undertake the day to day management of the property function subject to the provision of financial regulations.

Personnel (delegated to assistant chief officer (human resources) in consultation with the chief constable)

- 6.4 To manage, as far as is allowed by government directives, the numbers, locations, ranks and grading of police staff and police officers under the direction and control of the Chief Constable within the overall workforce budget approved by the Police and Crime Commissioner (except for posts at chief-officer level which the Commissioner should be consulted on).
- 6.5 To appoint all officers and staff (after consultation with the Police and Crime Commissioner on posts above the rank of Chief Superintendent and police staff equivalent).
- 6.6 To authorise, in line with police staff conditions of service, the suspension or dismissal of any staff not appointed by the Police and Crime Commissioner.
- 6.7 To approve the retirement, in the interests of the efficiency of the service, of employees and to report to the Police and Crime Commissioner on this issue each year.
- 6.8 To approve in consultation with the Police and Crime Commissioner the appointment or secondment of police officers for central services or overseas duty.
- 6.9 In line with the terms of any approval given by the Secretary of State, to grant leave with pay, and the payment of appropriate fees and charges, for police officers chosen to take degree courses at university.
- 6.10 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the Police and Crime Commissioner for a decision.
- 6.11 To approve payments under any bonus or performance-related payment schemes approved by the Police and Crime Commissioner, honoraria payments made for taking on extra duties and responsibilities, or similar special payments. However, all payments relating to the Chief Constable's Review/Bonus Scheme can only be approved by the Police and Crime Commissioner.
- 6.12 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. All agreements reached must be reported back to the Police and Crime Commissioner.
- 6.13 To grant essential or casual car-user allowances.
- 6.14 To make awards under any staff-suggestion scheme.
- 6.15 If the Chief Executive agrees, to issue certificates staff have asked for to make them exempt from political restrictions under the correct legal provisions
- 6.16 To approve the retirement of police officers and police staff up to and including the rank of Chief Superintendent on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from the Force Medical Examiner or a medical practitioner. However, the Police and Crime

Commissioner must be consulted on the retirement of the Deputy Chief Constable and Assistant Chief Constables. All ill-health retirements must be reported to the Police and Crime Commissioner.

Legal (delegated to assistant chief officer (finance) in consultation with the chief constable)

- 6.17 Approve the financial settlement of all claims or requests for compensation (other than those brought against the Chief Constable as corporation sole) felt to be non significant because:-
- The compensation to be paid is £20,000 or less (to include multiple or linked claims/claimants) and in the case of ex gratia payments for damage caused by officers and staff where the threshold will be £10,000 or less.
 - they do not involve a high profile claimant including Association of Chief Police Officer (ACPO) rank police officers
 - there is no particular public interest in the case
 - there is no real risk that the Police and Crime Commissioner, the Force or the Office of the Police and Crime Commissioner will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
 - it is not the nature of a test case.
- 6.18 Approve all requests for financial assistance to officers and staff involved in legal proceedings or inquests except those felt to be significant because:-
- they involve a high profile claimant
 - there is a particular public interest in the case
 - there is a real risk that the Police and Crime Commissioner, the Force or the Office of the Police and Crime Commissioner will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- 6.19 Institute, defend or participate in legal actions to protect the interests of the chief constable and the Office of the Police and Crime Commissioner.
- 6.20 Provide advice, institute and defend legal proceedings on behalf of the Police and Crime Commissioner when requested to do so.
- 6.21 Settlement of employment tribunal cases and grievances of staff under the direction and control of the Chief Constable with the exception of those cases felt to be exceptional because:-
- they involve a high profile claimant
 - there is a particular public interest in the case
 - there is a real risk that the Police and Crime Commissioner be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- 6.22 To sign all contracts on behalf of the Police and Crime Commissioner, irrespective of value, once they have been properly approved, except those which are required to be executed under the common seal of the Police and Crime Commissioner. In these cases the Chief Executive is authorised to sign and affix the seal.
- 6.23 To exercise the powers and duties of the Police (Property) Regulations 1997 by:

- authorising, where appropriate, requests to donate unclaimed lost property to charity; and
- approve the keeping of unclaimed lost property if it can be put to good use for police purposes.

7 Urgent matters

7.1 If any matter which would normally be referred to the Police and Crime Commissioner (or Deputy PCC, [if appointed]) for a decision arises and cannot be delayed, the matter may be decided by the appropriate chief officer.

7.2 The appropriate chief officers authorised to decide urgent matters are:

- the Chief Executive (all issues other than operational matters);
- the Chief Finance Officer (financial and related issues)
- the Chief Constable (operational and financial issues affecting xxx police service).

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

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INTRODUCTION

PURPOSE

1. The purpose of this document is to set out the Financial Regulations that apply to the Police and Crime Commissioner for Humberside (PCC), all staff in his/her office, the Chief Constable and police officers and police staff within the Humberside Police Force having due regard to the overall regulatory framework of their approach to financial management.
2. To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the 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.
3. 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.
4. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 which permits the Secretary of State to issue codes of practice to all police and crime commissioners and chief constables.
5. The PCC and the Chief Constable are established in law as corporations sole within the Police Reform and Social Responsibility Act 2011. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the PCC are accountable to the directly elected holder of that office.
6. 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.
7. The PCC may appoint a Deputy PCC who may exercise the functions of the PCC set out in the Scheme of Governance.
8. 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.
9. 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 (CFO).

STATUS

10. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and corporate governance framework that includes the Policing Protocol, codes of conduct, the scheme of governance, within which levels of delegation and Standing Orders Relating to Contracts sit.
11. The PCC, Chief Constable and all officers and staff have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
12. Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective CFOs, the PCCCFO and the CCFO, and to the role played by the PCC's Chief Executive and Monitoring Officer.
13. The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCCCFO is responsible for maintaining and reviewing Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the CCCFO and the Chief Executive. Copies will be available on the PCC's website and on the Force Intranet.
14. A delegation in these Financial Regulations to a Chief Officer who is not a constable shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
15. More detailed Financial Instructions to supplement these Regulations, shall be issued by the Chief Constable after consultation with the PCCCFO and Chief Executive.
16. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
17. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the PCCCFO and/or CCCFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCC and/or Chief Constable. Further guidance is set out in Section H.
18. The PCC and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
19. The Financial Regulations shall only be suspended by a formal decision of the PCC.

THE FINANCIAL REGULATIONS

20. The Financial Regulations are divided into a number of sections. References are made in the individual sections to delegated limits of authority with the actual value of each limit is set out in Section G. Changes to delegated limits can then be made without reviewing the whole document.
 - Section A - Financial Management Framework
 - Section B - Financial Planning and Control
 - Section C - Management of Risk and Resources
 - Section D - Systems and Procedures

- Section E - External Arrangements
- Section F - Contract Standing Orders
- Section G - Delegated Limits
- Section H - Guidance Notes on Breaches of Standing Orders and Financial Regulations
- Section I - Anti Fraud and Corruption Strategy and Fraud Response Plan

21. The Regulations will be supplemented by more detailed Financial Instructions issued by the Chief Constable after consultation with the PCCCFO and the Chief Executive. The Financial Instructions will be available on the Force Intranet.

DEFINITIONS WITHIN THE REGULATIONS

22. These Regulations refer to:-

- The Police and Crime Commissioner for Humberside (the PCC)
- The Office of the PCC (OPCC)
- The Chief Constable of Humberside Police
- The Statutory Officers
- The Force

23. The Statutory Officers are:

- The PCC's Chief Finance Officer is the PCCCFO
- The Chief Constable's Chief Finance Officer is the CCCFO
- The Chief Executive who also fulfils the role of Monitoring Officer

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

25. Chief Officers when referred to as a generic term means the Chief Constable, Chief Executive, PCCCFO, CCCFO and Assistant Chief Officer (Human Resources).

26. 'Employees' when referred to as a generic term refers to police officers, police staff and other members of the wider police family.

27. The expression 'authorised officer' refers to employees authorised by a Chief Officer.

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

29. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.

30. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or PCCCFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or PCCCFO.

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

delegated, including employees of another Police Force with whom a relevant Collaboration Agreement pursuant to section 22a of the Police Reform and Social Responsibility Act 2011 has been entered into. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

The Police and Crime Commissioner (PCC)

32. The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of governance. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The Statutory Officers of the Chief Constable and the PCC will provide professional advice and recommendations.
33. The PCC shall appoint a Chief Financial Officer (the PCCCFO) to be responsible for the proper administration of the Commissioner's financial affairs. The PCC shall also appoint a Chief Executive who will also act as the PCC's Monitoring Officer and Head of Paid Service.
34. The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He/she is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
 - the Police and Crime Plan
 - the Medium Term Financial Strategy including medium term financial forecasts(MTFS)
 - the Annual Revenue Budget
 - the Capital Programme
 - the Treasury Management Strategy, including the annual investment strategy and minimum revenue provision (MRP) policy
 - the Estate Strategy and Asset Management plans
 - the Risk Management strategy
 - the Governance policies
35. The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
36. The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
37. The PCC shall provide the PCCCFO with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
38. The PCC may appoint a Deputy PCC (DPCC) and arrange for the DPCC to carry out appropriate functions of the PCC delegated to him/her.

