

# CORPORATE GOVERNANCE FRAMEWORK



**March 2021 – Updated**

**April 2021 – Updated**

**May 2021 – Updated**

**September 2021 – Updated**

**October 2021 – Updated**

**January 2022 – Updated**

## CONTENTS

<b>Statement of Corporate Governance</b>	2
<b>Code of Corporate Governance</b>	3
<b>Scheme of Corporate Governance</b>	7
<b>Financial Regulations and Contract Standing Orders</b>	10
- <b>Section A:</b> Financial Management Framework	17
- <b>Section B:</b> Financial Planning and Control	18
- <b>Section C:</b> Management of Risk and Resources	25
- <b>Section D:</b> Systems and Procedures	37
- <b>Section E:</b> External Arrangements	41
- <b>Section F:</b> Contract Standing Orders	45
- <b>Section G:</b> Delegated Limits	45
- <b>Section H:</b> Breach of Standing Orders or Financial Regulations	48
- <b>Section I:</b> Anti-Fraud and Corruption Strategy and Fraud Response Plan	49

### Updates:

**March 2021 – Updated with inclusion of crypto currency and JIAC whistleblowing following JIAC meeting.**

**April 2021 – Page 8 includes clarification of delegated authority in respect of Chief Constable complaints to the Statutory Operations Manager, and that complaint reviews are delegated to the OPCC Statutory Operations Manager.**

**May 2021 – Page 8 includes clarification of delegated authority to the Statutory Operations Senior Management.**

**September 2021 – Updated numbering for C10-C12 as POCA element was erroneously unnumbered.**

**October 2021 – Clarified lease approval via PCCCFO if above £50k.**

**January 2022 – Updated around compromise agreements (C1) re Deputy Chief Constable approval.**

## STATEMENT OF CORPORATE GOVERNANCE

This statement provides an integrated scheme of governance to clarify the way the two corporations sole, Police and Crime Commissioner (PCC) and Chief Constable of Humberside Police, govern both jointly and separately.

### CONTEXT

The principal statutory legal 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 (Home Office, 2018).
- Strategic Policing Requirement.
- Code of Ethics.
- Victims' Legislation.

Operating within this framework, the PCC and Chief Constable intend to build upon existing good governance principles and experience. In accordance with CIPFA/SOLACE Guidance: Delivering Good Governance in Local Government, the PCC and Chief Constable are required to produce separate Annual Governance Statements (AGS) to show how their respective organisations have complied with the Code of Corporate Governance.

### PRINCIPLES

The seven core principles adopted are those highlighted by the Good Governance Standard for Public Life (supported by the Nolan Principles of Public Life):

*A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.*

*B: Ensuring openness and comprehensive stakeholder engagement.*

*C: Defining outcomes in terms of sustainable economic, social and environmental benefits.*

*D: Determining the interventions necessary to optimise the achievement of the intended outcomes.*

*E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.*

*F: Managing risks and performance through robust internal controls and strong public financial management.*

*G: Implementing good practices in transparency, reporting and audit to delivery effective accountability.*

### FRAMEWORK/INSTRUMENTS OF GOVERNANCE

The framework within which the PCC and Chief Constable govern, both jointly and separately, consists of:

- Statement of Corporate Governance: statutory framework and local policy.
- Code of Corporate Governance: how good governance principles will be implemented.
- Scheme of Corporate Governance: parameters within which the corporations sole will conduct their business.
- Separate policies/procedures for each corporation sole, with protocols/other governance documents where they operate jointly.

The framework will be reviewed annually through the OPCC Accountability Board, with findings informing the Annual Governance Statement (AGS) and Annual Reports of both corporation's sole. The Joint Independent Audit Committee (JIAC) advise the PCC and Chief Constable according to Good Governance principles, providing independent assurance on the adequacy and effectiveness of internal controls and risk management.

The Code sets out how the PCC and Chief Constable govern their organisations both jointly and separately in accordance with the Statement, highlighting key enablers for ensuring Good Governance.

### GENERAL PRINCIPLES OF GOOD GOVERNANCE

The PCC has adopted a Code of Corporate Governance, consistent with the CIPFA/SOLACE Guidance: Delivering Good Governance in Local Government<sup>1</sup>, outlining the systems, processes, culture and values to achieve compliance. It shows the commitment of the PCC and Chief Constable to their statutory requirements and how they discharge their responsibilities. Effective governance relies on public confidence in the PCC and Chief Constable, ensuring the intended outcomes are achieved whilst acting in the public interest at all times.

The PCC has two key responsibilities: (i) secure maintenance of an efficient and effective local police force, and (ii) hold to account the Chief Constable for the exercise of their functions and those persons under their direction and control. In exercising these functions, the PCC is accountable to the public. The Chief Constable has statutory responsibility for control, direction and delivery of operational policing services provided by Humberside Police.

### CORPORATE GOVERNANCE ARRANGEMENTS

Governance arrangements for the PCC and force follow the seven principles set out in the revised Delivering Good Governance: Guidance Notes for Policing Bodies in England and Wales (2016). These are:

- A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.*
- B: Ensuring openness and comprehensive stakeholder engagement.*
- C: Defining outcomes in terms of sustainable economic, social and environmental benefits.*
- D: Determining the interventions necessary to optimise the achievement of the intended outcomes.*
- E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.*
- F: Managing risks and performance through robust internal controls and strong public financial management.*
- G: Implementing good practices in transparency, reporting and audit to delivery effective accountability.*

Underneath each principle are behaviours and outcomes demonstrating Good Governance in practice. The Code applies to all personnel, contractors and agents providing a direct service to the PCC and/or Chief Constable.

#### **A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The PCC and Chief Constable are accountable not only for how much they spend, but how they use resources under their stewardship. They have an overarching responsibility to serve the public interest, adhering to legislation and government policies. They must demonstrate the appropriateness of their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

- PCC and Chief Constable abide by Policing Protocol Order 2011, outlining expected relationship between them.
- PCC has a Code of Conduct.
- Code of Ethics is embedded in both organisations.
- Shared values are communicated clearly with staff (e.g. through the Force's 'Plan on a Page').
- Decision-making practices are clearly set on our website.
- Anti-fraud and corruption policies are up-to-date and kept under review.
- Registers of interests/records of gifts/hospitalities/expenses published for PCC, Chief Officers and relevant staff.
- Whistle-blowing policies are in place.
- Policies on complaints are published on our respective websites.

---

<sup>1</sup> Delivering Good Governance in Local Government – Guidance Notes for Policing Bodies (revised 2016) [www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition](http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition)

- Joint Ethics Committee provides external perspective to some key decision-making.
- PCC has arrangements for oversight of Professional Standards.
- Force HR Plan sets out how they will lead/develop/support people via a healthy and professional workplace.
- PCC and Chief Constable abide by the CIPFA Financial Management Code of Practice.
- PCC has in place a Chief Executive who undertakes responsibilities of Monitoring Officer.

### **B: Ensuring openness and comprehensive stakeholder engagement**

The Police is run for the public good. We must ensure openness in our activities. Clear channels of communication and consultation are used to engage effectively with all stakeholder groups.

- Police and Crime Plan and Force Plan on a Page set out the strategic direction and objectives for the Humberside Police area and how they will be delivered.
- PCC and Force communication and engagement strategies set out how local people will be involved to ensure they are part of decision-making, accountability and future direction.
- PCC fosters good working relationships with the Police and Crime Panel, local authorities and other partners including Community Safety Partnerships (CSPs).
- Force and OPCC have Freedom of Information Act Publication Schemes.
- Force and OPCC operate accessible/engaging public websites and social/digital media channels.
- PCC publishes key decisions and diary.
- PCC and Force utilise My Community Alert and other methods to communicate with/gather community views. Four Engagement Officers in the OPCC act as eyes and ears on behalf of the communities they serve.
- PCC consults in advance of putting forward precept proposals.
- Collaboration agreements are published and set out areas of business to be undertaken jointly with other Forces and Local Policing Bodies.
- Force operates a recently reviewed Independent Advisory Group.

### **C: Defining outcomes in terms of sustainable economic, social and environmental benefits**

The long-term nature and impact of many of the PCC and Chief Constable's responsibilities mean that they should seek to define and plan outcomes and that these should be sustainable.

- Police and Crime Plan, OPCC Delivery Plan, Force Plan on a Page, Force Management Statement (FMS), Medium Term Resource Strategy (MTRS) and Force Corporate Planning/Performance Framework are in place.
- Annual Reports communicate Force and PCC/OPCC achievements. Key strategies/plans regularly reviewed.
- PCC and Chief Constable have governance structures that assess progress against their objectives.
- PCC has developed a commissioning and grant award approach.
- Processes for identification and management of risk are in place and kept under review.
- Capital investment plan reviews are undertaken.
- Projects are subject to sound business cases.

### **D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

The PCC and Force achieve intended outcomes through a mixture of legal, regulatory and practical interventions. Determining the right mix is important and they need robust decision-making mechanisms to ensure achievement in a way that provides the best trade-off between resource inputs while enabling effective and efficient operations. Decisions must be reviewed continually to ensure achievement of outcomes is optimised. Policy implementation usually involves choice about approach, objectives, priorities and incidence of costs and benefits. The PCC and Chief Constable must ensure access to appropriate skills and techniques.

- PCC and Chief Constable maintain a Medium-Term Resourcing Strategy (MTRS).
- Processes are in place that allow proper analysis and evaluation of plans including option appraisal, assessing the impact of alternative approaches and benefits realisation.
- PCC and Force maintain workforce development, estates, IT and other management plans.

- PCC and Force have governance frameworks and agreement on information provided between them.
- Force has a Corporate Planning and Performance Framework and the OPCC has an Annual Delivery Plan in place.
- Joint Service Level Agreements (SLAs) are being developed between the Force and OPCC.
- PCC assurance structure clarifies responses organisational or individual learning issues or good practice.

#### **E: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The PCC and Force need appropriate structures, leadership and people with the right skills, qualifications and mind-set, to operate efficiently and effectively. They must ensure they have the capability to fulfil their mandate and policies in place to guarantee management has the operational capacity for the organisations. They must continually develop capacity and respond to change over time. Leadership is strengthened by the participation of people from different backgrounds, reflecting the structure and diversity of the community.

- Force HR Plan prioritises leadership, workforce and professional development.
- Force and OPCC undertake and analyse feedback from staff surveys.
- Force is committed to flexible approaches to reward that attract/retain the best and appropriately skilled.
- Force and OPCC have 'Employer of Choice' schemes and approaches in place to develop people.
- Briefings are held for potential PCC candidates in advance of elections.
- PCC and Chief Constable ensure equality and diversity policies readily set out how each promotes diversity by recognising, valuing and respecting different contributions and needs of communities and staff.

#### **F: Managing risks and performance through robust internal control and strong public financial management**

Public bodies must ensure organisation and governance structures they oversee have implemented, and can sustain, effective performance management systems to facilitate effective and efficient delivery. Risk management, business continuity and internal control are integral parts of a performance management system. Strong financial management systems are essential for implementation of policies and achievement of intended outcomes, enforcing financial disciplines, strategic resource allocation, efficient service delivery and accountability. Public bodies spend money raised from taxpayers and they are entitled to expect high standards of control and oversight of performance.

- Overarching Scheme of Corporate Governance highlights parameters for decision-making, including arrangements for governance, delegations, consent, specific financial limits and standing orders for contracts.
- Joint Independent Audit Committee (JIAC) uses CIPFA guidance and Financial Management Code of Practice.
- Risk Management Strategy allows identification and management of operational, strategic and project risks.
- Accountability Board provides scrutiny of Force strategic risks by the PCC.
- Effective business continuity planning is in place.
- External scrutiny of PCC decisions is provided by the Police and Crime Panel.
- Internal Audit is provided by West Yorkshire OPCC and External Audit reports are scrutinised by the JIAC.
- Annual Governance Statements (AGS) are produced by the Force and OPCC.
- Data Protection policies are in place and published online.
- Her Majesty's Inspectorate (HMICFRS) provide assurances around Force efficiency and effectiveness.
- Data quality is constantly kept under review by the Force and assessed by HMICFRS.
- PCC receives regular budget monitoring reports to the Accountability Board and Police and Crime Panel.
- PCC approves the Treasury Management Strategy.
- Force and OPCC receive annual external audit opinions.

#### **G: Implementing good practices in transparency, report and audit to deliver effective accountability**

Accountability ensures those making decisions/delivering services are answerable for them. Effective accountability reports on actions completed and ensures stakeholders can understand responses as the organisations plan and carry out activities in a transparent manner. External/internal audit contribute to effective accountability. Both organisations will be as open as possible about all their decisions, actions, plans, resource use, forecasts, outputs, and outcomes.