The Deputy Police and Crime Commissioner (DPCC)

39. The DPCC may exercise any of the functions conferred on him by the PCC as detailed in the Scheme of Governance.

The Chief Constable

40. The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC.
41. The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, his/her constables and staff, remain operationally independent in the service of the public.
42. To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their force, the Chief Constable should have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
43. The Chief Constable must ensure that the financial management of his/her allocated budget remains consistent with the objectives and conditions set by the PCC.
44. When the Chief Constable intends to make significant change of policy or seeks to move significant sums of their budget then the approval of the PCC should be sought.
45. The Chief Constable shall appoint a Chief Finance Officer (CCCFO) to lead the Force on financial management and be responsible for the proper administration of the Chief Constable's financial affairs.
46. The Chief Constable is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the Chief Constable shall comply with the approved policies and framework of accountability.
47. The Chief Constable shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed advice on the operation of the specific financial processes delegated to him/her. He/she shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

The Independent Audit Committee

48. The Home Office Financial Management Code of Practice states that the PCC and Chief Constable should establish an Independent Audit Committee. This should be a combined body which will consider the internal and external audit reports of both the PCC and the Chief Constable. This Committee will advise the PCC and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Committee the PCC and the Chief Constable shall have regard to CIPFA Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.

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

THE ROLE OF THE STATUTORY AND KEY OFFICERS

The Police and Crime Commissioner's Chief Finance Officer (PCCCFO)

1. The PCCCFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
2. The PCCCFO's statutory responsibilities are set out in:
 - a) Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011;
 - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
 - c) The Accounts and Audit Regulations 2011.
3. The PCCCFO is the PCC's professional adviser on financial matters and shall be responsible for:
 - a) ensuring that the financial affairs of the PCC are properly administered and that Financial Regulations are observed and kept up to date;
 - b) ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
 - c) ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
 - d) Reporting to the PCC, the Police and Crime Panel and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
 - when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
 - e) advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
 - f) preparing the annual statement of accounts, in conjunction with the CCCFO;
 - g) ensuring the provision of an effective internal audit service, in conjunction with the CCCFO;
 - h) securing the treasury management function, including loans and investments;
 - i) advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance
 - j) arranging for the determination and issue of the precept
 - k) liaising with the external auditor; and
 - l) advising the PCC on the application of value for money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
4. The PCCCFO, in consultation with the Chief Executive, CCCFO and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCC and the Force.

5. The PCCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCC's accounts, including group accounts.
6. To enable him/her to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCCCFO:
 - a) must be a key member of the PCC's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
 - b) must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and aligned with the PCC's financial strategy;
 - c) must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
 - d) must ensure that the finance function is resourced to be fit for purpose.

The Chief Constable's Chief Finance Officer (CCCFO)

7. The CCCFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
8. The CCCFO is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.
9. The CCCFO's responsibilities are set out in:
 - a) Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011;
 - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
 - c) The Accounts and Audit Regulations 2011.
10. The CCCFO is responsible for:
 - a) ensuring that the financial affairs of the Force are properly administered and that these Financial Regulations are observed and kept up to date;
 - b) Reporting to the Chief Constable, the PCC, the PCCCFO and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable
 - when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure;
 - c) advising the Chief Constable on value for money in relation to all aspects of the Force's expenditure;
 - d) advising the Chief Constable and the PCC on the soundness of the budget in relation to the force;
 - e) liaising with the external auditor; and
 - f) working with the PCCCFO and his/her staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
11. The CCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and preparing each year,

in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The CCCFO will need to observe the locally agreed timetable for the compilation of the group accounts by the PCCCFO.

12. To enable him/her to fulfil these duties the CCCFO:
 - a) must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
 - b) must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
 - c) must lead the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
 - d) must ensure that the finance function is resourced to be fit for purpose.
13. It must be recognised that Financial Regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCCCFO, shall be responsible for interpreting these Regulations so as to ensure the efficient and effective operation of services.

The Chief Executive and Monitoring Officer

14. The Chief Executive is responsible for the leadership and general administration of the PCC's office.
15. The Chief Executive is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.
16. As Monitoring Officer he/she is responsible for:
 - ensuring the legality of the actions of the PCC and his officers;
 - ensuring that procedures for recording and reporting key decisions are operating effectively;
 - advising the PCC and officers about who has authority to take a particular decision;
 - advising the PCC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework; and
 - advising the PCC on matters relating to standards of conduct.

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 FINANCIAL MANAGEMENT STANDARDS

Overview

1. The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
2. The PCC shall receive updates on the financial performance of the Force and the Office of the PCC by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditor.

Joint Responsibilities of the PCCCFO and CCCFO

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

Responsibilities of the Chief Constable

9. The Chief Constable shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded.

A2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS

Overview

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

Joint Responsibilities of the PCCCFO and CCCFO

2. To determine the accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables.
3. To make proper arrangements for the audit of the PCC's, Force's and group accounts in accordance with the Accounts and Audit Regulations 2011.
4. To ensure that all claims for funds including grants are made by the due date.
5. To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
6. To prepare and publish the audited accounts in accordance with the statutory timetable.

Joint Responsibilities of the Chief Constable and CCCFO

7. To obtain the approval of the PCCCFO before making any fundamental changes to accounting records and procedures or accounting systems.
8. To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
9. To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
10. To ensure that prime documents are retained in accordance with legislative and internal requirements. The format of such documents shall satisfy the requirements of internal and external audit. The PCCCFO, the Chief Executive and the Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

A3 THE ANNUAL STATEMENT OF ACCOUNTS

Overview

1. The PCC has a statutory responsibility to prepare accounts to present a true and fair view of the financial position of the OPCC and the Force and of operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the PCC, Chief Constable as well as group accounts covering both entities.
2. The PCC is responsible for approving these annual accounts.
3. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources are adequate.

Responsibilities of the PCCCFO

4. To draw up the timetable for final accounts preparation, in consultation with the CCCFO and external auditor.
5. To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the OPCC and the Force at the accounting date and its income and expenditure for the financial year just ended.
6. To publish the approved and audited accounts each year, in accordance with the statutory timetable.

Joint Responsibilities of the PCCCFO and CCCFO

7. To select suitable accounting policies and apply them consistently.
8. To make judgements and estimates that are reasonable and prudent.
9. To comply with the Code of Practice on Local Authority Accounting.

Responsibilities of the CCCFO

10. To comply with accounting guidance provided by the PCCCFO and supply him with appropriate information upon request within a reasonable timescale.

Responsibilities of the PCC

11. To consider and approve the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview

1. Delivering a range of policing activities is complex and needs systems to be developed and implemented to enable scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.
2. The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
3. The planning process should be continuous and the planning period should cover 5 years. The process should include a more detailed annual plan, the budget, covering the forthcoming financial year. This allows the PCC and the Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.
4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The annual budget will be supported by a detailed objective analysis of spending at Division and Branch level.
5. It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Central Government on resource allocation.

Medium Term Financial Strategy

6. 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 including financial projections for 5 years together with a capital programme covering the same period.

Responsibilities of the PCC

7. To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial strategy which includes funding and spending plans for both revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local authorities. The strategy should be aligned with the Police and Crime Plan.

Joint Responsibilities of the PCCCFO and CCCFO

8. To determine the format and timing of the medium term financial strategy to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

9. To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the Chief Constable shall have regard to:
 - the Police and Crime Plan
 - policy requirements approved by the PCC as part of the policy framework
 - the Strategic Policing Requirement
 - unavoidable future commitments, including legislative requirements
 - initiatives already underway
 - revenue implications of the capital programme
 - proposed service developments and plans which reflect public consultation
 - the need to deliver efficiency and/or productivity savings
 - Government grant allocations
 - potential implications for local taxpayers
10. To ensure that the medium term financial forecast includes options for the use of general balances, reserves and provisions, assumptions about future levels of government funding and demonstrates potential implications for local taxation.
11. A gap may be identified between available resources and required resources. Requirements should therefore be prioritised by the Chief Constable to enable the PCC to make informed judgements as to future funding levels and planning the use of resources.

Annual Revenue Budget Preparation

Overview

1. 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 Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Force.
2. The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from Government and from other sources and balance the expenditure needs of the policing service and the PCC against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
3. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial strategy should be clearly identified.

Responsibilities of the PCC

4. To agree the planning timetable with the Chief Constable.
5. To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.
6. To present the proposed budget and precept recommendations to the Police and Crime Panel and respond to their views and comments.

Responsibilities of the PCCCFO

7. To determine the format of the revenue budget to be presented to the PCC in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
8. To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations.
9. To advise the PCC on appropriations from/to and or the appropriate level of general balances, earmarked reserves or provisions to be held.
10. To submit a report to the PCC on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
11. Upon approval of the annual budget, to submit the council tax requirement return to Central Government and precept requests to appropriate bodies in accordance with the legal requirement.

12. To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

Joint Responsibilities of the Chief Constable and CCCFO

13. To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCCCFO.
14. To submit estimates in the agreed format to the PCC for approval.
15. To identify all proposed individual major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).