- PCC holds the Chief Constable to account on a regular basis via an assurance mechanism – including the Accountability Board and weekly/monthly assurance meetings.
- Information is published on OPCC website in accordance with Elected Local Policing Bodies (Specified Information) Order 2011, for example the publication of Decision Records by the PCC.
- Force and OPCC publish their respective Annual Reports for presentation to the Police and Crime Panel.
- Force and OPCC publish their respective Statement of Accounts and Annual Governance Statements (AGS).
- OPCC believes transparency is very important to the way it works and has a CoPaCC transparency award.
- Police and Crime Panel provides checks and balances in relation to performance of the PCC and publish reports provided by the OPCC.
- Internal Audit is provided by West Yorkshire OPCC and External Audit reports are scrutinised by the JIAC.
- Her Majesty's Inspectorate (HMICFRS) provide assurances around Force efficiency and effectiveness.
- Force and PCC welcome reviews and inspections from regulatory bodies and have oversight of recommendations through the JIAC.
- Use is made of standard decision reporting templates.
- Data Protection Impact Assessments (DPIA) are undertaken to identify the most effective way to comply with data protection obligations and meet individuals' expectations of privacy.
- PCC, Chief Constable and JIAC to ensure that arrangements are in place for whistleblowing.

## **SCHEME OF CORPORATE GOVERNANCE**

This scheme sets out delegations from the PCC and Chief Constable to staff, incorporating instruments such as financial regulations/standing orders relating to contracts. It clarifies the powers which, for good business practice, are given to statutory officers. The PCC and Chief Constable may limit powers and/or remove delegation.

It provides a framework to ensure business is carried out lawfully and efficiently, that decisions are not unnecessarily delayed and are taken at an appropriate level. It forms part of the overall corporate governance framework of both corporations sole. Powers are given to the PCC and Chief Constable by laws, orders, rules or regulations. National conditions of employment also give powers to the PCC and Chief Constable or (in the case of police regulations) the Secretary of State for the Home Department. Any powers or duties placed on other statutory officers should be exercised lawfully in accordance with respective delegations of the PCC and Chief Constable, standing orders and financial regulations, relevant policies, procedures, plans, strategies and budgets. It does not identify all the statutory duties which are contained in specific laws and regulations.

### **GENERAL PRINCIPLES OF DELEGATION**

Persons appointed as Chief Executive (also Monitoring Officer) and Chief Finance Officer (under Schedule 1, paragraph 6(1) (b) of the PRSR Act 2011) for the PCC have statutory powers and duties relating to their positions and do not rely on certain matters being delegated to them to carry out those specific powers and duties. This scheme provides persons with legal authority to carry out appropriate duties of the PCC and/or Chief Constable. They must comply with all other statutory and regulatory requirements and relevant professional guidance including:

- Police and Social Responsibility Act 2011 and relevant legislation issued under this Act.
- Financial and Contract Regulations.
- Home Office Financial Management Code of Practice.
- CIPFA Statement on the role of Chief Financial Officer of the PCC and Head of Finance and Business Services of the Chief Constable.
- PCC and Chief Constable's governance frameworks.
- PCC and Humberside Police policies and procedures.
- Data Protection Act 2018/General Data Protection Regulation (GDPR) and Freedom of Information Act 2000.
- Health and Safety at Work legislation and codes.

This Scheme is a record of formal delegations in effect at the time of publication. The PCC and Chief Constable's governance framework, including this Scheme, will be reviewed at least annually. With the exception of those matters listed above, any person to whom a power is delegated under this scheme may sub-delegate that power as they deem appropriate. Formal responsibility and accountability for effective discharge of sub-delegated powers legally remains with the person to whom the power was delegated by the PCC or Chief Constable.

The PCC and/or Chief Constable may ask for specific matters to be referred to them for decision and not be dealt with under powers of delegation.

The scheme does not attempt to list all matters which form part of everyday management responsibilities. Such matters will generally be set out in Service Level Agreements currently being developed by the OPCC and Force, for provision of support services from the Chief Constable to the PCC. Giving delegation to persons under this scheme does not prevent referral of any matter to the PCC and/or Chief Constable for decision if felt appropriate (e.g. sensitive community/stakeholder issues or matters having significant operational or financial implications).

The PCC and Chief Constable may set out their reporting arrangements on actions undertaken by their own staff in respect of the use of powers delegated to them.

### **ROLE AND PRIMARY RESPONSIBILITIES OF THE PCC**

- Holding the Chief Constable to account for performance of the Force.
- Appointing the Chief Constable (and dismissing them when necessary).

- Setting out the Force's budget.
- Providing a link between the police and the community, obtaining and representing the views of local people, local authorities and criminal justice organisations.
- Working with partner agencies.
- Provision of an efficient and effective Criminal Justice System.
- Setting local strategic policing/crime priorities and objectives through publication of a Police and Crime Plan.
- Setting the policing and crime precept.
- Overseeing community safety, reduction of crime and value for money in policing.
- Commissioning victim and witness services, including restorative justice.
- Preparing and publishing an Annual Report on progress in delivery of the Police and Crime Plan.
- Owns all land/buildings and will sign contracts in accordance with the requirements of financial regulations.
- Approves the annual Treasury Management Strategy and borrowing limits.
- Receives government grants and the council tax precept.

When exercising duties and functions, the PCC must have regard to (not exhaustive list):

- Views of the people in the Humberside Police area, including victims of crime.
- Any report or recommendation made by the Police and Crime Panel in respect of the Police and Crime Plan, the proposed annual precept, and the Annual Report for the previous financial year.
- Police and Crime Plan and guidance issued by the Secretary of State, including Strategic Policing Requirement.

PCC may arrange for any person (but not a police officer) to exercise any functions, with the following exceptions:

- Determining the policing and crime objectives in the Police and Crime Plan.
- Issuing the Police and Crime Plan.
- Calculation of the budget requirement.
- Appointing or suspending the Chief Constable or calling upon the Chief Constable to retire or resign.
- Attendance at the Police and Crime Panel in compliance with a requirement by the Panel to do so.
- Attendance at, and presenting the Annual Report to, the Police and Crime Panel.

The Police and Crime Panel exercise checks and balances on the PCC through reviewing and/or scrutinising their decisions and actions, but not those of the Chief Constable.

The PCC is responsible for handling complaints and conduct matters about the Chief Constable, monitoring their handling and investigation of complaints against police officers, staff and the wider service, and complying with Independent Office for Police Conduct (IOPC) requirements. From 01/02/20, the Policing and Crime Act 2017 made the PCC responsible for reviews of recorded complaints handled under Schedule 3 of the Police Reform Act 2002. Delegation of the appropriate authority for Chief Constable complaints and complaints reviews is delegated to the Statutory Operations Senior Management.

#### **ROLE OF THE PCC'S CHIEF EXECUTIVE**

The PCC must appoint a person (referred to as the 'Chief Executive') to act as the Head of the body's paid service under Section 4 of the Local Government and Housing Act 1989. The Chief Executive is Head of the PCC's staff, and also Monitoring Officer for the PCC. Formal delegations from the PCC to the Chief Executive are listed in Appendix 1.

#### **ROLE OF THE PCC'S CHIEF FINANCE OFFICER (PCCCFO)**

The PCC must appoint a person to be responsible for proper administration of their financial affairs, in accordance with the Financial Management Code of Practice. As Chief Finance Officer to the PCC (PCCCFO), they have statutory responsibility to manage the PCC's financial affairs in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and Accounts and Audit Regulations 2003 (as amended). Detailed financial management responsibilities of the PCCCFO, including delegated powers, are set out in Financial Regulations. Formal delegations from the PCC to the PCCCFO are listed elsewhere in this document.

## **ROLE OF THE CHIEF CONSTABLE**

The Chief Constable is responsible for maintaining the Queen's peace and direction and control of the Force. The Chief Constable is accountable to the law for exercise of police powers, and to the PCC for delivery of efficient and effective policing, management of resources and expenditure by the Force.

Delegations from the Chief Constable to key Force Personnel are contained elsewhere in this document and the Chief Constable shall appoint suitably qualified and experienced Chief Officers and Heads of Department.

## **ROLE OF HEAD OF FINANCE AND BUSINESS SERVICES (CCCFO)**

The Chief Constable must appoint a person to be responsible for proper administration of the Force's financial affairs, in accordance with the Financial Management Code of Practice, as issued by the Home Office.

As Chief Finance Officer (CCCFO) appointed by the Chief Constable, there is a statutory responsibility for the post-holder to manage the Force's financial affairs, in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended). Detailed financial management responsibilities of the CCCFO, which includes delegated powers, are set out in Financial Regulations elsewhere.

## **URGENCY PROVISIONS**

### **(1) Police and Crime Commissioner**

If any urgent matter normally referred to the PCC (or Deputy PCC) for decision arises and cannot be delayed, in the absence of the PCC or Deputy PCC, it may be decided by an appropriate chief officer:

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

Urgent decisions taken must be reported to the PCC as soon as practicably possible.

### **(2) Humberside Police**

If any urgent matter normally referred to the Chief Constable (or Deputy Chief Constable) for decision arises and cannot be delayed, in the absence of the Chief Constable or Deputy Chief Constable, it may be decided by an appropriate member of the Chief Officer Group. Urgent decisions taken must be reported to the Chief Constable as soon as practicably possible.

<b>SECTION A: FINANCIAL MANAGEMENT FRAMEWORK</b>	17
A1: Financial Management Standards	17
A2: Accounting Systems, Records and Returns	17
A3: Annual Statement of Accounts	18
<b>SECTION B: FINANCIAL PLANNING AND CONTROL</b>	18
B1: Financial Planning	18
B2: Budgetary Control	20
B3: Capital Programme	23
B4: Maintenance of Balances and Reserves	24
<b>SECTION C: MANAGEMENT OF RISK AND RESOURCES</b>	25
C1: Risk Management and Business Continuity	25
C2: Internal Controls	26
C3: Audit Requirements	27
C4: Preventing Fraud and Corruption	29
C5: Assets	30
C6: Treasury Management and Banking Arrangements	33
C7: Staffing	35
C8: Police Property Act	35
C9: Trust Funds	36
C10: Proceeds of Crime Act	36
C11: Evidential and Non-Evidential Property	36
C12: Gifts, Loans and Sponsorship	37
<b>SECTION D: SYSTEMS AND PROCEDURES</b>	37
D1: General	37
D2: Income	38
D3: Incurring Expenditure, Ordering and Paying for Work, Goods and Services	39
D4: Payments to Employees	39
D5: Taxation	40
D6: Corporate Credit Cards	40
D7: Purchasing Cards	40
D8: Ex Gratia Payments	41
<b>SECTION E: EXTERNAL ARRANGEMENTS</b>	41
E1: External Funding	41
E2: Working for Third Parties	43
E3: Joint Working Arrangements	43
<b>SECTION F: CONTRACT STANDING ORDERS</b>	45
F1: Yorkshire and the Humber Regional Contract Standing Orders (Page 57)	
<b>SECTION G: DELEGATED LIMITS</b>	45
<b>SECTION H: GUIDANCE NOTES</b>	48
<b>SECTION I: ANTI-FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN</b>	49

This section sets out Financial Regulations that apply to the PCC, OPCC staff, the Chief Constable and police officers and staff, having due regard to the overall regulatory framework of their approach to financial management. Public sector accounting is covered by government legislation and accounting standards designed to ensure proper accountability for public funds. The Home Office also issue a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996, which permit the Secretary of State to issue codes of practice to all PCCs and Chief Constables.

To conduct business effectively, sound financial management policies are essential, and must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These have been drawn up in such a way as to ensure the financial affairs of the PCC and Chief Constable are conducted properly and comply with all necessary requirements. They seek to reinforce the standards of conduct in public life required by the PCC, Chief Constable, police officers, police staff and staff in the OPCC and in particular the need for openness, accountability and integrity. They apply to all officers and staff of the PCC and Force, and anyone acting on their behalf.

The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCC, Chief Constable and their officers and staff, and provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf. The PCC and the Chief Constable are established in law as corporations sole in the Police Reform and Social Responsibility Act 2011. Both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with impartial direction and control of all constables and staff within their force. Staff of the PCC are accountable to the directly elected holder of that office.

The public accountability for delivery and performance of the police service rests with the PCC on behalf of the electorate. They have 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 and the Police and Crime Panel provides the check and balance by holding the PCC to account. The PCC may also appoint a Deputy PCC who may exercise the functions of the PCC set out in the Scheme of Governance.

The PCC is the recipient of all funding, including government grants, precept and other sources of income related to policing and crime reduction. 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. The PCC is required to appoint a Chief Executive and Monitoring Officer and they and the Chief Constable are both required to appoint a Chief Finance Officer (CFO).

Both organisations should be committed to innovation, within the regulatory framework, provided the necessary funding, risk assessment and approval safeguards are in place.

## **STATUS**

These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and Corporate Governance Framework including the Policing Protocol, Codes of Conduct, Scheme of Governance, within which levels of delegation and Standing Orders Relating to Contracts sit.

The PCC, Chief Constable and all officers/staff have a general duty to take reasonable action to provide for the security of assets under their control and ensuring the use of these resources is legal, properly authorised, provides value for money and achieves best value.

Financial Regulations explain the working financial relationship between the PCC and Chief Constable and their Chief Finance Officers, and the role played by the PCC's Chief Executive and Monitoring Officer.