B2 BUDGETARY CONTROL

Overview

1. 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 both the Chief Constable and PCC to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
2. The key controls for managing and controlling the revenue budget are that:
 - a) there is a nominated budget manager for each cost centre heading who is accountable for the budgets under his direct control; and
 - b) the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

Revenue Budget Monitoring

Overview

1. By continuously identifying and explaining variances against budgetary targets, the PCC and the Chief Constable can identify changes in trends and resource requirements at the earliest opportunity. The PCC and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that the budget is not overspent in total, the Chief Constable, CCCFO the Chief Executive and the PCCCFO are required to manage expenditure within their budget allocations, subject to the rules of virement.

Joint Responsibilities of the Chief Constable and CCCFO

2. To provide appropriate financial information to enable budgets to be monitored effectively.
3. To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.
4. To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, both the PCCCFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC.
5. To submit a budget monitoring report to the PCC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the PCC and PCCCFO.
6. To ensure that budget holders manage income and expenditure within their area, monitor performance and report variances within their own areas to the Chief Constable and CCCFO.
7. To take any action necessary to avoid an adverse variation to their budget allocation and alert the Chief Constable and PCCCFO to any problems.
8. To require detailed budget monitoring to be undertaken by budget holders on a monthly basis and for this to be reported to the CCCFO.
9. To ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.
10. To refer major revenue projects back to the PCC for further approval where, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section G.

Joint Responsibilities of the CCCFO and the PCCCFO

11. To submit a budget monitoring report, containing the most recently available financial information to the PCC showing spending to date and comparisons of projected outturn with the latest approved budget at times to be agreed.

Responsibility of the PCCCFO`

12. To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information.

Joint Responsibilities of the Chief Executive and PCCCFO

13. To manage the budget allocated for the PCC's Office.
14. To ensure that total spending for the PCC's Office remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Executive the PCC shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the PCC.

Revenue Virement

Overview

1. A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget report. The scheme of virement is intended to enable chief officers 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 to emerging needs.
2. The Chief Constable and the CCCFO are expected to exercise discretion in managing budgets responsibly and prudently and should only be required to refer back to the PCC when virement would incur substantive changes in the policy of the PCC or where a virement might create a future year or continuing commitment.
3. The Chief Constable shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.
4. Key controls for the scheme of virement are:
 - a) it is administered by Chief Officers within delegated powers given by the PCC. Any variation from this scheme requires the approval of the PCC;
 - b) the overall budget is agreed by the PCC. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget;
 - c) virement does not create additional overall budget liability; and
 - d) each Chief Officer with delegated powers shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

Responsibilities

5. The limits that apply on virements between budget headings are defined in Section G.
6. The exceptions to the above framework are that:
 - a) Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect long term revenue commitments of the Force and the PCC; and
 - b) When the virement is between an income budget line and an expenditure budget line which is directly related, approval is sought from the PCCCFO and/or CCCFO and the income and expenditure budgets will be increased for budget monitoring purposes.
7. Budget lines will be cash limited and defined each year as part of the budget approval.
8. All requests for virement must be made in the format prescribed by the PCCCFO and/or CCCFO and information on the virements within the limits set out in section G will be available to support budget monitoring report information.
9. The approval of the PCC shall be required if the virement involves:
 - a) a substantial change in policy
 - b) a significant addition to commitments in future years
 - c) where resources to be transferred were originally provided to meet expenditure of a capital nature.

Treatment of Year End Balances

Overview

1. A year end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down 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 nature of the budget variation. Carry forwards impact on reserves and balances will be undertaken in accordance with the approved scheme for that purpose.
2. The carry forward of underspent and overspent budgets is permitted only within the delegation limits set out within the carry forward scheme. Carry forwards are to be the subject of a report to the PCC as part of the year end outturn report. Budget Managers will be required to satisfy the Chief Constable and the CCCFO that expenditure proposed against carry forward underspendings is in accordance with Police and Crime Plan priorities and is non recurrent in nature.

Joint Responsibilities of the PCCCFO and the CCCFO

3. To ensure that Budget Managers report any overspend on their budgets in any financial year.
4. To consider reducing budgets for the following financial year where overspending has occurred or is expected to occur.
5. To consider requests from Budget managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year, subject to the limits indicated in Section G.
6. To refer all carry forwards that fall outside of the parameters stipulated in these Regulations to the PCC for approval.

Responsibilities of the PCC

7. To consider the arrangements for carrying forward underspends when considering the level of reserves and balances as part of the development of the financial strategy.

B3 CAPITAL PROGRAMME

Overview

1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
2. Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the PCC will consider his/her spending plans.
3. The capital programme is linked to the Estates Strategy and other strategies involving proposals for significant investment in capital assets which must be included within the approved Medium Term Financial Strategy.

Joint Responsibilities of the PCCCFO and Chief Constable

4. To prepare a Medium Term Financial Strategy for consideration and approval by the PCC including all financial implications of capital spending plans.

Responsibilities of the PCC

5. To approve the Estate Strategy and asset management plans together with other strategies involving proposals for significant investment in capital assets.
6. To approve the capital programme.

Joint Responsibilities of the Chief Constable and CCCFO

7. To develop and implement approved Estate and asset management plans.
8. To prepare a 5-year rolling programme of proposed capital expenditure for consideration and approval by the PCCCFO and PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
9. To prepare project appraisals for all schemes to be included in the capital programme for submission to the PCCCFO and PCC for consideration and scheme approval. This will include all additional revenue and capital costs and provide evidence of the scheme's viability for inclusion.
10. To ensure that each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
11. To identify, in consultation with the PCCCFO, available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property or other assets.
12. To prioritise requirements so that if a gap is identified between available resources and required capital investment the PCC can make informed judgements as to which schemes should be included in the capital programme, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
13. Not to incur capital expenditure unless the scheme is approved by the PCC apart from professional fees (e.g. feasibility studies, planning fees).

Responsibilities of the PCCCFO

14. To make recommendations to the PCC on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.

Responsibilities of the PCC

15. To approve a fully funded medium term capital programme.

Annual Capital Programme

Responsibilities of the PCC

16. To agree the annual capital programme, and how it is to be financed.

Joint Responsibilities of the Chief Constable and CCCFO

17. To incur expenditure, providing the project appraisal has been approved and on the costs of the schemes is included within the approved capital programme and provided cost variations do not exceed the sum contained in the approved programme by more than the amounts identified in Section G.
18. To ensure that property leases, finance leases or other credit arrangements with the value or term above the limits set out in Section G are not entered into without the prior approval of the PCCCFO.

Monitoring of Capital Expenditure

Responsibilities of the Chief Constable

19. To ensure that adequate records are maintained for all capital contracts

Joint Responsibilities of the Chief Constable and the PCCCFO

20. To monitor progress of the capital programme and expenditure throughout the year against the approved programme.
21. To submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCCCFO.
22. To prepare a business case for all new capital schemes (after the annual programme has been agreed) for submission to the PCC for consultation and approval.
23. To demonstrate how any amendments to the programme increasing the overall costs are to be funded.

Joint Responsibilities of the PCCCFO and the CCCFO

24. To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.

B4 MAINTENANCE OF BALANCES AND RESERVES

Overview

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

Responsibilities of the PCCCFO

2. To advise the PCC on reasonable levels of balances and reserves.
3. To report to the PCC on the adequacy of reserves and balances before he/she approves the annual budget and precept.
4. To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

Responsibilities for the Chief Constable

5. To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.
6. To present a business case to the PCCCFO and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

Responsibilities of the PCC

7. To approve a policy on reserves and balances, including the minimum acceptable level of general balances.
8. To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
9. To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT AND BUSINESS CONTINUITY

Overview

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

Joint Responsibilities of the PCC and Chief Constable

3. The Code of Corporate Governance highlights the importance of risk management being embedded throughout the governance arrangements in both organisations, whether operating jointly or separately. The PCC and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

Responsibilities of Chief Officers / Chief Executive

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

Responsibilities of the PCCCFO

7. To advise the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
8. To arrange for regular reviews to be undertaken of self insurance arrangements and, following these reviews, to recommend to the PCC a course of action to ensure that, over the medium term, funds are available to meet all known liabilities.

Joint Responsibilities of the Chief Constable and CCCFO

9. To ensure, in consultation with the PCC CFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
10. To administer insurance matters including the settlement of liability claims.
11. To notify the PCCCFO of any significant claims.
12. To notify the Chief Executive of any terms of indemnity that are requested.
13. To ensure that claims made against insurance policies are made promptly.
14. To make all appropriate employees aware of their responsibilities for managing relevant risks.
15. To ensure that employees, or anyone covered by the Force and 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.
16. To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.
17. To settle civil claims in accordance with the arrangements set out in Section G.

Responsibilities of the Chief Executive

18. To evaluate and authorise any terms of indemnity that is requested by external parties.
19. To approve before any contract for works is made that the insurance cover to be furnished by the contractor in respect of any act or defaults unless cover is provided by the PCC.

C2 INTERNAL CONTROLS

Overview

1. Internal control refers to the systems of control devised by management to help ensure objectives of the PCC and the Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
2. Policing is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The PCC and the Chief Constable have statutory obligations, and, therefore, systems of internal control are required to identify, meet and monitor compliance with these obligations.
3. The PCC and the Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Systems of internal control are necessary to manage these risks. These systems of internal control are established in order to provide achievement of:
 - efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management

Responsibilities of Chief Officers

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

Joint Responsibilities of the Chief Executive and Chief Constable

7. To produce Annual Governance Statements for consideration and approval by the PCC. Following approval, the Annual Governance Statements should be signed by the Chief Executive, Chief Constable and PCC.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview

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

Responsibilities of the Independent Audit Committee

5. To approve the terms of reference within which internal audit operates. In terms of internal audit the ToRs will include the following key activities and responsibilities:
 - Advising the PCC and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
 - Approving (but not directing) the annual internal audit plan;
 - Overseeing and giving assurance to the PCC and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk;
 - Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the PCC and Force; ensuring appropriate action is taken to address any areas for improvement; and
 - Reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption.

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

Joint Responsibilities of the PCC and Chief Constable

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

Joint Responsibilities of the PCC, Chief Constable, PCCCFO and CCCFO

8. To ensure that internal auditors, having been security cleared, have the authority to:
 - access police and OPCC premises at reasonable times;
 - access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any employee to account for cash, stores or any other police and PCC assets under their control; and
 - access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
9. To ensure that Internal Audit has direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Head of Internal Audit

10. To prepare, in consultation with the PCC, Chief Constable, PCCCFO and CCCFO, an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.
11. To attend meetings of the Independent Audit Committee and to present to each meeting a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
12. To present an annual report to the Independent Audit Committee, including an opinion on the effectiveness of the internal control environment within the Force and OPCC.

Responsibilities of Chief Officers

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

Responsibilities of the CCCFO

14. To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCCCFO and Internal Audit prior to implementation.
15. To notify the PCCCFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with the Head of Internal Audit as appropriate and keep him informed of progress. At the conclusion of the investigation the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised. The operation of this Regulation shall be in accordance with the agreed protocol between the Chief Constable's Head of Professional Standards, the PCCCFO, the CCCFO and the Head of Internal Audit referred to in the Anti Fraud and Corruption Strategy and Fraud Response Plan set out in Section H.

External Audit

Overview

1. The Audit Commission is responsible for appointing external auditors to local and other authorities and to police forces and elected policing bodies (PCCs). The Code of Audit Practice prescribes the way in which auditors appointed by the Audit Commission carry out their functions under the Audit Commission Act 1998. The external auditor has rights of access to all documents and information necessary for audit purposes.
2. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon:
 - the financial aspects of the audited body's corporate governance arrangements;
 - the audited body's financial statements; and
 - aspects of the audited body's arrangements to secure Value for Money.
3. In auditing the annual accounts the external auditor must satisfy themselves, in accordance with Section 5 of the 1998 Act, that:
 - the accounts are prepared in accordance with the relevant regulations;
 - they comply with the requirements of all other statutory provisions applicable to the accounts;
 - proper practices have been observed in the compilation of the accounts; and
 - the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.
4. The 1998 Act sets out other specific responsibilities of the auditor, for example under section on financial reporting.

Responsibilities of the Independent Audit Committee

5. To consider the annual audit plan and fee.
6. To receive and respond to the annual governance reports.
7. To receive the Annual Audit Letter.

Joint Responsibilities of the PCCCFO and CCCFO

8. To liaise with the external auditor and advise the PCC and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.
9. To provide the Home Office with a copy of the Annual Audit Letter.

Joint Responsibilities of the Chief Constable and PCCCFO

10. To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
11. To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

Other Inspection Bodies

Overview

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

Joint Responsibilities of the PCC and the Chief Constable

2. To receive and respond to reports from other inspection bodies.

C4 PREVENTING FRAUD AND CORRUPTION

Overview

1. 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.
2. 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.
3. 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.

Joint Responsibilities of the PCC and Chief Constable

4. To foster a culture that will not tolerate fraud and corruption.
5. To approve and maintain an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan (Section I).
6. To ensure that adequate and effective internal control arrangements are in place
7. To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCC, Chief Constable and all employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCC, the Chief Constable, Chief Officers and all employees.
8. To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
9. To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all members and employees.
10. To adopt and adhere to the whistle blowing policy.

Joint Responsibilities of the Chief Executive, PCCCFO, Chief Constable and CCCFO

11. To prepare an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan for approval by the PCC and Chief Constable.
12. To adhere to appropriate legislation, e.g. the Public Disclosure for 1998.
13. To arrange for any suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards, the PCCCFO, the CCCFO and the Head of Audit and for these to be unrestricted in line with the agreed Anti-Fraud and Corruption Strategy and Fraud Response Plan.

C5 ASSETS

Overview

1. Assets are held in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management which provides information about assets so that they are:
 - Accurately recorded and classified;
 - Safeguarded against loss;
 - Used efficiently and effectively;
 - Adequately maintained; and
 - Valued in accordance with statutory and management requirements.

Context

2. The PCC will initially own and fund all assets regardless of whether they are used by the PCC, by the Force or by both bodies. However, with consent from the PCC, Chief Constables can acquire property (other than land or buildings).
3. The Chief Constable is responsible for the direction and control of the Force and should therefore have day-to-day management of all assets used by the Force.
4. The PCC should consult the Chief Constable in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

Joint Responsibilities of the PCC and Chief Constable

5. To ensure that:
 - a) 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;
 - b) 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;
 - c) 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;
 - d) 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;
 - e) title deeds to PCC property are held securely;
 - f) no PCC asset is subject to personal use by an employee without proper authority;
 - g) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the Force or OPCC;
 - h) all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;

- i) assets no longer required are disposed of in accordance with the law and these financial regulations; and
- j) all employees are aware of their responsibilities with regard to safeguarding the security of Force and OPCC ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

Valuation

Responsibilities of the Chief Constable

1. To maintain an asset register for all fixed assets with a value in excess of the limits shown, in a form approved by the PCCCFO.
2. To ensure that assets are recorded when they are acquired by the Force or the PCC shall remain on the asset register until disposal and valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* and the requirements specified by the PCCCFO.

Inventories

Responsibilities of the Chief Constable

1. To ensure that inventories are maintained for the Force in a format approved by the PCCCFO and CCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

Responsibilities of the PCC

2. To ensure that inventories are maintained for the PCC's office in a format approved by the PCCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

Stocks and Stores

Responsibilities of the Chief Constable

1. To make arrangements for the care, custody and control of the stocks and stores of and maintain detailed stores accounts in a form approved by the PCCCFO.
2. To undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.

Responsibilities of the CCCFO

3. To write off discrepancies between the actual level of stock and the book value of stock up to the limits shown on Section G. Amounts for write off above these values must be referred to the PCCCFO for approval.
4. To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above these values must be referred to the PCCCFO for approval supported by a written report.

Responsibilities of the PCCCFO

5. To approve the arrangements for accounting for stores.
6. To consider and approve applications for write offs in excess of the limits set out in Section G.

Intellectual Property

Overview

1. Intellectual property is a generic term that includes inventions and writing.
2. If any Intellectual Property is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Force, by the PCC and within the OPCC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.
3. In the event that the Force or PCC decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive.

Responsibilities of the Chief Constable

4. To ensure that employees are aware of these procedures.

Responsibilities of the Chief Executive

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

Joint Responsibilities of the Chief Constable and PCC

6. To approve the intellectual property policy.

Asset Disposal

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

Joint Responsibilities of the Chief Constable and CCCFO

2. To dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section G.
3. To dispose of items above the value in Section G by public auction or sealed bids after advertisement.
4. To record all asset disposals in the asset register or inventory as appropriate.

Joint Responsibilities of the PCCCFO and CCCFO

5. To ensure that income is received and accounted for.

C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Treasury Management

Overview

1. It is important that monies held by the PCC and the Force are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.
2. The PCC has adopted the CIPFA Code of Practice on Treasury Management. The primary requirements of the Code are:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Approved Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - Approval of the annual Treasury Management Strategy Statement (TMSS) including the annual investment strategies and Minimum Revenue Provision (MRP) policy. An annual report and as a minimum a Mid Term Review report covering Treasury Management activities.

Responsibilities of the PCC

3. To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
4. To approve the annual TMSS including the annual investment strategy and MRP policy.
5. To receive and approve an annual report on treasury management activity and as a minimum a Mid Term Review report.

Responsibilities of the PCCCFO

6. To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
7. To prepare reports on the PCCs treasury management policies, practices and activities, including, as a minimum, an annual TMSS, including annual investment strategy and MRP policy.
8. To execute and administer treasury management in accordance with the CIPFA Code and the PCC's policy.
9. To arrange borrowing and investments, in compliance with the CIPFA Code.
10. To ensure that all investments and borrowings are made in the name of the PCC for Humberside.

Banking Arrangements

11. Banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking services to departments, establishments and staff. A consistent and secure approach to banking services is essential in order to achieve optimum performance from our bankers and the best possible value for money.

Responsibilities of the PCCCFO

12. To have overall responsibility for the banking arrangements for the PCC.
13. To produce a policy on the establishment and maintenance of bank accounts, in consultation with the CCCFO.
14. To authorise the opening and closing of all PCC bank accounts. No other employee shall open a bank account unless they are performing a statutory function (e.g. PCCCFO of a charitable body) in their own right
15. To arrange for bank reconciliations to be undertaken on a timely and accurate basis.
16. To determine signatories on all PCC bank accounts

Imprest Accounts/Petty Cash

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

Joint Responsibilities of the Chief Constable and CCCFO

18. To ensure that appropriate employees are provided with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the Force and OPCC. The CCCFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
19. To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the PCCCFO, and these shall be issued to all appropriate employees.