The Home Office's Revised Financial Management Code of Practice (July 2018) summarises the relationship between the PCC and Chief Constable and their respective Chief Finance Officers below:

*"The Policing Protocol 2011... sets out the high level financial responsibilities of the PCC and the Chief Constable, making clear that the former is ultimately accountable to the public for the management of the Police Fund while the latter has day to day responsibility for managing their allocated budgets after these have been approved by the PCC.*

*An effective, cooperative and constructive working relationship between the two Chief Finance Officers is fundamental and is more likely to be achieved where communication and clarity of understanding are at their highest. Mutual understanding of and respect for each party's statutory functions will serve to enhance policing for local communities. It is expected that the principles of goodwill, professionalism, openness and trust will underpin the relationship and that all parties will do their utmost to make the relationship work. It is also acknowledged that good relationships between the Chief Finance Officers and the Chief Executive are fundamentally important and need to be underpinned by the same principles"*

Both Chief Finance Officers will follow the Home Office's Code of Practice and abide by these principles at all times.

The overriding aim is to ensure effective working relationship, and strategic and financial planning, working to timetables approved by the PCC to enable accurate and timely review and reporting of all financial matters and to demonstrate value for money for the public.

The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCCCFO and the CCCFO are jointly 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 and Force websites and on the Force Intranet.

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.

The Act and Protocol establish the principles within which the two CFOs will operate. The PCCCFOs principal aim is to translate the PCCs plans and priorities into a viable Medium Term Financial Strategy, ensure funding is available from grants, precepts and reserves, and establish an appropriate framework for financial accountability. The CCCFOs principal aim is to manage implementation and monitoring of the budget allocated to the Force and maintain oversight of their efficiency.

CIPFA's Statement on the Role of the Chief Financial Officers in Policing states the PCCCFO should support the CCCFO, working to ensure the PCC's plans and priorities are translated into a funded Medium Term Financial Strategy which provides the Force with a basis to manage its budgets. The CCCFO will work with the PCCCFO to design appropriate information and monitoring arrangements, to provide the PCC with necessary information to monitor overall spending levels and performance.

More detailed Financial Instructions to supplement these Regulations, may be issued by the Chief Constable after consultation with the CCCFO.

Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases must be reported to the PCCCFO and 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 later on. The PCC and all officers/staff have a duty to abide by the highest standards of probity in dealing with financial issues.

The Financial Regulations shall only be suspended by a formal decision of the PCC.

## FINANCIAL REGULATIONS

The Financial Regulations are divided into a number of sections. References are made in individual sections to delegated limits of authority, with the actual values set out in Section G.

<b>SECTION A:</b>	FINANCIAL MANAGEMENT FRAMEWORK
<b>SECTION B:</b>	FINANCIAL PLANNING AND CONTROL
<b>SECTION C:</b>	MANAGEMENT OF RISK AND RESOURCES
<b>SECTION D:</b>	SYSTEMS AND PROCEDURES
<b>SECTION E:</b>	EXTERNAL ARRANGEMENTS
<b>SECTION F:</b>	CONTRACT STANDING ORDERS
<b>SECTION G:</b>	DELEGATED LIMITS
<b>SECTION H:</b>	GUIDANCE NOTES ON BREACHES OF STANDING ORDERS AND FINANCIAL REGULATIONS
<b>SECTION I:</b>	ANTI-FRAUD AND CORRUPTION STRATEGY AND FRAUD RESPONSE PLAN

Regulations may be supplemented by more detailed Financial Instructions issued by the Chief Constable after consultation with the CCCFO. Financial Instructions should be made available on the Force Intranet.

### DEFINITIONS WITHIN THE REGULATIONS

These Regulations refer to: (i) PCC for Humberside and OPCC, (ii) Chief Constable of Humberside Police, (iii) Statutory Officers: PCCs Chief Finance Officer (PCCCFO), Chief Constables Chief Finance Officer (CCCFO), and Chief Executive (who also fulfils the role of Monitoring Officer), and (iv) Force.

Definitions:

- OPCC refers to the PCC, Deputy PCC (if appointed) and members of staff employed by the PCC providing core democratic support commissioning, community engagement and other services.
- 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 their direction and control.
- Chief Officers when referred to generically means Chief Constable, Chief Executive, PCCCFO, CCCFO, Assistant Chief Officer (Resources) and all other members of the Chief Officer Group.
- 'Employees' when referred to generically means police officers/staff and other members of the wider police family.
- 'Authorised Officer' refers to employees authorised by a Chief Officer.
- 'Contract' refers to any commitment (Purchase Orders/MOUs/SLAs/Leases) to acquire/purchase/sell goods, services or building works on behalf of the PCC, Force or affiliated bodies.
- 'Value for money' refers to most cost-effective means of meeting needs and takes account of whole life costs.
- Chief Constable, Chief Executive, PCCCFO and CCCFO includes any member of staff, contractors or agents to whom particular responsibilities may be delegated. Levels of delegated responsibility must be evidenced clearly, made to an appropriate level, with sufficient authority, training and resources given to undertake the duty.
- Medium Term Resource Strategy (MTRS) is a five-year strategic financial planning summary containing forecasted annual income and expenditure budget estimates. It is approved by the PCC.

Within these Regulations, most references have been made to responsibilities of the Chief Constable since most day to day financial management is vested with that post. 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 them.

### Police and Crime Commissioner (PCC)

- Ensures, through a statutory duty and electoral mandate, an efficient and effective police service and holds 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. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. Statutory Officers of the Chief Constable and PCC will provide professional advice and recommendations.

- Appoints a Chief Financial Officer (PCCCFO) to be responsible for proper administration of the Commissioner's financial affairs. The PCC appoints a Chief Executive (who acts as Monitoring Officer and Head of Paid Service).
- Approves the policy framework and budget, monitors financial outcomes and approval of Medium Term Resource Plans in consultation with the Chief Constable. They are responsible for approving the overall framework of accountability and control, and monitoring compliance, including:
  - Police and Crime Plan.
  - Medium Term Resource Strategy (including medium-term financial forecasts).
  - Annual Revenue Budget.
  - Capital Programme.
  - Treasury management strategy, annual investment strategy, minimum revenue provision (MRP) policy.
  - Estate Strategy, IT/IS and other key strategies and asset management plans.
  - Risk Management strategy.
  - Governance policies.
- Approves procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- Approves procedures for agreeing variations to approved budgets, plans and strategies in the policy framework.
- Provides the PCCCFO with staff, accommodation and other resources in their opinion sufficient to allow their duties under this section to be performed.
- Appoints a Deputy PCC (if required) and arranges carrying out of appropriate functions delegated to them.

#### **Deputy Police and Crime Commissioner (DPCC) (if appointed)**

- Exercises the functions conferred on him/her by the PCC as detailed in the Scheme of Governance.

#### **Chief Constable**

- Maintains 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.
- 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, their constables and staff, remain operationally independent in the service of the public.
- Helps to ensure effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and to employ staff within the 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.
- Must ensure financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC.
- When the Chief Constable intends to make significant policy change or seeks to move significant sums of their budget in line with the Scheme of Delegation, PCC approval should be sought. The PCC will provide guidance on what to regard as a significant change.
- Appoints a Chief Finance Officer (CCCFO) to lead the Force on financial management and be responsible for proper administration of the Chief Constable's financial affairs.
- Responsible for 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 approved policies and framework of accountability.
- May prepare Financial Instructions to supplement the Financial Regulations and provide detailed advice on the operation of specific financial processes delegated to them. They shall ensure 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 the Regulations can be complied with.

#### **Joint Independent Audit Committee**

Home Office Financial Management Code of Practice states the PCC and Chief Constable should establish a Joint Independent Audit Committee (JIAC), a combined body which considers internal and external audit reports of both

the PCC and Chief Constable. In establishing the JIAC, the PCC and the Chief Constable shall have regard to CIPFA Guidance on Audit Committees and good practice principles set out in the HM Treasury Audit Committee Handbook.

- Advise the PCC and the Chief Constable according to good Governance principles and will ensure that appropriate risk management arrangements in accordance with proper practices are in place and operating.
- Comprises between five and seven members who are independent of the PCC and the Force.
- Establish terms of reference, covering its core functions (formally adopted and reviewed at least annually).
- PCC and Chief Constable shall be represented at all JIAC meetings.

## **ROLE OF THE STATUTORY AND KEY OFFICERS**

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

The PCCCFO is responsible for administration of the financial affairs of the PCC and has a personal fiduciary responsibility to the local council taxpayer. Their statutory responsibilities are set out in:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011.
- Section 114 Local Government Finance Act 1988 (powers to safeguard lawfulness and propriety in expenditure).
- Accounts and Audit Regulations as amended from time to time.
- Home Office Financial Management Code of Practice.
- Section 151 Local Government Act 1972.

The PCCCFO is the PCCs professional adviser on financial matters and shall:

- Ensure the financial affairs of the PCC are properly administered and Financial Regulations are observed and kept up to date.
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
- Ensure the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges.
- Report to the PCC, Police and Crime Panel and external auditor:
  - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC.
  - when it appears any expenditure is likely to exceed resources available to it to meet that expenditure.
- Advise the PCC on the robustness of estimates and adequacy of financial reserves.
- Prepare and publish the PCC's annual statement of accounts in accordance with appropriate accounting codes of practice and reporting standards, including an Annual Governance Statement.
- Ensure the statement of accounts for the PCC and PCC Group are produced and published in accordance with the appropriate codes of practice and reporting standards.
- Ensure provision of an effective internal audit service, in conjunction with the CCCFO.
- Secure the treasury management function, including loans and investments.
- Advise in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance.
- Arrange for determination and issue of the precept.
- Liaise with the external auditor.
- Advise 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.
- Nominate a person to deputise should they be unable to perform their duties (Deputy s151 officer).

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 necessary action to safeguard the finances of the OPCC and Force. They have 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.

To fulfil these duties and ensure the PCC is provided with adequate financial advice, the PCCCFO must:

- Be a key member of the PCC Leadership Team, work closely with the Chief Executive, help the team develop and implement strategy, resource/deliver the PCCs strategic objectives sustainably and act in the public interest.
- Be actively involved in, and bring influence to bear on, all strategic business decisions of the PCC, and ensure the financial aspects of immediate and longer-term implications, opportunities and risks are fully considered and aligned with the PCCs financial strategy.
- Lead 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.
- Ensure the finance function is resourced and is fit for purpose.

Financial Regulations cannot foresee every eventuality. The PCCCFO, in consultation with the CCCFO, is responsible for reviewing, maintaining and interpreting these Regulations to ensure efficient and effective operation of services.

### **Chief Constable's Chief Finance Officer (CCCFO)**

The CCCFO is responsible for proper financial administration and has personal fiduciary responsibility to local council tax payers. They are also responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.

CCCFO's responsibilities are set out in:

- Paragraph 4 of Schedule 2/paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011.
- Section 114 Local Government Finance Act 1988 (powers to safeguard lawfulness and propriety in expenditure).
- Accounts and Audit Regulations as amended from time to time.
- Section 151 Local Government Act 1972.

The CCCFO shall:

- Ensure the financial affairs of the Force are properly administered and that Financial Regulations are observed and kept up to date.
- Prepare revenue and capital budgets and medium-term resource forecasts for the Chief Constable.
- Report to the Chief Constable, PCC, PCCCFO and to the external auditor: (i) any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable, or (ii) when it appears any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure.
- Advise the Chief Constable on value for money in relation to all aspects of the Force's expenditure.
- Advise the Chief Constable and PCC on the soundness of the budget in relation to the Force.
- Prepare and ensure a statement of accounts of the Chief Constable is produced/published, and prepare PCC and PCC Group accounts in conjunction with the PCCCFO.
- Prepare and publish the Chief Constable's Annual Governance Statement.
- Ensure an effective internal audit service in conjunction with the PCCCFO.
- Liaise with the external auditor.
- Nominate a deputy should they be unable to perform their duties (Deputy s151 officer).

The CCCFO has certain statutory duties which cannot be delegated, namely reporting 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 compilation of the Group accounts by the PCCCFO. To enable them to fulfil these duties they must:

- Be a key member of the Chief Constable's Management Team, helping develop and implement strategy and resource to deliver the PCC's and Chief Constable's strategic objectives sustainably and in the public interest.
- 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.
- Lead promotion and delivery by the Chief Constable of good financial management so public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
- Ensure the finance function is resourced to be fit for purpose.

Financial Regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCCCFO, shall be responsible for interpreting these Regulations so as to ensure efficient and effective operation of services.

### **Chief Executive and Monitoring Officer**

Chief Executive is responsible for leadership and general administration of the PCC's office. They are also the designated Monitoring Officer, appointed under section 5(1) of the Local Government and Housing Act 1989, to:

- Ensuring legality of the actions of the PCC and their officers.
- Ensuring 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.
- Advising the PCC on matters relating to standards of conduct.

## **SECTION A: FINANCIAL MANAGEMENT FRAMEWORK**

### **A1 FINANCIAL MANAGEMENT STANDARDS**

The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring everyone is clear about the standards to which they are working and the controls in place to ensure these standards are met.

The PCC shall receive updates on financial performance of the Force and OPCC through regular budget monitoring and outturn reports from the PCCCFO and CCCFO, and the Annual Audit Letter provided by the external auditor.