Responsibilities of the PCCCFO

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

Money Laundering

22. The Force and OPCC are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.
23. Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA)

24. Internal control procedures will be monitored to ensure they are reliable and robust.

Responsibilities of the PCCCFO

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

26. To consider, in the light of all information, whether a disclosure gives rise to such knowledge or suspicion.

27. To disclose relevant information to the Serious Organised Crime Agency (SOCA).

Responsibilities of Chief Officers

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

Responsibilities of employees

29. To notify the PCCCFO 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.

30. Cash bankings from a single source over €15,000 should be reported to the PCCCFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

C7 STAFFING

Overview

1. Staffing costs form the largest element of the annual policing budget. An appropriate Human Resources (HR) strategy should exist, in which staffing requirements and budget allocations are matched. The Chief Constable is responsible for approving the overall HR strategy in consultation with the PCC.

Joint Responsibilities of the Chief Constable and Assistant Chief Officer (Human Resources)

2. To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC and that there is a proper use of the evaluation or other agreed systems for delivering the remuneration of a job.
3. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.
4. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.
5. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
6. To approve, in consultation with the PCCCFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Chief Executive

7. To have the same responsibilities as above for staff employed by the PCC and working within his/her office.

C8 POLICE OBJECTIVE ANALYSIS/ACTIVITY ANALYSIS

Overview

1. CIPFA have introduced the Police Objective Analysis (POA) to enable forces to compare costs in relation to specific categories of policing. Whilst no longer a requirement, this can be supplemented by activity analysis which can be used as an important aid to measuring and costing the time officers spend on various tasks. The results of these comparisons and analysis can be used to help ensure activities and resources are aligned with local police and crime plan priorities.

Responsibilities of the Chief Constable

2. To analyse costs on the basis of the POA in accordance with CIPFA requirements.
3. To carry out activity analysis studies as he considers appropriate.
4. To ensure that appropriate reports using cost comparisons and activity analysis are prepared and presented to Chief Officers, Divisional Commanders and Branch Managers and to the PCC as appropriate to assist the Force and PCC in considering the most effective allocation of resources.

C9 TRUST FUNDS

Overview

1. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
2. Our financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.
3. No employee shall open a trust fund without the specific approval of the CCCFO and PCCCFO.

Responsibilities of Trustees

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

C10 EVIDENTIAL AND NON-EVIDENTIAL PROPERTY

Overview

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

Joint Responsibilities of the Chief Constable and CCCFO

2. To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees. More detailed information will be provided in Financial Instructions/Practice Directions.
3. To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.
4. To provide Financial Instructions/Practice Directions for dealing with cash, including cash seized under the Proceeds of Crime Act.

Responsibilities of all employees

5. To notify the Chief Constable immediately in the case of loss or diminution in value of such private property.

C11 GIFTS, LOANS AND SPONSORSHIP

(NB This does not include the receipt of hospitality and gifts)

Overview

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

Context

2. Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.
3. Gifts, loans and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.
4. The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the PCC's annual gross revenue budget of the Force and OPCC.

Responsibilities of the PCC

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

Joint Responsibilities of the Chief Constable and Chief Executive

6. To accept gifts, loans or sponsorship within agreed policy guidelines.
7. To refer all gifts, loans and sponsorship above the limit identified in Section G to the PCC for approval before they are accepted.

Joint Responsibilities of the CCCFO and PCCCFO

8. To present an annual report to the PCC listing all gifts, loans and sponsorship.
9. To maintain a central register, in a format agreed by the PCCCFO, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The PCCCFO, shall satisfy him/herself that it provides a suitable account of the extent to which such additional resources have been received.
10. To bank cash from sponsorship activity in accordance with normal income procedures.

SECTION D

SYSTEMS & PROCEDURES

D1 GENERAL

Overview

1. There are many systems and procedures relating to the control of PCC and Force assets, including purchasing, costing and management systems. The Force and the OPCC are reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
2. The PCCCFO and CCCFO both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

Joint Responsibilities of the PCCCFO and CCCFO

3. To make arrangements for the proper administration of the financial affairs, including to:
 - issue advice, guidance and procedures for officers and staff of the Force and the OPCC acting on their behalf
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for the audit of the financial affairs of the Force and the OPCC
 - approve any new financial systems to be introduced
 - approve any changes to existing financial systems.
4. To ensure, in respect of systems and processes, that:
 - systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely and that duties are appropriately segregated to minimise the risk of error, fraud or other malpractice;
 - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
 - a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
 - systems are documented and staff trained in operations.
5. To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
6. To establish a scheme of delegation, identifying staff authorised to act upon the Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

D2 INCOME

Overview

1. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

Context

2. The PCC and Chief Constable should adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.
3. The PCC should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the PCC should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.
4. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt ACPO charging policies in respect of mutual aid.

Joint Responsibilities of the Chief Constable and PCC

5. To adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.

Joint Responsibilities of the CCCFO and PCCCFO

6. To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT
7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
8. To ensure that all income is paid fully and promptly into the designated Income Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
9. To ensure income is not used to cash personal cheques or make other payments.

Responsibilities of the CCCFO

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

11. To operate effective debt collection procedures.
12. To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
13. To approve the write-off of bad debts, in consultation with the Chief Executive or the PCCCFO, up to the level shown in Section G. Amounts for write-off above this value must be referred to the PCCCFO for approval, supported by a written report explaining the reason(s) for the write-off.
14. To prepare detailed Financial Instructions for dealing with income, to be agreed with the PCCCFO, and to issue them to all appropriate employees.

D3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Overview

1. Public money should be spent in accordance with the authorities' policies. The PCC and the Chief Constable have a statutory duty to ensure financial probity and best value. Financial Regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the Standing Orders Relating to Contracts in Section F.

Responsibilities of the CCCFO

2. To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all payments are made in accordance with this policy.
3. To issue official orders for all work, goods or services to be supplied to the Force and OPCC, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCCCFO. Orders must be in a form approved by the PCCCFO.
4. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Force and PCC contracts.
5. Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
6. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.
7. To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
8. To ensure that VAT is recovered where appropriate.
9. To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
10. To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, detailed in Section F.
11. To prepare, in consultation with the PCCCFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

Responsibilities of the Chief Officers

12. To ensure that every member and employee declares any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the PCC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

D4 PAYMENTS TO EMPLOYEES

Overview

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

Responsibilities of the CCCFO

2. To ensure, in consultation with the PCCCFO, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
3. To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
4. To pay all valid travel and subsistence claims or financial loss allowance.
5. To pay salaries, wages, pensions and reimbursements by the most economical means.
6. To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.
7. To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
8. To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the PCCCFO, and these shall be issued to all appropriate employees.

D5 TAXATION

Overview

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

Responsibilities of the PCCCFO

2. To ensure that arrangements are in place for the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.
3. To ensure that arrangements are in place for the timely completion and submission of VAT claims, inputs and outputs to HMRC.

Joint Responsibilities of the PCCCFO and CCCFO

4. To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
5. To provide details to the HMRC regarding the construction industry tax deduction scheme.
6. To ensure that all trading activities are carried out in the name of the PCC.
7. To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

D6 CORPORATE CREDIT CARDS

Overview

1. Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

Responsibilities of the Chief Constable

2. In conjunction with the PCCCFO to provide Financial Instructions to all cardholders.

Responsibilities of the Head of Finance

3. To authorise and maintain control over the issue of cards.

Responsibilities of credit card holders

4. To ensure that purchases are in accordance with approved policies e.g. catering, hospitality.
5. To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

D7 PURCHASING CARDS

Overview

1. Purchase cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions

Responsibilities of the CCCFO

2. To provide detailed financial instructions to card holders.
3. To authorise and maintain control over the issue of cards.
4. To reconcile the purchase card account to the ledger on a monthly basis.

Responsibilities of Purchasing Card Holders

5. To be responsible for ordering and paying for goods and services in accordance with the procurement policy, guidance and contract standing orders and all procedures laid down by the CCCFO.

D8 EX GRATIA PAYMENTS

Overview

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

Joint Responsibilities of the Chief Constable and CCCFO

2. To make ex gratia payments, on a timely basis, to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC and the Force up to the limits set and in section G.
3. To maintain details of ex gratia payments in a register.

SECTION E

EXTERNAL ARRANGEMENTS

E1 EXTERNAL FUNDING

Overview

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. Funds from external agencies provide additional resources to enable policing objectives to be delivered. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Police and Crime Plan.
2. The main sources of such funding will tend to be specific Government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

Responsibilities of Chief Officers

3. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the Force and PCC.

Joint Responsibilities of the Chief Constable and the PCC

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

Joint Responsibilities of the PCCCFO and CCCFO

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

Responsibilities of the Chief Constable

6. To ensure that funds are acquired only to meet policing needs and objectives.
7. To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
8. To ensure that any conditions placed the PCC and the Force in relation to external funding are in accordance with the approved policies. If there is a conflict, this needs to be taken to the PCC for resolution.

E2 WORKING FOR THIRD PARTIES

Overview

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

Responsibilities of the Chief Constable

2. To ensure that proposals for assistance are costed, that no contract is subsidised by the Force or the OPCC and that, where possible, payment is received in advance of the delivery of the service so that the Force and the OPCC are not put at risk from any liabilities such as bad debts.
3. To ensure that appropriate insurance arrangements are in place.
4. To ensure that all contracts are properly documented.
5. To ensure that such contracts do not impact adversely on the services provided by the Force and the OPCC.

E3 JOINT WORKING ARRANGEMENTS

1. Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.
2. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These can be grouped under the following headings:
 - Partnerships
 - Consortia
 - Regional Working
 - Collaboration
3. Partners engaged in joint working arrangements have common responsibilities:
 - to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
 - to be open about any conflicts that might arise
 - to encourage joint working and promote the sharing of information, resources and skills
 - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - to promote the project
4. In all joint working arrangements the following key principles must apply:
 - before entering into the agreement, a risk assessment has been prepared
 - such agreements do not impact adversely upon the services provided by the Force and OPCC
 - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
 - all arrangements are properly documented
 - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
 - audit and control requirements are satisfied
 - accounting and taxation requirements, particularly VAT, are understood fully and complied with
 - an appropriate exit strategy has been produced

The Force and OPCC element of all joint working arrangements must comply with these Financial Regulations

Partnerships

Overview

1. The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:
 - are otherwise independent bodies;
 - agree to co-operate to achieve a common goal; and
 - achieve it to create an organisational structure or process and agreed programme, and share information , risks and rewards.
2. The number of partnerships, both locally and nationally, is expanding in response to Central Government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:
 - comply with statutory requirements
 - deliver strategic objectives; in new and better ways
 - improve service quality and cost effectiveness;
 - ensure the best use of scarce resources; and access new resources
 - deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need.
 - forge new relationships
 - find new ways to share risk
3. Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

Statutory based

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

Strategic

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

Ad-hoc

6. These are typically locally based informal arrangements agreed by Divisional Commanders.

Context

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

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

Responsibilities of the PCC

9. To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan and the annual delivery plan.
10. To make appropriate arrangements to commission services from either the force or external providers.
11. To make crime and disorder grants.

Responsibilities of Chief Officers

12. To follow the Financial Instructions for local partnerships, as published on the Force policing intranet.
13. To consult, as early as possible, the CCCFO and the PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.
14. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

Consortium Arrangements

Overview

1. A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC.

Responsibilities of Chief Officers

2. To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
3. To consult, as early as possible, the CCCFO and the PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.
4. To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
5. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

Responsibilities of the PCC

6. To approve the Force and OPCC participation in the consortium arrangement.

Regional Working

Overview

1. Humberside Police's contribution towards working with the other Force in the Yorkshire and Humber, North Yorkshire Police, South Yorkshire Police and West Yorkshire Police, will be contained in the annual budget and medium term financial strategies.
2. In terms of flexibility of contributions towards regional working, the Regional Project Director will be allowed to vire £75,000 of Humberside Police's contribution to other schemes, each year, without reference back to the Regional Collaboration Board, PCCCFO and CCCFO.
3. The Regional Programme Director will be required to provide regular financial and performance monitoring information for Regional Working. Once a contribution has been made to a regional project, in terms of application of the resources, it will be assumed it will be in line with those of the Lead Force for that activity. Humberside Police will have the right to audit all expenditure in relation to all regional projects.

Joint Responsibilities of the PCC and the Chief Constable

4. To approve Force participation in Regional Working.

Joint Responsibilities of the PCCCFO and the CCCFO

5. To monitor the financial contributions to/from Regional partners to ensure that they are in accordance with agreed procedures.
6. To consider requests for virements in excess of £75000 in consultation with the Regional Collaboration Board.

Collaboration

Overview

1. Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.
2. The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their force is involved
3. Any such proposal must be discussed with the PCCCFO and CCCFO in the first instance.

SECTION F

CONTRACT STANDING ORDERS

F1 YORKSHIRE AND THE HUMBER REGIONAL CONTRACT STANDING ORDERS

Overview

In Yorkshire and the Humber a Regional Procurement Team has been created to support police procurement activity. Contract Standing Orders have been harmonised across the Forces and OPCCs and these are supplemented by detailed guidance on policies and procedures.

1. INTRODUCTION AND COMPLIANCE

- 1.1. All orders and contracts for works, goods or services made by or on behalf of the Yorkshire and the Humber Regional Police Forces and Offices of the Police and Crime Commissioners (OPCCs) shall be made in accordance with these Contract Standing Orders (Standing Orders).
- 1.2. All contracts shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community, and relevant Government Guidance.
- 1.3. The Forces and OPCCs require all procurement activity to be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability. All procurement undertaken on behalf of the Forces and OPCCs will operate under robust principles and procedures to ensure best value. Detailed procedures will be published in Procurement Policy and Procedures.
- 1.4. No exceptions shall be made to these Standing Orders otherwise than reasons stated in Section 5.
- 1.5. Every Officer in any of the YatH Regional Police Forces and every Police and Crime Commissioner (PCC) or employee of the OPCCs shall comply with these Standing Orders; any failure to do so may result in disciplinary action.
- 1.6. Any dispute regarding the interpretation of these Contract Standing Orders will be referred to the Regional Collaboration Board (RCB) and its decision will be final.

2. GLOSSARY OF TERMS

These terms will have the following meanings in the Standing Orders;

YatH	The Yorkshire and the Humber Region
YatH OPCCs	Office of Police and Crime Commissioner for Humberside, Office of Police and Crime Commissioner for North Yorkshire, Office of Police and Crime Commissioner for South Yorkshire and Office of Police and Crime Commissioner for West Yorkshire
Chief Executives	The Chief Executives of the OPCCs in YatH
YatH Forces	The Humberside Police, North Yorkshire

Chief Constables	Police, South Yorkshire Police and West Yorkshire Police The Chief Constables of the YatH Forces
Assistant Chief Officers responsible for Finance	The Assistant Chief Officers responsible for Finance (CCCFOs) within each of the YatH Forces
YatH Regional Procurement Team	The Regional Procurement team operating on behalf of the YatH forces
Regional Procurement Director	The Officer responsible for the Regional Procurement Team.
Chief Officers	Officers who are members of the Command Team in each of the YatH Forces
Divisional/Departmental Head	The most senior officer in any Division, Department or Branch in the YatH forces.
Officers	All Police officers and Police staff of the YatH Forces and OPCCs
PCCs	All of the PCCs in the YatH Force areas
Single Tender Action (STA)	The selection of a supplier to provide works, goods or services without competition.
Regional Collaboration Board (RCB)	The Board comprising the PCCs and chief constables within the YatH Force areas responsible for developing and maintaining a shared vision for joint working and ensuring that resources are being applied efficiently and effectively.
Regional Procurement Policy and Procedures	All Procurement Policy, Procedures and Procedures published by the Regional Procurement Team.
Collaborative Contract	A contract for the provision of works, goods or services to more than one police force or public entity
Framework Agreement	A contract set up by a public sector organisation for some or any public sector organisations to use. The Agreement sets out terms and conditions under which specific purchases can be made throughout the term of the Agreement. The Agreement will typically have been awarded under the EU Procurement rules.

3. COMPETITIVE PROCUREMENT

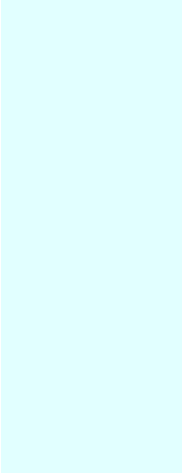
- 3.1. The use of central contracts that have been set up by the YatH Regional Procurement team or individual YatH Forces and OPCCs for certain works, goods and services is mandatory.
- 3.2. For works, goods or services not available from an existing contract, the acceptance of quotations and bids will be based on the principle of best overall value for money, i.e. the most economically advantageous offer. Criteria for the award of contracts shall be recorded in advance of the invitation and strictly observed by officer's evaluating the

bids. The criteria may include cost and qualitative elements and shall take into account whole life costs. The evaluation process must be objective, systematic, thorough and fair.

- 3.3. Evaluation models shall generally be weighted such that the overall percentage score allocated to cost is not less than 50%. In exceptional circumstances the Regional Procurement Director or his/her deputy may agree a different cost/quality ratio.
- 3.4. The table below describes the procedure and authority levels dependent on the estimated value of the procurement.
- 3.5. Estimated value is deemed to be the aggregate cost, in any Force and any OPCC or the Region that is reasonably anticipated over the lifetime of the provision. If the lifetime is unknown, then the aggregate cost should be based on 48 months.
- 3.6. Requirements must not be disaggregated in force and OPCC or in the region in order to avoid competitive procurement under any circumstances.
- 3.7. The authority levels shall apply to variations to contract, i.e. any additional costs resulting from the variation must be aggregated with the original contract value for the purposes of authorisation.