#### **Joint Responsibilities of the PCCCFO and CCCFO**

- Ensure proper administration of the financial affairs of the OPCC and Force.
- Ensure proper practices are adhered to.
- Key controls are in place to secure sound financial management.
- Ensure financial information is available to enable accurate and timely monitoring and reporting.
- Ensure all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- Ensure staff are properly managed/developed/trained/supported to carry out their financial duties effectively.
- Ensure appropriate accounting policies are in place and applied consistently.

#### **Responsibilities of the Chief Constable**

- Ensure specific duties/responsibilities in financial matters are clear to individual officers and properly recorded.

### **A2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS**

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

#### **Joint Responsibilities of the PCCCFO and CCCFO**

- Determine accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within required accounting policies and published timetables.

- Make proper arrangements for audit of the PCC, Force and the Group accounts in accordance with the Accounts and Audit Regulations as amended from time to time.
- Ensure all claims for funds including grants are made on a timely and accurate basis.
- Ensure all statutory returns and relevant statistical returns are accurate and returned by the due date.
- Ensure bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
- Prepare and publish audited accounts in accordance with the statutory timetable.
- Observe agreed principles for segregation of duties in allocation of accounting duties in order to provide adequate control arrangements.
- Ensure all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Maintain adequate records to provide a management trail leading from source of income and expenditure through to accounting statements.
- Ensure financial records are retained and disposed of in accordance with agreed policies and procedures.

### **Responsibilities of the CCCFO**

- Obtain approval of the PCCCFO before making any fundamental changes to accounting records and procedures or accounting systems.

## **A3 ANNUAL STATEMENT OF ACCOUNTS**

The PCC and the Chief Constable have a statutory responsibility to prepare their own accounts to present a true and fair view of their operations during the year. They must be prepared in accordance with proper practices as per the Code of Practice on Local Authority Accounting in the United Kingdom. The accounts will comprise separate statements for the PCC, Chief Constable and Group accounts covering both entities. The PCC and the Chief Constable are responsible for approving their own annual accounts. The accounts are subject to detailed independent review by the external auditor. This provides assurance that the accounts are prepared correctly, proper accounting practices have been followed and adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

### **Joint Responsibilities of the PCCCFO and the CCCFO**

- Draw up the timetable for final accounts preparation, in consultation with the CCCFO and external auditor.
- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Comply with the Code of Practice on Local Authority Accounting.
- Prepare, sign and date the separate statements of accounts, including the Group accounts, stating they present a true and fair view of the financial position of the PCC, Force and Group at the accounting date and their income and expenditure for the financial year just ended.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable.

### **Joint Responsibilities of the PCC and the Chief Constable**

Consider and approve their annual accounts in accordance with the statutory timetable.

## **SECTION B: FINANCIAL PLANNING AND CONTROL**

### **B1 FINANCIAL PLANNING**

The Police Reform and Social Responsibility Act 2011 gives the PCC responsibility for the totality of Policing in their Force area and requires them to hold the Chief Constable to account for operational delivery of policing. The PCC sets the strategy and provides the financial resources against and within which spending by the PCC and Chief Constable are managed. The PCC and Chief Constable need systems that enable resources to be allocated in accordance with priorities. Financial planning is essential for the Force and OPCC to function effectively. There must be clear links to the overarching governance framework.

Financial planning process should be directed by the approved policy framework, business planning process and the need to meet key objectives. Planning processes should be continuous, and the planning period should be five years. The process should include a more detailed annual plan and budget covering the forthcoming financial year. This allows the PCC and Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term. The annual budget format determines the level of detail to which financial control and management will be exercised and shape how virement rules operate. The annual budget will be supported by detailed objective analysis of spend at Command/Branch level together with associated workforce plans. 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 Government on resource allocation.

### **Medium Term Resource Strategy (MTRS)**

The PCC and Chief Constable share responsibility to provide effective financial/budget planning for the short/medium/long term, through preparation of a MTRS including financial projections for five years together with a capital programme covering the same period. This explains how the PCC and Chief Constable will structure and manage their finances to support delivery of the outcomes set out in the Police and Crime Plan and ensure there is sound financial management and good stewardship of public money.

### **Responsibilities of the PCC**

To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a MTRS 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 must be aligned with the Police and Crime Plan.

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Determine the format and timing of the MTRS to be presented to the PCC and Chief Constable. The format should comply with all legal requirements and latest CIPFA guidance.
- Prepare a medium term forecast of proposed income and expenditure for submission initially to the Chief Constable and Chief Officer Team and then the PCC.
- When preparing the forecast, the Chief Constable shall have regard to:
  - Police and Crime Plan.
  - Policy requirements approved by the PCC as part of the policy framework.
  - Detailed workforce plans.
  - 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.
  - Need to deliver efficiency and/or productivity savings.
  - Government grant allocations.
  - Potential implications for local taxpayers.
  - CCCFO to provide details of known risks for consideration by the PCCCFO.
- Ensure medium-term resources forecast includes options for use of general balances, reserves, provisions, and assumptions about future government funding levels and demonstrates potential local taxation implications.
- Requirements should 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**

- Revenue budget provides estimates of annual income/expenditure requirements for the police and crime/community safety and sets out financial implications of the PCC's strategic policies. It provides authority to Chief Officers to incur expenditure and a basis to monitor financial performance of the PCC and Force.
- PCC should consult the public, Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, including a separate force budget. This will take into consideration funding from Government and other sources, balancing the expenditure needs of the policing service, community safety and the PCC against the level of local taxation. This should meet statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
- Impact of the annual budget on priorities and funding of future years as set out in the Police and Crime Plan and Medium Term Resource Strategy should be clearly identified.

## **Responsibilities of the PCC**

- Agree planning timetable with the Chief Constable.
- Obtain views of the local community on proposed spending plans for the financial year to which the proposed expenditure relates.
- Present proposed budget and precept recommendations to the Police and Crime Panel for consideration in accordance with legislative requirements and agreed timetable.
- Approve budget for the Force and other services and set precept after taking in to account views expressed by the Police and Crime Panel in accordance with legislative requirements and agreed timetable.

## **Responsibilities of the PCCFO**

- Determine the format of the revenue budget to be presented to the PCC in consultation with the Chief Constable, to comply with all legal requirements and latest CIPFA guidance.
- Obtain timely and accurate information from billing authorities on the council tax base and latest surplus/deficit position on collection funds to inform budget deliberations.
- Advise the PCC on appropriations from/to and or appropriate level of general balances, earmarked reserves or provisions to be held.
- Submit a report to the PCC on robustness of estimates and adequacy of reserves.
- Submit a report on 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.
- 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.
- 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.

## **Responsibilities of the CCCFO**

- Prepare detailed budget estimates and medium-term resource plans for the forthcoming financial year and the next four years in accordance with the timetable agreed with the PCCFO which will include resources sufficient to finance the foreseeable operational needs without having to request additional approvals.
- Submit draft budget proposals to the Chief Constable and Chief Officer Team for approval by the Chief Constable.
- Submit estimates in the agreed format to the PCC for approval.
- 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**

Budget management ensures once the PCC has approved the budget, resources allocated are used for their intended purpose and properly accounted for. Budgetary control is a continuous process, enabling 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. There are key controls in place for managing and controlling the revenue budget.

Management of budgets must not be seen in isolation and should be measured in conjunction with service outputs and performance measures. PCCCFO and CCCFO shall jointly ensure there is an appropriate framework for budget management and control within their respective organisations.

### **Revenue Budget Monitoring**

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

### **Responsibilities of the CCCFO**

- Provide appropriate financial information to enable budgets to be monitored effectively.
- Ensure each income/expenditure element 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.
- Ensure total spending for operational policing remains within 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, the PCCCFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of regular reporting to the PCC.
- Submit a monthly budget monitoring report to the Chief Constable's Chief Officer Team and the PCC on a regular basis throughout the year, containing recently available financial information. The reports shall be in a format agreed with the PCC and PCCCFO.
- 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 costs exceed the limits set out in Section G.

### **Responsibility of the CCCFO**

- Submit a monthly budget monitoring report, containing the most recently available financial information to the PCC and Chief Officer Group showing spending to date and comparisons of projected outturn with the latest approved budget at times to be agreed.

### **Responsibility of the PCCCFO**

- Submit monthly budget monitoring reports to the Chief Executive throughout the year containing the most recently available financial information for the OPCC.

### **Joint Responsibilities of the Chief Executive and PCCCFO**

- Manage the budget allocated for the PCC's Office.
- Ensure total spending for the OPCC 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 total allocation of resources due to circumstances beyond the control of the Chief Executive, the PCC shall be alerted immediately along with proposals to remedy the situation as part of regular reporting to the PCC.

### **Revenue Virement**

A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget report. The PCC's consents in respect of the scheme of virement is intended to

enable Chief Officers to manage budgets with a degree of flexibility within the overall policy framework determined by the PCC and provide the opportunity to optimise the use of resources to emerging needs.

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.

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.

Key controls for the scheme of virement are:

- Administered by Chief Officers in accordance with limits set out in Financial Regulations. Any variation from this scheme requires the approval of the PCC.
- 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.
- Virement does not create additional overall budget liability.
- Each Chief Officer with delegated powers shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

### **Responsibilities**

- The PCC shall approve a scheme of virement and note and approve reports on virement submitted by the Chief Constable and their officers and staff.
- The PCC has consented to allow virements between budget headings provided that they operate within the limits defined in Section G.

Exceptions to the above framework are:

- 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.
- When the virement is between an income budget and 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.

Budget lines will be cash limited and defined each year as part of the budget approval. 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. Approval of the PCC shall be required if the virement involves:

- Substantial change in policy.
- Significant addition to commitments in future years.

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

Carry forward of underspent budgets is permitted only within delegation limits set out in the carry forward scheme.

Carry forwards are to be 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 CCCFO that expenditure proposed against carry forward underspending is in accordance Police and Crime Plan priorities and non-recurrent in nature.

### **Responsibilities of the CCCFO**

- Ensure Budget Managers report any overspend on their budgets in any financial year.
- Consider reducing budgets for the following financial year where overspending has/is expected to occur.

- 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 limits indicated in Section G.
- Refer all carry forwards that fall outside of parameters stipulated in these Regulations to the PCC and Chief Officer Group for approval.

### **Responsibilities of the PCC**

- Consider whether arrangements for carrying forward underspends are appropriate/affordable when considering levels of reserves and balances as part of development of a sustainable Medium Term Resource Strategy.

## **B3 CAPITAL PROGRAMME**

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.

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 Force and PCC will consider their spending plans.

The capital programme is linked to the Estates Strategy, IS, Fleet and other key strategies involving proposals for significant investment in capital assets that must be included within the approved MTRS.

### **General**

#### **Responsibilities of the Chief Constable**

- Develop an Estate Strategy, IT, Fleet and other key strategies and implement management plans.

#### **Responsibilities of the PCC**

- Approve the Estate, IT and Fleet Strategies and asset management plans together with other key strategies involving proposals for significant investment in capital assets.
- Approve a fully funded medium-term capital programme.

#### **Responsibilities of the CCCFO**

- Prepare five-year rolling programme of proposed capital expenditure in accordance with agreed finance strategy for initial consideration by the Chief Constable's Chief Officer Group and presentation to/approval by the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- 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.
- Ensure each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
- Identify, in consultation with the PCCCFO, available sources of funding the capital programme, including identification of potential capital receipts from disposal of property or other assets.
- Prioritise requirements so that if a gap is identified between available resources and required capital investment the Chief Constable can advise the PCC so that they can make informed judgements as to which schemes should be included in the capital programme, minimum levels of funding required for each scheme and potential phasing of capital expenditure.
- Not to incur capital expenditure unless the scheme is part of the Capital Programme approved by the PCC apart from professional fees.

## **Responsibilities of the PCCCFO**

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.

## **Annual Capital Programme**

### **Responsibilities of the PCC**

- Agree the annual capital programme, and how it is to be financed.

### **Joint Responsibilities of the Chief Constable and CCCFO**

- Ensure that incurred expenditure, providing the project appraisal has been approved in the capital programme and provided cost variations, does not exceed the sum contained in the approved programme.
- Ensure 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 prior approval of the PCCCFO.

## **Monitoring of Capital Expenditure**

### **Responsibilities of the Chief Constable**

- Ensure adequate records are maintained for all capital contracts.

### **Responsibilities of the CCCFO**

- Monitor progress of capital programme and expenditure throughout the year against the approved programme.
- Submit capital monitoring reports to both the Chief Constable's Chief Office Team and PCC on a monthly basis throughout the year. These reports are to be based on most recently available financial information. Monitoring reports will show spending to date and compare projected income and expenditure with the approved budget. Reports shall be in a format agreed by the PCCCFO.
- 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.
- Demonstrate how any amendments to the programme increasing overall costs are to be funded.

### **Joint Responsibilities of the PCCCFO and the CCCFO**

- Report on outturn of capital expenditure as part of the annual report on the statutory accounts.

## **B4 MAINTENANCE OF BALANCES AND RESERVES**

The PCC must decide the level of general reserves they wish to retain before they 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 PCC**

- Approve a policy on reserves and balances, including minimum acceptable level of general balances, set out within a reserves strategy prepared and updated annually by the PCCCFO and published on the OPCC website.
- Approve creation of each earmarked reserve. Purpose, usage and basis of transactions should be clearly identified for each reserve established and detailed in the reserves strategy.
- Approve allocation of monies to/from general and earmarked reserves, as part of annual budget setting process.