3.8. PROCUREMENT COMPETITION PROCEDURES AND AUTHORITY LEVELS

Estimated Value £	Quotation / Tender Requirements	Levels of Delegated Authority and Contract Signature Thresholds
< 10,000	The local procurement procedure may use any reasonable means to select the supplier, preferably three quotations shall be obtained (this may include from catalogues or price lists). The procurement procedure and outcome must be recorded and retained locally.	Purchase orders and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
10,000 – 50,000	At least three formal written quotations or references to three supplier catalogues shall be obtained. All procurement to be managed by the Regional Procurement team.	Purchase orders, requisitions and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
> 50,000	At least three Tenders shall be obtained, where the aggregated value of the contract is in excess of EU thresholds, tender procedures will be in accordance with EU Procurement Directives.	On conclusion of the procurement process an 'Authority to proceed to contract' will be issued to the Lead force by the Regional Procurement Team and will be signed locally by officers with relevant authority in accordance with Financial Instructions and returned to the Regional Procurement team. Contracts will be signed as follows; £50,000 - £75,000 Senior Category Manager, Category



Manager/Contract Manager
£75,000 - £150,000 Strategic
Category Manager, Strategic
Contract Manager
£150,000 - £500,000 Head of
Procurement & Category
Management/Head of Contract
Management & Performance
£500,000 - £1,000,000 Director of
Regional Procurement
£1,000,000 - £5,000,000 Assistant
Chief Officer (CCCFO), relevant
YatH Force
>£5,000,000 relevant PCC/RCB

3.9. The Officer with delegated authority to authorise orders or contracts committing the expenditure does so on behalf of the PCC/PCCs.

3.10. Whilst mandatory involvement of the Regional Procurement team is required for contracts valued over £50,000, the Team will provide advice and guidance on all procurement matters and contracts under £50,000.

4. FINANCIAL AND CONTRACTUAL DELEGATION

4.1. The Assistant Chief Officer responsible for Finance in each Force or Chief Executive will be responsible for determining authorised signatories within each OPCC/Force. Those authorised signatories and sub delegation rules will be described and documented in each Force/OPCC's Financial Instructions.

4.2. Authorised signatories will ensure that the purchase is compliant with all financial instructions, and ensure that sufficient resources are available within the revenue budget or capital programme.

5. EXCEPTIONS TO NORMAL PROCEDURES/SINGLE TENDER ACTION

5.1. Exceptions

5.1.1. All exceptions to normal procedures must be approved in accordance with the arrangements set out in the Regional Procurement Policy and Procedures for local and collaborative contracts.

5.2. Single Tender Action (STA)

5.2.1. STA should only be used in very exceptional circumstances. The Chief Constables and Chief Executives or their delegated authorities will consider requests for exceptions to normal procedures under the following circumstances;

(a) Where it can be evidenced that only one supplier is able to carry out the work or service or to supply goods for technical reasons or because of exclusive rights;

(b) Extensions to existing contracts where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience;

(c) The contract has been classified as secret by a Chief Officer making the use of a particular contractor essential or a limited competition to a select list of contractors and the avoidance of advertising requirements in the public domain;

(d) The contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises. However failure to take action within appropriate timescales does not constitute grounds for an urgency exception.

5.2.2. Any STA up to £50,000 shall be authorised by the Divisional/Departmental Head and shall be reported to the Regional Procurement Director. The formal procedure shall be described in the Regional Procurement Policy and Procedures

5.2.3. Any STA over £50,000 shall be requested via the Regional Procurement Director and the appropriate Chief Officer/s or Chief Executive. The formal procedure shall be described in the Regional Procurement Policy and Procedures.

6. COMPETITIVE PROCUREMENT USING TENDERS

6.1. The Regional Procurement Director will have responsibility to ensure appropriate Procurement Policy and Procedures are in place covering matters such as;

6.1.1. The procedures to be applied in respect of the whole tendering process i.e. initial tender, specifications and standards, and evaluation and appointment of contractors and consultants.

6.1.2. Processes regarding the use of sub contractors.

6.1.3. Processes regarding variations to contract.

6.1.4. The process to be undertaken in relation to declarations of interest in a contract.

6.1.5. The procedures to be followed in relation to Collaborative Contracts.

6.1.6. The adoption of Framework Agreements.

6.1.7. The Procedures to be followed in applying for an exception to Standing Orders, including:

- The formal procedure to be adopted to evidence alternative provision is not available;
- The formal justification of emergency provision.

6.1.8. The achievement of Value for Money, and the minimisation of risks to Forces and OPCCs.

6.2. The Procurement Policy and Procedures will set out arrangements for the recording and retention of information in relation to procurement activity.

6.3. The Procurement Policy and Procedures will also detail the arrangements for reporting procurement activity to meet the requirements of the RCB and of individual Forces and OPCCs together with addressing the need to publish information in accordance with Government requirements.

6.4. The Assistant Chief Officers responsible for Finance will ensure appropriate Financial Instructions are provided for use by staff within their respective forces.

7. TENDER CUSTODY AND OPENING

Electronic Tendering

7.1. The RCB, Forces and OPCCs support the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system in line with the system requirements.

Tender custody and opening if non electronic means are utilised

7.2. In the event of operating non electronic procedure, tenders shall be stored in a secure and confidential manner as required by sealed bid procedure.

7.3. The opening of these tenders and recording of details shall be subject to the following regulations:-

- They shall not be opened before the appointed time;
- They shall be opened at one time by not less than two persons approved by the Regional Procurement Director for the purpose.
- The appropriate tender details shall be recorded on the Tender Opening Certificate which shall be ruled off (to prevent the addition of further entries) and then signed by each member of the tender opening panel.

7.4. Once the tenders have been opened they must be circulated only to those directly involved in tender evaluation and contract letting activities prior to awarding the contract.

8. FORM OF CONTRACT

8.1. All contracts shall be in writing. If appropriate, legal advice should be sought in relation to contracts through the Regional Procurement team. The form of contract shall be in line with the ACPO Procurement Portfolio guidance and other best practice.

8.2. The Regional Procurement team will advise on the appropriate use of Performance Guarantee Bonds or the provision of liquidated damages where necessary.

9. COLLABORATIVE CONTRACTS AND FRAMEWORK AGREEMENTS

9.1. Where tenders are invited on behalf of the region or include other police forces or public sector organisations, they will be invited on a Force/OPCC basis and comply with these Contract Standing Orders.

10. REVIEW

10.1 These Contract Standing Orders will be reviewed on an annual basis by the Chief Executives.

SECTION G

DELEGATED LIMITS

N.B As set out in the Act and in the nationally recognised statement of principles¹⁹, the commissioner is prevented from delegating any functions to the chief constable or any of his employees. Therefore the recommended approach is to be adopted whereby the chief officers who are not constables can be delegated the authority to act on behalf of the commissioner. However, it is important that this authority is exercised in consultation with the chief constable.

References to Sections refer to the relevant part of these regulations where a delegated limit is to apply.

SECTION B

B1 Financial Planning

1. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below:

£250,000

B2 Budgetary Control

2. Major projects need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown below:

Cost of project varies from approved estimate by lesser of 10% or £250,000.

Virements

3. The levels of authorisation for revenue virements are:

Virement to be approved

Limit	CCCFO	PCCCFO
Up to £100,000	✓	
Up to £250,000	✓	✓

For amounts over £250,000 approval from the PCC is required. Virements to a specific budget line approved within these limits, but with a cumulative value exceeding £250,000, shall be reported to the PCC.

Virement requests in excess of £75,000 in connection with Regional Working are to be agreed with the PCCCFO and CCCFO who shall consult with the Regional Collaboration Board prior to approval.

¹⁹ Interim scheme of governance – statement of principles, ver 4, 8th November 2012 (APACE).

Year End Balances

4. Devolved budget holders who underspend their budget in any financial year may carry forward planned underspends declared prior to the budget setting meeting to the following financial year, subject to the limits indicated below:

Operational divisions: 1% of the devolved budget or £75,000, whichever is the higher.

All other departments: 2% of the devolved budget, or £50,000, whichever is the lower.

Planned underspends should be agreed by the PCC.

Budget holders who overspend their budget in any financial year may have their budget reduced for the following year subject to the determination of the Chief Constable and the PCC after consultation with the PCCCFO and CCCFO.

B3 Capital Programme

5. The Chief Constable shall notify the PCCCFO of all proposed property leases or renewals before any agreement is made. Any lease with a value up to £50,000 p.a. with a duration of less than 5 years can be approved by the CCCFO. The PCC's approval is required for leases of:

£50,000 pa or over 5 years in duration

6. Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the PCC for further approval unless the cost of the scheme exceeds the limits shown below:

£250,000

SECTION C

C1 Risk Management

7. The CCCFO following consultation with the Chief Constable shall be authorised to settle civil claims up to the value shown below:

£20,000 excluding legal cost

Claims in excess of this amount must be approved by the PCC.

C5 Assets

8. The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown below:

*Land & Buildings - All values
Vehicles - All values
Computers - All values
Plant & Equipment - £10,000*

9. The Chief Constable and Chief Executive shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors,

printers, facsimile machines, mobile phones and photographic equipment above the value shown below:

£250

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

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

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

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

12. The CCCFO following consultation with Chief Constable may dispose of surplus land, buildings, vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

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

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

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

SECTION D

D2 Income

14. Individual amounts may be written off by the CCCFO or PCCCFO up to the level shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

£10,000

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

D3 Ordering of Goods and Services

15. Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in Standing Orders Relating to Contracts.