## **Responsibilities of the PCCCFO**

- Advise the PCC on reasonable levels of balances and reserves.
- Prepare a reserves strategy for approval by the PCC and review it on an annual basis.
- Report to the PCC on adequacy of reserves and balances before they approve the annual budget/precept.
- Approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

## **Responsibilities of the CCCFO**

- Ensure annual revenue budget is sufficient to finance all foreseeable needs.
- Present a business case to the PCCCFO and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

## **SECTION C: MANAGEMENT OF RISK AND RESOURCES**

### **C1 RISK MANAGEMENT AND BUSINESS CONTINUITY**

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 proactive participation of all those associated with planning and delivering services. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event – it cannot be eliminated altogether. However, risk management is the planned and systematic approach to identification, evaluation and control of risk. Its objectives are to secure the assets of the PCC and Force, and ensure continued corporate and financial wellbeing of the PCC and Chief Constable. It is an integral part of good business practice and a core element of the PCC's Corporate Governance Framework.

#### **Joint Responsibilities of the PCC and Chief Constable**

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 reviewing the effectiveness of risk management, defining risk appetite/tolerance and providing information and assurances to the Joint Independent Audit Committee.

#### **Responsibilities of Chief Officers/Chief Executive**

- Implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process 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
- Make all appropriate employees aware of their responsibilities for managing relevant risks.
- Ensure comprehensive risk registers for the PCC and Chief Constable are produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to transfer, treat, tolerate or terminate identified risks.
- Ensure appropriate business continuity plans are developed, implemented and tested on a regular basis.

#### **Joint Responsibilities of the PCCCFO and the CCCFO**

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

- Ensure, in consultation with the PCCCFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
- Ensure efficient administration of insurance matters including the settlement of liability claims.
- CCCFO to notify the PCCCFO of any significant claims.
- Notify the Chief Executive of any terms of indemnity that are requested.
- Ensure claims made against insurance policies are made promptly.
- Settle civil claims in accordance with arrangements set out in Section G (C1).

## **C2 INTERNAL CONTROLS**

Internal control refers to systems of control devised by management to help ensure objectives of the PCC and Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded. Policing is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The PCC and Chief Constable have statutory obligations, and, therefore, systems of internal control are required to identify, meet and monitor compliance with these obligations.

The PCC and Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten 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**

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

### **Responsibilities of the Chief Executive and PCCCFO**

- Ensure governance, risk and internal control systems of the OPCC are reviewed at least annually. All senior officers are required to complete annual assurance statements, setting out governance/internal control issues identified within their area of responsibility as evidence for the review.
- Ensure a review of governance and internal control (the Annual Governance Statement) is carried out for consideration by JIAC.
- Ensure the Annual Governance Statement is approved by the PCC in line with CIPFA/SOLACE code and published alongside the financial statement of accounts.

The PCCCFO will ensure a signed annual letter of representation is prepared and submitted to the external auditor.

### **Responsibilities of the Chief Constable and CCCFO**

- Ensure governance and internal control systems of the Force are reviewed at least annually. All senior officers, as determined by the Chief Constable, are required to complete annual assurance statements, setting out governance/internal control issues identified within their area of responsibility as evidence for the review.
- Ensure a review of governance and internal control (the Annual Governance Statement) is carried out for consideration by JIAC.

- Ensure the Annual Governance Statement is approved by the Chief Constable in line with CIPFA/SOLACE code and published alongside the financial statement of accounts.

The CCCFO will ensure a signed annual letter of representation is prepared and submitted to the external auditor.

### **Joint Independent Audit Committee**

Purpose of an audit committee is to provide those charged with Governance (i.e. PCC and Chief Constable) independent assurance on the adequacy of the risk framework, internal control environment and integrity of financial reporting and annual governance processes.

## **C3 AUDIT REQUIREMENTS**

### **Internal Audit**

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

The PCC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations (as amended from time to time) which state 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"*. Guidance accompanying the legislation states that proper internal control practices for internal audit are those in the Public Sector Internal Audit Standards and other relevant guidance documents prevailing from time to time.

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 issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and Governance arrangements.

In addition to enabling the PCC and Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal audit is needed to satisfy the:

- PCC and Chief Constable that effective internal control systems are in place.
- External auditor in coming to their conclusion regarding the reliability of the internal controls within the key are effective and that the Police Fund is managed so as to secure value for money.

### **Responsibilities of the Joint Independent Audit Committee**

- Approve Terms of Reference within which internal audit operates. These include:
  - Advise the PCC and Chief Constable on appropriate arrangements for internal audit and approve the Internal Audit Strategy.
  - Approve (but not direct) the annual internal audit plan.
  - Oversee and give assurance to the PCC and Chief Constable on provision of an adequate and effective internal audit service, receive progress reports on the internal audit work plan and ensure appropriate action is taken in response to audit findings, particularly in areas of high risk.
  - Consider the Head of Internal Audit's Annual Report and opinion on the internal control environment for the PCC and Force, ensuring appropriate action is taken to address areas for improvement.
  - Review and monitor the effectiveness of policies on fraud, irregularity and corruption.
- Approve the Internal Audit Strategy, which sets out:
  - Internal Audit objectives and outcomes.
  - How the Head of Internal Audit will form and evidence their 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.
- Resources and skills required to deliver the strategy.

### **Responsibilities of the PCCFO and CCCFO**

- Ensure commissioning of an adequate/effective internal audit service via a Service Level Agreement.

### **Joint Responsibilities of the PCC, Chief Constable, PCCFO and CCCFO**

- Ensure internal auditors, having been security cleared, have the authority to:
  - Access Force 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/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.
  - Access records belonging to contractors, as required, by including appropriate clauses in all contracts.
- Ensure Internal Audit has direct access to all Chief Officers and employees, where necessary.

### **Responsibilities of the Head of Internal Audit**

- Prepare, in consultation with the PCC, Chief Constable, PCCFO and CCCFO, annual audit plans that conform to the Public Sector Internal Auditing Standards for consideration by JIAC.
- Attend or be represented at meetings of the JIAC and present to each meeting a report on progress in delivering the annual plan, matters arising from completed audits, and extent to which agreed actions in response to issues raised in the audit reports have been delivered.
- Present an annual report to JIAC, including an opinion on the reliance that can be placed on the internal control, risk and governance framework, summarising the work completed during the year in support of this opinion.

### **Responsibilities of Chief Officers**

- Consider/respond promptly to control weaknesses, issues and recommendations in audit reports and ensure all critical or significant agreed actions are carried out in accordance with the agreed action plan in each report.

### **Responsibilities of the CCCFO**

- Ensure new significant systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCCFO and Internal Audit prior to implementation.
- Notify the PCCFO 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 necessary steps to prevent further loss and 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 them informed of progress. At 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 make recommendations to ensure the risk of recurrence is minimised. Operation of this Regulation shall be in accordance with the agreed protocol between the Chief Constable's Head of Professional Standards, PCCFO, CCCFO and Head of Internal Audit referred to in Section H and in the Anti-Fraud and Corruption Strategy and Fraud Response Plan set out in Section I.

### **External Audit**

Public Sector Audit Appointments Ltd. is responsible for appointing external auditors to the PCC and Chief Constable. The external auditor has rights of access to all documents and information necessary for audit purposes.

Basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, Audit Commission Act 1998 and Local Government Act 1999. Section 4 of the 1998 Act requires the National Audit Office 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:

- Financial aspects of the audited body's Corporate Governance arrangements.
- Audited body's financial statements.
- Aspects of the audited body's arrangements to secure Value for Money.

In auditing annual accounts, external auditors must satisfy themselves, in accordance with s5 of the 1998 Act, that:

- Accounts are prepared in accordance with the relevant regulations.
- Accounts comply with requirements of all other statutory provisions applicable to the accounts.
- Proper practices have been observed in the compilation of the accounts.
- Bodies whose accounts are being audited make proper arrangements for securing economy, efficiency and effectiveness.

The 1998 Act also sets out other specific responsibilities of the auditor.

### **Responsibilities of the Joint Independent Audit Committee**

- Advise the PCC and Chief Constable on appointment of external auditors.
- Approve on behalf of the PCC and Chief Constable the external audit programme of work and associated fees.
- Review the external auditor's report to those charged with governance and any other reports, reporting to the PCC and Chief Constable as appropriate and include progress on implementation of agreed recommendations.
- Receive and consider the Auditor's Annual Audit Letter.

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Liaise with the external auditor and advise the PCC and Chief Constable on their responsibilities in relation to external audit. Ensure effective liaison between external and internal audit.
- Provide the Home Office with a copy of the Annual Audit Letter.
- Ensure that for the purposes of their work, external auditors are given access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
- Respond to draft action plans and ensure that agreed recommendations are implemented in a timely manner.

### **Other Inspection Bodies**

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

### **Joint Responsibilities of the PCC and the Chief Constable**

- Receive and respond to reports from other inspection bodies.

## **C4 PREVENTING FRAUD AND CORRUPTION**

The PCC and Chief Constable will not tolerate fraud or corruption in administration of its responsibilities, whether from inside or outside their organisations. PCCs and Chief Constables expectations of propriety and accountability are that they and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices. The PCC and Chief Constable expect all individuals and organisations (including 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. Suppliers must be mindful of legislation in relation to the Bribery Act and money laundering.

### **Joint Responsibilities of the PCC and Chief Constable**

- Foster a culture that will not tolerate fraud and corruption.
- Approve and maintain an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan (Section I).
- Ensure adequate and effective internal control arrangements are in place including a clear internal control framework setting out the approved financial systems to be followed by all employees.
- Adopt and maintain a policy on registering of business interests and receipt of gifts, gratuities and hospitality and maintain a register of business interests and a register of gifts, gratuities and hospitality.
- Participate in the National Fraud Initiative (NFI).
- Notify the PCCCFO and CCCFO immediately of any suspected fraud, theft, irregularity or improper use or misappropriation of Force or PCC property or resources.

### **Joint Responsibilities of the PCC, Chief Constable and JIAC**

- Adopt and maintain a whistle-blowing policy to enable employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure allegations are investigated robustly as to their validity, they are not malicious, and that appropriate action is taken to address any concerns identified. The PCC, Chief Constable and JIAC shall ensure that all employees are aware of any approved whistle blowing policy.

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

- Prepare an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan for approval by the PCC and Chief Constable.
- Adhere to appropriate legislation.
- Arrange for suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards, PCCCFO, CCCFO and 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**

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: (i) accurately recorded and classified, (ii) safeguarded against loss, (iii) Used efficiently and effectively, (iv) adequately maintained, and (v) valued in accordance with statutory and management requirements.

The PCC will own and fund all assets regardless of use by the PCC, Force or both bodies. The Chief Constable is responsible for direction and control of the Force and has day to day management of assets used by the Force. The Chief Constable should formally consult the PCC in planning the budget and developing the Medium Term Resource Strategy. These processes should involve a full assessment of assets required to meet operational requirements, including human resources, infrastructure, land, property and equipment.

### **Joint Responsibilities of the PCC and Chief Constable**

- Ensure:
  - Estate Strategy/IS Strategy and Fleet Management Strategies are provided and presented to the PCC for consideration and approval.
  - Assets are only used for the purposes of the Force, OPCC and partners where appropriate and are available for use when required and are properly accounted for.

- Asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements.
- Assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- Lessees and other prospective occupiers of land owned by the PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate.
- Title deeds to PCC property are held securely.
- No asset is subject to personal use by an employee without proper authority.
- Valuable and portable items (e.g. computers, cameras, etc.) are identified with security markings as belonging to the Force or OPCC or recorded on inventories.
- All employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- Assets no longer required are disposed of in accordance with the policies of the PCC and CC.
- All employees are aware of their responsibilities with regard to safeguarding the security of computer systems, including maintaining restricted access to information held on them and compliance with information and security policies.

### **Responsibility of the PCC**

- Consider and approve an Estates Strategy, IT, Fleet and other key strategies, including all property disposals.

### **Valuation**

#### **Responsibilities of the PCCCFO**

- Ensure an asset register is maintained for all fixed assets with a value in excess of the limits shown, in accordance with agreed policies.
- Assets are to be recorded when they are acquired and shall remain on the asset register until disposal. Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the PCCCFO.

### **Inventories**

#### **Responsibilities of the PCC and Chief Constable**

- Ensure inventories are maintained for the Force in a format approved by the CCCFO that record an adequate descriptions of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if deemed both desirable and portable (e.g. laptops).
- Ensure inventories are maintained for the OPCC 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 deemed both desirable and portable (e.g. laptops).
- The PCC and Chief Constable must ensure disposals and write offs of all stock or inventory items are actioned in accordance with financial instructions and limits set out in Section G. Any write off above this level must be referred to the PCC for approval.

### **Stocks and Stores**

#### **Responsibilities of the CC and CCCFO**

- Make arrangements for the care, custody and control of the stocks and stores and maintain detailed stores accounts in a form approved by the CCCFO.

- 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.
- 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.
- 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**

- Consider and approve applications for write offs in excess of the limits set out in Section G.

### **Intellectual Property**

Intellectual property is a generic term that includes inventions and writing. If any Intellectual Property is created by an 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. 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**

- Ensure employees are aware of these procedures.
- Prepare guidance on intellectual property procedures and ensure employees are aware of these procedures.

### **Joint Responsibilities of the Chief Constable and PCC**

- Approve the intellectual property policy.

### **Asset Disposal**

It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and these Financial Regulations.

Assets shall be disposed of when in the best interests of the Force and PCC and at the most advantageous price subject to the limits set out in Section G. Where this is not the highest offer, a report must be prepared by the CCCFO for the PCC outlining the reasons.

### **Consents from the PCC**

The PCC has given consents to the Chief Constable to dispose of assets other than land/buildings subject to the financial limits set out in Section G. Disposal of any interest in land/buildings will be subject to approval of the PCC.

### **Responsibility of the PCC**

- Approve disposal of any interests in property.

### **Responsibility of the PCCCFO**

- Approve disposal of vehicles, IT, stocks and shares with values in excess of the limits set out in Section G.

## **Joint Responsibilities of the Chief Constable and CCCFO**

- Dispose of surplus vehicles and items of equipment up to the estimated value shown in Section G.
- Dispose of items above the value in Section G by public auction or sealed bids after advertisement.
- Record all asset disposals in the asset register or inventory as appropriate.

## **Joint Responsibilities of the PCCCFO and CCCFO**

- Ensure income received from disposal of an asset is properly banked and accounted for.
- Ensure appropriate accounting entries are made to remove the value of disposed assets from asset records and include sale proceeds if appropriate.

## **C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### **Treasury Management**

It is important that monies held by the PCC and Force are managed properly, in a way that balances risk with return, but with prime consideration being given to security of the capital sums involved.

The PCC has adopted the CIPFA Code of Practice on Treasury Management. Primary requirements of the Code are:

- Treasury management strategy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
- Approved Treasury Management Practices (TMPs) setting out the manner in which the PCC 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**

- Direct responsibility for loans, investments and borrowing money as holder of the Police Fund.
- Adopt key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- Approve the annual TMSS including annual investment strategy and MRP policy.
- Receive and approve annual report on treasury management activity and (as a minimum) a mid-term review report.

### **Responsibilities of the PCCCFO**

- Implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
- Prepare reports on PCCs treasury management policies, practices and activities, including, as a minimum, an annual TMSS, including annual investment strategy and MRP policy, and mid-term review report and annual report together with other performance monitoring information.
- Ensure that treasury management is executed and administered in accordance with the CIPFA Code and the PCC's policy.
- Arrange borrowing and investments, in compliance with the CIPFA Code.
- Ensure all investments and borrowings are made in the name of the PCC for Humberside.

### **Banking Arrangements**

The PCC is statutorily accountable to the public for management of the Police Fund. The PCC is recipient of all funding relating to policing and crime reduction, including government grant and precept and other sources of income.

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. To minimise administration and costs, the PCC and Chief Constable share bank accounts.

### **Responsibilities of the PCCFO**

- Overall responsibility for banking arrangements for the PCC.
- Authorise opening and closing of all PCC bank accounts in consultation with CCCFO and approve relevant operating procedures. No other employee shall open a bank account unless they are performing a statutory function in their own right.
- Ensure that bank reconciliations are undertaken on a timely and accurate basis.
- Determine signatories on all PCC bank accounts and ensure maintenance of appropriate lists of approved signatories.

### **Petty Cash**

Cash advances may be made to an individual in a department/establishment in order that relatively small incidental payments may be made quickly. 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**

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

### **Responsibilities of the PCCFO**

- Provide appropriate employees with cash or credit cards to meet minor expenditure on behalf of the PCC.
- 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**

The Force and OPCC are alert to the possibility they may become subject of an attempt to involve it in transactions involving the laundering of money or crypto currency. Suspicious cash deposits in any currency in excess of £5,000 (or equivalent) should be reported to the National Crime Agency (NCA). Under no circumstances should cash payments of more than £5,000 be accepted for any transaction, whether carried out in a single operation or in several operations which appear to be linked. Internal control procedures will be monitored to ensure they are reliable and robust.

### **Responsibilities of the PCCFO**

- Nominated Money Laundering Reporting Officer (MLRO) for the PCC and Chief Constable respectively.
- Consider, in light of all information, whether a disclosure gives rise to such knowledge or suspicion.
- Disclose relevant information to the National Crime Agency (NCA).

## **Responsibilities of Chief Officers**

- Undertake appropriate checks to ensure all new suppliers and counterparties are bona fide.

## **Responsibilities of employees**

- Notify the PCCCFO or CCCFO as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.
- Cash banking from a single source over £5,000 should be reported to the PCCCFO. This instruction does not apply to seizures and subsequent banking's under the Proceeds of Crime Act.

## **COVERT ACCOUNTS**

In order to maintain strictest confidentiality and prevent any link to the Force, it is necessary to purchase company identities and to set up bank accounts that mirror those identities in order to support covert operations.

## **Responsibilities of the CCCFO**

- Agree detailed Force operating procedures.
- Authorise opening and closing of covert accounts.
- Delegate authorisation for covert accounts and their maintenance, including creation of a register of covert accounts, to the CCCFO initially in order to preserve covert identity of that account.

## **C7 STAFFING**

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

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

- Ensure employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements, personnel policies and budgets and strategies agreed by the PCC and that there is a proper use of evaluation or other agreed systems for delivering remuneration of a job.
- Advise the PCC on the budget necessary in any given year to cover estimated staffing levels.
- Adjust staffing numbers to meet the approved budget provision and varying provision as necessary within policy constraints in order to meet changing operational needs.
- Have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- Approve, 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**

- Have the same responsibilities as above for staff employed by the PCC and working within their office.

## **C8 POLICE PROPERTY ACT**

The Police (Property) Act 1897 and the Police (Property) Act 1997 is a fund whereby allocations are received from the sale of recovered stolen goods or property that has been found. If the owners of the property are not traceable then the goods are sold at auction. Monies from the sale of goods are redistributed by way of grants or donations to local charitable bodies that support and complement local policing and crime reduction priorities.

The PCC will determine an appropriate approach for distributing monies to charitable bodies in accordance with the Police (Property) Act 1897 as amended by the Police (Property) Act 1997.

## **Responsibilities of the PCC**

- Make donations to charitable bodies within the Force area in accordance with the requirements of the Police (Property) Act 1897 and Police (Property) Act 1997.

## **Responsibilities of the CCCFO**

- Determine items of crime property which may be retained for police purposes subject to consulting the PCCCFO.
- Prepare a quarterly schedule of items to demonstrate income generated and expenses incurred by the Force in the disposal of property.

## **Responsibilities of the Chief Constable**

- Determine procedures for safekeeping of the private property of a person, other than a member of staff, under their guardianship or supervision. These procedures shall be made available to all appropriate employees.
- Determine procedures for safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and make specific reference to the need for insurance of valuable items.

## **Responsibilities of all employees**

- Notify the Chief Constable immediately in case of loss or diminution in value of such private property.

## **C9 TRUST FUNDS**

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

### **Responsibilities of Trustees**

- All employees shall ensure they have received suitable training to support their role and personal legal obligations and should satisfy themselves they are covered by appropriate insurance. 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. The PCCCFO shall be entitled to verify this has been done.

## **C10 PROCEEDS OF CRIME ACT (POCA)**

### **Responsibilities of the Chief Constable**

- Determine an approach for dealing with cash including seized cash under the POCA in consultation with the PCC.
- Six-monthly report to the Accountability Board on income received and impact of spend.

## **C11 EVIDENTIAL AND NON-EVIDENTIAL PROPERTY**

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.

### **Joint Responsibilities of the Chief Constable and CCCFO**

- Determine procedures for 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.

- Determine procedures for safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and make specific reference to the need for insurance of valuable items.
- Provide Financial Instructions/Practice Directions for dealing with cash, including cash seized under POCA.

### **Responsibilities of all employees**

- Notify the Chief Constable immediately in the case of loss or diminution in value of such private property.

### **C12 GIFTS, LOANS AND SPONSORSHIP (Note: does not include receipt of hospitality and gifts)**

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 if they enable the police to enhance or extend the service they would normally be expected to provide. The terms on which gifts/loans are accepted may allow commercial sponsorship of some Force activities.

Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes. 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. The total value of gifts, loans and sponsorship accepted, should not exceed limits set out in Section G.

### **Responsibilities of the PCC**

- Approve the approach to gifts, loans and sponsorship.

### **Joint Responsibilities of the Chief Constable and Chief Executive**

- Accept gifts, loans or sponsorship within agreed guidelines.
- Refer all gifts, loans and sponsorship above the limits in Section G to the PCC for approval before acceptance.

### **Responsibilities of the CCCFO**

- Present an annual report to the JIAC and PCC listing all gifts, loans and sponsorship.
- Maintain a central electronic register of all sponsorship, loans and gifts to the Force and the OPCC, including their value, and review by the CCCFO quarterly.
- Bank cash from sponsorship activity in accordance with normal income procedures.

## **SECTION D: SYSTEMS AND PROCEDURES**

### **D1 GENERAL**

There are many systems and procedures relating to control of PCC and Force assets, including purchasing, costing and management systems. The Force and OPCC are reliant on computers for financial management information. This information must be accurate and systems and procedures sound and well administered. They should contain controls to ensure transactions are properly processed and errors detected promptly.

The PCCCFO and CCCFO both have statutory responsibility to ensure financial systems are sound and should be notified of any proposed new developments or changes.

The PCC and Chief Constable share common financial systems where appropriate.

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Plan for proper administration of financial affairs, including:

- Issue advice, guidance and procedures for officers, staff and others acting on behalf of the PCC and Chief Constable.
- Determine the accounting systems, form of accounts and supporting financial records.
- Establish arrangements for the audit of the PCCs and Chief Constables financial affairs.
- Approve any new financial systems to be introduced.
- Approve any changes to existing financial systems.
- Ensure, in respect of systems and processes:
  - 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 so that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously.
  - Complete audit trail is maintained, allowing financial transactions to be traced from accounting records to the original document and vice versa.
  - Systems are documented, and staff trained in operations.
- Ensure a documented and tested business continuity plan that allows key system processing to resume quickly in 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.
- Establish separate schemes of delegation from the PCC and Chief Constable to their own staff, identifying staff authorised to act on their behalf in respect of income collection, placing orders, making payments and employing staff.

## **D2 INCOME**

Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The PCC and Chief Constable will agree charging policies when applying charges under section 25 of the Police Act 1996.

The PCC and Chief Constable should ensure there are arrangements in place so that expected charges are clearly identified in their budgets and costs are accurately attributed and charged. When considering budget levels, the PCC and Chief Constable 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.

When specifying resource requirements, the Chief Constable will identify the expected income from charging. The Chief Constable should adopt NPCC charging policies in respect of mutual aid unless the Chief Constable and PCC agree a different scheme of charges.

### **Joint Responsibilities of the Chief Constable and PCC**

- Adopt NPCC national charging policies and national guidance when applying charges under Section 25 of the Police Act 1996 unless the Chief Constable and PCC agree a different scheme of charges 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**

- Plan for collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.
- Agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review regularly in line with corporate policies. All charges should be at full cost recovery and consistent with NPCC guidelines, except where regulations require otherwise or with express approval of the PCC.
- Ensure all income is paid fully and promptly into the appropriate bank account. Appropriate details should be recorded on paying-in slips to provide an audit trail and money collected/deposited reconciled monthly.
- Ensure income is not used to cash personal cheques or make other payments.

- 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.
- Operate effective debt collection procedures.
- Initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
- Approve write-off of cash discrepancies and bad debts in accordance with limits set out in Section G. Authorising officers shall maintain a permanent record of amounts written off, which should be available for inspection by the PCC if required. Any write off greater than this must be referred to the PCC for approval.

### **D3 INCURRING EXPENDITURE, ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

Public money should be spent in accordance with the PCC's policies. The PCC and Chief Constable have a statutory duty to ensure financial probity and best value. Procedures should assist in ensuring value for money is obtained by purchasing arrangements within the OPCC and Force, which should be in accordance with the procurement strategy and Contract Standing Orders. All expenditure should be incurred in accordance with the limits set out in Section G.

#### **Joint Responsibilities of the PCCCFO and CCCFO**

- Maintain a procurement policy covering the principles to be followed for purchase of goods and services and that all payments are made in accordance with this policy.
- Ensure official orders are issued for all work, goods or services 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.
- 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.
- Goods and services ordered must be appropriate and with adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations and contract standing orders.
- 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.
- Ensure payments are made to the correct person, for the correct amount, on time and are recorded properly, regardless of the method of payment.
- Ensure VAT is recovered where appropriate.
- Ensure all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- Ensure all purchases through e-procurement follow the rules, regulations and procedures detailed in Section F.
- Ensure control systems are in place for payment of accounts in accordance with the Late Payments of Commercial Debts (Interest) Act 1998.
- Prepare detailed Financial Instructions for dealing with ordering and payment of goods and services, and issue these to all appropriate employees.