D8 Ex Gratia Payments

16. The CCCFO following consultation with Chief Constable may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Force. Any amounts greater than those specified must be referred to the PCC for approval. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules. Any ex gratia payment above this limit will require the approval of the PCC.

Up to £10,000 in consultation with the PCCCFO

SECTION E

E2 External Funding

17. The Chief Constable will report to the PCC where the Force has identified and pursued external funding in excess of the amount below:

£100,000

18. The CCCFO following consultation with Chief Constable may enter into arrangements under which the PCC receives sponsorship up to the level shown below.

£15,000

Sponsorship arrangements above this value are to be reported to the PCCCFO for prior approval.

SECTION H

GUIDANCE NOTES ON BREACH OF STANDING ORDERS OR FINANCIAL REGULATIONS

1. These guidance notes are supplemental to the PCC and Chief Constable's Anti-Fraud and Corruption Strategy and Fraud Response Plan and should be read in conjunction with those documents.
2. The PCCCFO and the CCCFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or employee or member of any collaborative body on which the PCC or the Force is represented:
 - (a) has made, or is about to make a decision which involved or would involve the PCC or the Chief Constable incurring expenditure which is unlawful;
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the PCC or the Chief Constable; and
 - (c) is about to enter an item on account, the entry of which is unlawful.
3. It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the PCC with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the PCCCFO and the CCCFO.
4. A copy of such a report shall be sent to the external auditor.
5. To provide for effective action to deal with any fraud and corruption and to assist the PCCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Force and the OPCC are properly conducted, the following procedures will be adhered to in the circumstances of any suspected or actual breach of financial regulations or standing orders.

SECTION I

ANTI FRAUD AND CORRUPTION STRATEGY

1. INTRODUCTION

This statement has been prepared in response to the recommendations contained in the Audit Commission document "Protecting the Public Purse – Ensuring Financial Probity in Local Government 2001 Update, Promoting Good Governance."

- (i) In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the OPCC and/or the Force or from within, the PCC and Chief Constable are committed to an effective Anti-Fraud and Corruption Strategy designed to:
 - Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- (ii) The expectations regarding propriety and accountability is that the PCC, the Chief Constable and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.
- (iii) The PCC and the Chief Constable also demand that individuals and organisations that they come into contact with will act towards them with integrity and without thought or actions involving fraud or corruption.
- (iv) This Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:-
 - Culture (Section 2);
 - Prevention (Section 3);
 - Detection and Investigation (Section 4); and
 - Training (Section 5)
- (v) The PCC and the Chief Constable are also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:-
 - Her Majesty's Inspector of Constabulary
 - Internal Audit
 - HM Customs and Excise
 - Inland Revenue
 - The General Public
 - The Audit Commission

2. CULTURE

- (i) The PCC and the Chief Constable are determined that the culture and tone of these organisations are ones of honesty and opposition to fraud and corruption.

- (ii) There is an expectation and requirement that all individuals and organisations associated in whatever way with the Force and the OPCC will act with integrity, and that PCC and the Chief Constable and staff at all levels will lead by example in these matters.
- (iii) The PCC, the Chief Constable and their staff are important in the stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the activities of the Force and the OPCC. Concerns may be about something that:
 - Is unlawful
 - Is against the PCC's Standing Orders, Financial Regulations or policies
 - Falls below established standards or practices
 - Results in waste or loss to the PCC
 - Amounts to improper conduct
- (iv) Staff can do this in the knowledge that such concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:
 - Chief Constable's Direct Line (01482 578204)
 - The PCCCFO (01482 220785)
 - Audit Manager (01924 294066)
 - Bad Apple Messenger on the Force Intranet
 - The PCC (01482 220787)
 - Audit Commission Fraud Hotline (0207 630 1019)
 - Public Concern at Work; Independent charity offering free advice on fraud or other issues of malpractice (020 7404 6609)
- (v) The Public Interest Disclosure Act 1988 protects employees, who report suspected fraud or corruption activities, from any reprisals as long as they meet the rules set out in the Act.

In simple terms the rules for making a protected disclosure are:-

- The information disclosed is made in good faith.
- The person making the disclosure must believe it to be substantially true.
- The person making the disclosure must not act maliciously or make false allegations.
- The person making the allegation must not be seeking any personal gain.

The designated officer required under the Act to receive disclosures is the PCCCFO.

- (vi) Members of the public are also encouraged to report concerns through any of the above avenues.
- (vii) Allegations/concerns can be made anonymously, however it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:
 - The seriousness of issues raised

- Credibility of the concern
 - Likelihood of confirming the allegation from attributable sources.
- (viii) Senior management are responsible for following up any allegation of fraud and corruption received and will do so by:
- dealing promptly with the matter;
 - recording all evidence received;
 - ensuring that evidence is sound and adequately supported;
 - ensuring security of all evidence collected;
 - notifying the PCCCFO, and implementing disciplinary procedures where appropriate.
- (ix) The PCC and the Chief Constable can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Force or the OPCC or who are corrupt. The PCC and the Chief Constable should be considered as robust in dealing with financial malpractice.

3. PREVENTION

- (i) The PCC and the Chief Constable recognise that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Chief Executive and Chief Constable and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
- (ii) All employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the published Rules of Conduct. This code and the role that appropriate staff are expected to play in the Corporate Governance framework and systems of internal control will be featured in staff induction procedures.
- (iii) The PCC and DPCC are required to adhere to the Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests.
- (iv) The PCC, Chief Constable and all staff are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties.
- (v) Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Force and the OPCC's financial systems is independently monitored by both Internal Audit and External Audit. Senior management place great weight on being responsive to audit recommendations.
- (vi) The Independent Audit Committee provides an independent and objective view of internal control by receiving and considering audit plans, reports and management letters and reports as appropriate to the PCC.

- (vii) As part of the prevention approach the PCC and the Chief Constable will participate in National Fraud Initiatives organised by the Audit Commission. The Audit Commission and External Audit will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and corruption.

4. DETECTION AND INVESTIGATION

- (i) The array of preventative systems, particularly internal control systems within the Force and the OPCC, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.
- (ii) It is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.
- (iii) Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or 'tip off', and arrangements are in place to enable such information to be properly dealt with.
- (iv) Depending on the nature and anticipated extent of the allegations, the Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
- (v) The Force and the OPCC's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviours.
- (vi) The PCC and the Chief Constable will normally wish the police to prepare a case for the CPS regarding the prosecution of offenders where financial impropriety is discovered.

5. TRAINING

- (i) The PCC and the Chief Constable recognise that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.
- (ii) To facilitate this, the PCC and the Chief Constable support the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- (iii) The possibility of disciplinary action against staff who ignore such training and guidance is clear.

6. CONCLUSION

- (i) The PCC and the Chief Constable have in place clear networks of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.

- (ii) To this end, a continuous overview of such arrangements, in particular, by the PCCCFO, through the Head of Audit and External Auditor and in Force via the Finance Unit and Professional Standards.

FRAUD RESPONSE PLAN

All instances of fraud and corruption will be investigated in accordance with this plan.

Fraud and corruption may be reported through a range of channels including direct to a line manager, by another manager, through the Chief Constable's Direct Line, with the "Bad Apple" or by means of external reports. The means of reporting fraud will be publicised within the Force and the OPCC and will be made known to partners and those individuals and organisations that we come into contact with.

The arrangements for detection and investigation are set out in the Anti Fraud and Corruption Strategy. A protocol between the PCCCFO, the CCCFO, the Head of Audit (WYPA) (who provides the Internal Audit Service under a Shared Services Agreement) and the Head of Professional Standards has been agreed to ensure that loss and potential fraud is fully investigated and dealt with correctly.

The protocol requires the Professional Standards Branch to liaise with the Head of Audit, after the matter has been investigated. This will enable the Head of Audit to identify any weaknesses in internal control that allowed the irregularity to occur and to ensure that corrective action is taken in order to minimise the risk of any reoccurrence within the Force or the OPCC. Issues considered will be reported to the Professional Standards Board.

Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result in dismissal of the employee. Misconduct includes fraud committed by a member of staff against the organisation.

Where financial impropriety is discovered the presumption of the PCC and the Chief Constable is that these arrangements will be made where appropriate for the prosecution of offenders by the CPS.

In instances where the misconduct takes another form such as the misuse of systems and equipment that does not result in financial loss then the outcomes will be monitored by the PCC and the Chief Constable through the processes in place to oversee Human Resources issues

The PCC and the Chief Constable will seek to ensure that it learns lessons from any mistakes made that allowed any instances of fraud or corruptions to be perpetrated or to have gone unnoticed. This will be achieved by ensuring that system weaknesses or other contributory factors are identified and addressed. This will normally be achieved through an Internal Audit investigation, report and action plan to ensure that audit recommendations are implemented.

The Audit Commission's External Auditor also has the powers to investigate fraud and corruption independently and the PCC and the Chief Constable will make use of these services in appropriate cases.

The PCCCFO and the CCCFO will determine if a matter needs to be brought to the attention of the Chief Executive, PCC and the Chief Constable.

In the event that the PCC or the Chief Constable is involved the matter will be brought to the attention of the Monitoring Officer.

The PCCCFO, the CCCFO and the Head of Audit will maintain a link with the Audit Commission in order to keep them apprised of developments in serious cases.