#### **Responsibilities of the PCC Chief Executive, Senior Staff from the OPCC and Chief Officers**

- Ensure every employee declares any links or personal interests 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**

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

## **Responsibilities of the CCCFO**

- Ensure, in consultation with the PCCCFO, secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
- Ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
- Pay all valid travel and subsistence claims or financial loss allowance.
- Pay salaries, wages, pensions and reimbursements by the most economical means.
- Ensure 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 and Customs (HMRC) requirements. HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.
- Ensure full records are maintained of payments in kind and properly accounted for in any returns to HMRC.
- Prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the PCCCFO, and issue to all appropriate employees.

## **D5 TAXATION**

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

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Ensure arrangements are in place for timely completion and submission of all HM Revenue and Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.
- Ensure arrangements are in place for timely completion and submission of VAT claims, inputs and outputs to HMRC.
- Ensure the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
- Provide details to HMRC regarding the construction industry tax deduction scheme.
- Ensure all trading activities are carried out in the name of the PCC.
- Ensure appropriate technical staff have access to up to date guidance notes and professional advice.

## **D6 CORPORATE CREDIT CARDS**

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.

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Provide full operating instructions to all cardholders.
- Authorise and maintain control over the issue and cancellation of cards.

### **Responsibilities of credit card holders**

- Ensure purchases are in accordance with approved policies.
- Provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure all expenditure is correctly reflected in the accounts and that VAT is recovered.

## **D7 PURCHASING CARDS**

Purchasing 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 as well as reducing the number of petty cash transactions.

## **Responsibilities of the CCCFO**

- Provide detailed operating procedures to card holders.
- Authorise and maintain control over the issue and cancellation of cards.
- Reconcile the purchase card account to the ledger on a monthly basis.

## **Responsibilities of Purchasing Card Holders**

- Ordering and paying for goods and services in accordance with the procurement policy and contract standing orders and all procedures laid down by the CCCFO.

## **CASH CARDS**

Cash cards allow authorised officers in agreed circumstances to obtain cash from ATMs up to a maximum limit per day.

## **Responsibilities of the CCCFO**

- Authorise and maintain control over the issue and cancellation of cards.
- Provide full operating procedures to card holders.
- Provide detailed procedures for management of the process for uploading of funds, reconciliation of transactions and payments to the system provider.

## **Responsibilities of Cash Card holders**

- Withdrawal of and discharge of funds in line with Force procedures and the requirements set out within RIPA.

## **D8 EX GRATIA PAYMENTS**

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

## **Joint Responsibilities of the Chief Constable and CCCFO**

- Make ex gratia payments, on a timely basis, to members of the public 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 Force up to the limits set in Section G.
- Make ex gratia payments by way of reimbursement or contribution towards the costs of remedying criminal damage to property owned or occupied by a police officer or other employee.
- Maintain details of ex gratia payments in a register and report back to the Accountability Board annually.

## **SECTION E: EXTERNAL ARRANGEMENTS**

### **E1 EXTERNAL FUNDING**

External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure 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.

The main sources of such funding tend to be specific Government grants, additional contributions from local authorities and donations from third parties (e.g. towards capital expenditure).

The Policing Protocol Order 2011 Section 16 states the PCC is the recipient of all funding including government grant and precept and other sources of income relating to policing and crime reduction. All funding for the Chief Constable must come via the PCC. How funding is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms.

### **Responsibility of the PCC**

- Approve an approach towards inward investment.

### **Responsibilities of Chief Officers**

- Pursue actively any opportunities for additional funding where considered to be in the interests of the Force and PCC and in line with the Chief Constables policing priorities and PCCs Police and Crime Plan.

### **Joint Responsibilities of the Chief Constable and the PCC**

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

### **Joint Responsibilities of the PCCCFO and CCCFO**

- Ensure 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 any audit requirements specified in the funding agreement are met.

### **Responsibilities of the Chief Constable**

- Ensure funds are acquired only to meet policing needs and objectives.
- Ensure key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.

### **Responsibilities of the Chief Constable and CCCFO**

- All grant funding for the Force must come via the PCC. Grant funding should only be considered when it clearly meets policing objectives and priorities in line with the Police and Crime Plan.
- The CCCFO may accept, or bid for, grant of up to the limits in Section G. Any grant bids or grant acceptance above this level must be referred to the PCC or PCCCFO for approval.
- The CCCFO must ensure any key conditions of funding and statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood. Any conditions placed on the PCC in relation to external funding must be in accordance with approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.
- Central register of external funding must be maintained including information on expected outcomes, risks, staffing implications as per the agreed inward investment policy.
- Annual report should be submitted to the PCC on achievements of the external funding, demonstrating the effect on PCC objectives and priorities in line with the Police and Crime Plan.
- The CCCFO must ensure all grant income received by the Force is notified to the PCCCFO, all claims for funds are made by the due date and properly authorised and any audit requirements are met.

### **Responsibilities of the CCCFO**

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

## **E2 WORKING FOR THIRD PARTIES**

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 any risks associated with this work are minimised and that such work is not ultra vires.

### **Responsibilities of the Chief Constable**

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

## **E3 JOINT WORKING ARRANGEMENTS**

Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private providers. Joint working arrangements can take a number of different forms, each with its own Governance arrangements. These can be grouped as follows: Partnerships, Consortia, Regional Working, and Collaboration.

Partners engaged in joint working arrangements have common responsibilities:

- Act in good faith at all times and in the best interests of the partnership's aims and objectives.
- Willing to take on a role in the broader programme, appropriate to the skills/resources of the contributing organisation.
- Open about any conflicts that might arise.
- Encourage joint working and promote the sharing of information, resources and skills.
- Keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature.
- Promote the project.

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 to achieve successful outcomes.
- Audit and control requirements are satisfied.
- Accounting and taxation requirements, particularly VAT, are understood fully and complied with.
- Appropriate exit strategy has been produced.

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

### **Partnerships**

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 contributes towards its delivery. A useful working definition of such a partnership is where the partners: (i) are otherwise independent bodies, (ii) agree to co-operate to achieve a common goal, and (iii) achieve it to create an organisational structure or process and agreed programme, and share information, risks and rewards. Partnerships are usually statutory based, strategic or ad hoc.

The number of partnerships, both locally and nationally, is expanding in response to Government requirements and local initiatives. This is in recognition 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 best use of scarce resources; and access new resources.
- Deal with issues that cut across agency and geographic boundaries and where mainstream programmes alone cannot address the need.
- Forge new relationships.
- Find new ways to share risk.

Statutory based: Governed by statute, for example, Community Safety Partnerships (CSPs).

Strategic: Set up to deliver core policing objectives. They can either be force-wide or local.

Ad-hoc: Typically locally based informal arrangements agreed by Divisional Commanders.

As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCC, in exercising their functions, must have regard to relevant priorities of each responsible authority. Subject to 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.

When the PCC acts as commissioner of services, they need to agree 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. 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**

- Have regard to relevant priorities of local partners when considering and setting the five-year Police and Crime Plan And annual Delivery Plan.
- Make appropriate arrangements to commission services from either the Force or external providers.
- Make Crime and Disorder Grants.

### **Responsibilities of Chief Officers**

- Follow Financial Instructions for local partnerships, as published on the Force intranet.
- Consult, as early as possible, the CCCFO and PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.
- Produce a Memorandum of Understanding (MOU) or collaboration agreement setting out appropriate Governance arrangements for the project. This document should be signed by the OPCC Chief Executive.

### **Consortium Arrangements**

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**

- Contact the Chief Executive before entering into a consortium agreement, to establish correct legal framework.
- Consult, as early as possible, the CCCFO and PCCCFO to ensure correct treatment of taxation and other accounting arrangements.
- Produce a business case to show the full economic benefits to be obtained from participation in the consortium.

- Produce a Memorandum of Understanding (MOU) setting out appropriate Governance arrangements for the project. This document should be signed by the Chief Executive.

### **Responsibilities of the PCC**

- Approve Force and OPCC participation in the consortium arrangement.

### **Regional Working**

Humberside Police's contribution towards working with other Forces in the Yorkshire and Humber and with other forces in the North East Region is contained in the annual budget and medium term financial strategies. The Programme Director will be required to provide regular financial and performance monitoring information for Regional Working. 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**

- Approve Force participation in Regional Working.

### **Joint Responsibilities of the PCCCFO and the CCCFO**

- Monitor financial contributions to/from regional partners to ensure they are in accordance with agreed procedures.

### **Collaboration and National Working**

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.

The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their force is involved and must consider doing so in cooperation with the other PCCs concerned. Any such proposal must be discussed with the PCCCFO and CCCFO in the first instance.

## **SECTION F: CONTRACT STANDING ORDERS**

The Force and PCC work to the Regional Contract Standing Orders. The current Contract Standing Orders are at Appendix 3.

## **SECTION G: DELEGATED LIMITS**

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

### **B1 Financial Planning**

The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown: *£250,000*

### **B2 Budgetary Control**

Major revenue 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: *Cost of project varies from approved estimate by £250,000.*

## Virements

The levels of authorisation for virements are:

### Virement to be approved

#### B2 Revenue Budget

Virement defined as a movement of budget between Commands e.g. a movement between North Bank and Community Safety. Commands are defined as follows:

DCC Portfolio	ACC Operations	ACC Communities	ACO Resources
CDB	SOU	Local Policing	HR and Training
PSD	FCR	North Bank	Estates
Legal Services	Specialist	South Bank	IS
Corporate Comms	PVP	Community Safety	Fleet
	Regional	CJU	Finance
		Safer Roads Humber	

An individual virement limit of £250K.

Chief Constable to consult with and agree any proposed virements with the CCCFO.

All virements actioned to be reported through the monthly Management Accounts for transparency.

#### B2 Carry Forwards (Requests at the end of the financial year)

Requests can be made for carry forwards from the previous year's CC's underspend up to a total aggregate limit of £500K.

Projected outcomes are to be laid out clearly for each requested Carry Forward.

Carry Forward requests must meet one or more of the following criteria:

Revenue costs associated with the delivery of a capital scheme that has been rephased into the following financial year.

Funding of temporary revenue costs e.g. project related, and time bound.

#### B3 Capital Programme

A virement is defined as movement between approved capital schemes.

An individual virement limit of £250K.

All virements actioned to be reported through the monthly Management Accounts for transparency.

#### B4 Police and Crime Commissioner Initiatives

From time-to-time the PCC will wish to focus resources in a particular area, if this is agreed with the release of additional funding from reserves then clear objectives and outcomes should be defined at initiation for the Force to deliver against and the initiative should be time-bound. An example of this would be the approval of a Voluntary Early Release (VER) scheme.

#### C1 Risk Management

The Deputy Chief Constable shall be authorised to settle civil claims up to the value shown: *£20,000 excluding legal cost*

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

The Deputy Chief Constable shall authorise all compromise agreements up to the value shown: *£95,000 excluding legal costs*

## **C5 Assets**

### **Valuation**

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

<i>Land and Buildings</i>	-	<i>All values</i>
<i>Vehicles</i>	-	<i>All values</i>
<i>Computers</i>	-	<i>All values</i>
<i>Plant and Equipment</i>	-	<i>£10,000</i>

### **Stock**

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: *£500*

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 PCCCFO for approval.

*Individual items £25,000*

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 £25,000*

### **Vehicles**

CCCFO following consultation with Chief Constable may dispose of surplus 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.

*Equipment £25,000*  
*Vehicles £25,000*

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

*Equipment £15,000*

## **D2 Income**

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.

*£25,000*

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 Incurring Expenditure, Ordering and Paying for Work, Goods and Services**

Quotations shall be obtained, or tenders invited from suppliers or contractors in accordance with the requirements set out in Standing Orders Relating to Contracts. Subject to approved delegation limits set out in Appendix 2.

### **D8 Ex Gratia Payments**

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/PCCCFO 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/PCCCFO.

*Up to £10,000*

### **E1 External Funding**

Income and expenditure budgets to be created and any in value over £250K to be included in the Monthly Management Accounts for information.

### **E2 External Funding**

Chief Constable will report to the PCC where the Force has identified and pursued external funding in excess of the amount: *£250,000*

CCCFO following consultation with Chief Constable may enter into arrangements under which the PCC receives sponsorship up to the level shown: *£15,000 (sponsorship arrangements above this value are to be reported to the PCCCFO for prior approval)*

Gifts and hospitality: *Individual £25, Annual Force Limit of £25,000*

Gifts and hospitality above the annual limit are to be reported to the PCCCFO.

## **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 (see Section I below).
2. PCCCFO and the CCCFO both have responsibilities 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.
  - (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. 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**

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

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response. 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.

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. 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.

This strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover: (i) culture, (ii) prevention, (iii) detection and investigation, and (iv) training.

The PCC and Chief Constable are also aware of the high degree of external scrutiny by a variety of bodies including:

- Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS).
- Internal and External Audit.
- HM Revenue and Customs.
- General Public.
- National Audit Office.

### **CULTURE**

The PCC and Chief Constable are determined that the culture and tone of these organisations are ones of honesty and opposition to fraud and corruption. 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 the PCC, Chief Constable and staff at all levels will lead by example in these matters.

The PCC, 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: (i) is unlawful, (ii) is against the PCC's Standing

Orders, Financial Regulations or policies, (iii) falls below established standards or practices, (iv) results in waste or loss to the PCC, or (iv) amounts to improper conduct.

Staff can do this in the knowledge that 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).
- CCCFO (Head of Finance and Business Services) (07557 255078).
- PCCCFO (07894 511154).
- Head of Audit (01924 294066).
- Bad Apple Messenger on the Force Intranet.
- PCC (01482 220787) or [pcc@humberside.pnn.police.uk](mailto:pcc@humberside.pnn.police.uk)
- Head of Professional Standards (01482 578345).
- Public Concern at Work – Independent charity offering free advice on fraud/malpractice (020 7404 6609).

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:

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

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

Members of the public are also encouraged to report concerns through any of the above avenues. 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: (i) seriousness of issues raised, (ii) credibility of the concern, or (iii) likelihood of confirming the allegation from attributable sources.

Senior management are responsible for following up allegations of fraud and corruption received 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 for CCCFO and implementing disciplinary procedures where appropriate.

The PCC and 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.

## **PREVENTION**

The PCC and 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.

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.

The PCC (and DPCC where in place) are required to adhere to the Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests.

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.

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 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.

The Joint Independent Audit Committee (JIAC) 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.

As part of the prevention approach, the PCC and Chief Constable will participate in National Fraud Initiative. The National Audit Office and External Audit will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and corruption.

## **DETECTION AND INVESTIGATION**

The array of preventative systems, particularly internal control systems in the Force/OPCC, are designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud. It is often the alertness of staff and public to such indicators that enables detection to occur and appropriate action to take place when there is evidence that fraud or corruption may be in progress.

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. Depending on the nature and anticipated extent of 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.

Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviours.

The PCC and Chief Constable will normally ask the police to prepare a case for CPS regarding the prosecution of offenders where financial impropriety is discovered.

## **TRAINING**

The PCC and Chief Constable recognise 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. To facilitate this, the PCC and 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.

The possibility of disciplinary action against staff who ignore such training and guidance is clear.

## **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 "Bad Apple" or by means of external reports. The means of reporting fraud will be publicised within the Force and OPCC, and made known to partners and those individuals and organisations that we come into contact with.

Arrangements for detection and investigation are set out in the Anti-Fraud and Corruption Strategy (above). A protocol between the PCCCFO, CCCFO, Head of Audit and Head of Professional Standards has been agreed to ensure that loss and potential fraud is fully investigated and dealt with correctly.

The protocol requires 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 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 misuse of systems and equipment that does not result in financial loss, the outcomes will be monitored by the PCC and Chief Constable through the processes in place to oversee Human Resources issues.

The PCC and Chief Constable will seek to ensure they learn 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 system weaknesses or other contributory factors are identified and addressed, normally achieved through an Internal Audit investigation, report and action plan to ensure audit recommendations are implemented.

The National Audit Office and the External Auditor also have powers to investigate fraud and corruption independently and the PCC and Chief Constable will make use of these services in appropriate cases.

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

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

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

## DELEGATIONS TO THE CHIEF EXECUTIVE

### Key Functional, Management and Leadership Responsibilities

- To ensure provision of appropriate advice to the PCC.
- To lead the continued development and delivery of the OPCC activities and operations.
- To provide clear and visible leadership to the staff of the OPCC including overall responsibility for their ongoing development and training, and work directly to the PCC in relation to personal objectives and development.
- To ensure that the OPCC performs its duties and responsibilities for equalities and diversity according to relevant legislation, and to promote the commitment to equality and diversity in all that the OPCC does.
- In conjunction with the PCCCFO, to ensure propriety in the conduct of the PCC's business including making proper arrangements for tendering procedures and the letting of contracts.
- To carry out the duties of Chief Executive appointed under Police Reform & Social Responsibility Act 2011 so as to enable and assist the OPCC to fulfil all its functions effectively and efficiently.
- To carry out the statutory duties and responsibilities of the Head of the Paid Service and the Monitoring Officer.

### Strategy and Resource Planning

- To think strategically and guide the OPCC in developing a clear and effective long-term vision and strategy, together with appropriate policies.
- In conjunction with the PCCCFO to lead the strategic development of the OPCC in the areas of strategic accounting, information management, the management of strategic risk, the human resource and learning and development strategies, ensuring that the OPCC is compliant with current employment legislation.
- To be the strategic lead in respect of partnership working.
- In conjunction with the PCCCFO, to oversee the financial planning, budgetary, resourcing and asset management aspects of the OPCC.
- To drive implementation of the OPCC corporate strategies, and of its day-to-day business, ensuring that effective governance arrangements are in place to enable the OPCC to monitor, review and improve its own performance.
- Support the OPCC in scrutinising Force performance, and supporting continuous improvement in the OPCC and in the Force.
- To prepare the OPCC for inspection by relevant audit bodies.
- In appropriate consultation with the PCC develop the short, medium and long-term planning process for the future of the OPCC.

### Commissioning and Service Delivery

- To ensure the effective and efficient engagement with both internal and external partners and stakeholders in relation to commissioning and service delivery at local, regional and national level.
- To be accountable for the performance of the OPCC in all aspects of commissioning.
- To ensure effective engagement with the Chief Constable and all relevant Force personnel in planning and managing the OPCC business.
- To ensure that the OPCC contributes to the national consideration of issues concerning policing and reducing crime. To represent the OPCC at high level meetings with the Home Office, Her Majesty's Inspector of Constabulary and Fire and Rescue Services (HMICFRS), Association of Police and Crime Commissioners (APCC), Local Government Association (LGA) and other outside bodies at regional and national level.

### Engagement and Information

- To deliver, review and improve performance against the Information strategy in the areas of communication, consultation and engagement.
- To ensure that effective strategic needs assessments are undertaken which demonstrate the understanding of the communities served, enabling effective budget alignment and prioritisation.

- To distil and disseminate relevant information and advice to the OPCC enabling it to challenge where appropriate the Force's strategic and financial performance.
- To support the OPCC in raising its profile and communicating its values, strategies, achievements and views.
- To represent and promote the interests of the OPCC by developing and maintaining effective strategic partnerships with relevant public and private sector/voluntary organisations in the local community and at national and regional associations.
- To develop and implement effective two-way community engagement with all sections of the community.

### **Scrutiny and Performance**

- Contribute to the efficient and effective delivery of the Police and Crime Plan, together with any associated delivery plans.
- Develop and maintain a constructive working relationship with the Police and Crime Panel for the area.
- Ensure the effective and efficient operation of both the internal and external audit functions and any other aspects of internal control or external inspection.
- To oversee and ensure the effective and efficient management of complaints.

## SUMMARY OF PCC/FORCE APPROVAL LEVELS AND OTHER FINANCIAL LIMITS

DESCRIPTION	LIMIT	COMMENTS
<b>PCC/Force Approved Limits</b>		
<b>B1: Projects</b>		
Major Revenue projects to be identified separately	Above £250,000	Ensures significant revenue projects are separately identified and monitored accordingly
Referral of Major project variances to the PCC	Cost of Project varies from approved estimate in excess of £250,000	Highlights significant overspends to PCC
<b>B2: Virements</b>		
Movements between Commands subject to approved level	£250,000	Virements up to limit approved by CC and CCCFO, reported through Management Accounts, above this approved by PCCCFO or PCC
<b>B2: Carry Forwards</b>		
Requests can be made up to the amount of the CC underspend	Maximum for all carry forwards £500,000	Revenue Costs associated with a capital scheme or funding of temporary revenue costs, subject to approval by PCC
<b>B3: Capital Programme</b>		
Movement between Capital Schemes	£250,000	Above this limit to be approved by PCCCFO or PCC
<b>B4: PCC Initiatives</b>		
Request from PCC	Up to level agreed by PCC	Funding from reserves must have clear objectives and outcomes and be timebound, to be approved by PCC
<b>C1: Risk Management</b>		
Civil claims	£20,000	Claims to be approved by the Deputy Chief Constable
Compromise agreements	£95,000	Claims, excluding legal cost, to be approved by the Deputy Chief Constable
<b>C5: Assets</b>		
Valuation – Asset Register	Land & Buildings (All values), Vehicles (All values), Computers (All Values), Plant and Equipment (£10,000 and above)	Asset Register to be maintained for these assets by the Force
Land and Building disposal	None	All disposals of Land and Buildings to be approved by PCC
Stock	£500	Inventories required for items with a value above the limit
Stock valuation write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
Obsolete Stock write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
<b>Vehicles</b>		
Disposal value (Equipment and Vehicles)	£25,000	CC/CCCFO up to this level and above this to PCCCFO or PCC
Equipment disposal	£15,000	Items above this must be disposed of by sealed bids or public auction
<b>Leases</b>		
All leases including property	£50,000	Annual value above this level to be countersigned by PCCCFO
<b>D2: Income</b>		

Debt write off	£25,000	CC/CCCFO up to this level and above this to PCCCFO, all cases involving the write off as a result of fraud/theft of over £10,000 reported to PCCCFO or PCC
<b>D8: Ex Gratia Payments</b>		
Amount up to	£10,000	CC/CCCFO to approve, above this limit to be approved by PCCCFO or PCC
<b>E1: External Funding</b>		
Identified and pursued funding	£250,000	Above limit reported to PCCCFO or PCC
Sponsorship	£15,000	Above limit reported to PCCCFO or PCC
Gifts and hospitality	£25,000	Annual value above this level to be reported to PCCCFO
<b>OPCC Approved Expenditure Limits</b>		
OPCC Approval limits	Up to £25,000	Statutory Operations Manager/Senior Assurance Officer/CJB Business Manager/Communications and Engagement Manager/Diverse Communities Manager/Contracts and Commissioning Manager
	Up to £50,000	Assurance Manager/Community and Engagement Manager/Deputy Chief Finance Officer (Deputy S151 Officer)
	Up to £100,000	CE or PCCCFO
	above £100,000	CE or PCCCFO in liaison with PCC
<b>Chief Constable Approved Expenditure Limits</b>		
	Up to £200	Inspector, Information Compliance Unit Manager, Change, CI and Digital Innovation, Strategic Planning, Performance and Demand, CDI, Leadership and Management Training
	Up to £500	Chief Inspector, Force Vetting Manager, Recruitment and Onboarding, Advice and Guidance, Employee Relations and change, Health and Wellbeing, People analytics and performance, Job design and workforce pipeline, People development and culture, SOSU/OPT/Driver Training/OST/H&S/Custody Training, Crime Training, IS/Blended Learning/QA Team/L&D Training Admin.
	Up to £1,000	Superintendent
	Up to £5,000	Chief Superintendent, Head of Legal, Legal Practice Manager, Senior Solicitor, Head of CDB, Head of PSD, Head of Corporate Communications, Communications Manager, Head of People Services, Head of HR Services, Head of Workforce Transformation, Head of L&D,
	Up to £100,000	Head of Finance (S151 Officer), Head of Business Services, Enablers Workstream Project Lead.
	Above £100,000	CC/DCC/ACC/ACO Note: expenditure on the maintenance, creation and supply of assets is delegated to the ACO within the approved budget.
<b>Conflict of Interest</b>		
Conflict of Interest e.g. where the approver can use significant influence or a Directorship is held in an area of collaboration	These limits apply unless a conflict of interest has been identified	Approval should be made by equal or more senior approvers.

**REGIONAL CONTRACT STANDING ORDERS (as at October 2020)**

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

<b>YatH</b>	Yorkshire and the Humber Region.
<b>YatH OPCCs</b>	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.
<b>Chief Executives</b>	Chief Executives of the OPCCs in YatH.
<b>YatH Forces</b>	Humberside Police, North Yorkshire Police, South Yorkshire Police and West Yorkshire Police.
<b>Chief Constables</b>	Chief Constables of the YatH Forces.
<b>Assistant Chief Officers responsible for Finance</b>	Assistant Chief Officers responsible for Finance (CCCFOs) within each of the YatH Forces.
<b>YatH Regional Procurement Team</b>	Regional Procurement team operating on behalf of the YatH forces.
<b>Regional Procurement Director</b>	Officer responsible for the Regional Procurement Team.
<b>Chief Officers</b>	Officers who are members of the Command Team in each of the YatH Forces.
<b>Divisional/Departmental Head</b>	Most senior officer in any Division, Department or Branch in the YatH forces.
<b>Officers</b>	All Police officers and Police staff of the YatH Forces and OPCCs (to include officers working under a service level agreement).
<b>PCCs</b>	All the PCCs in the YatH Force areas.
<b>Single Tender Action (STA)</b>	Selection of a supplier to provide works, goods or services without competition.
<b>Regional Collaboration Board (RCB)</b>	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.
<b>Regional Procurement Policy and Procedures</b>	All Procurement Policy, Procedures and Procedures published by the Regional Procurement Team.
<b>Collaborative Contract</b>	A contract for the provision of works, goods or services to more than one police force or public entity.
<b>Framework Agreement</b>	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.

**F1 YORKSHIRE AND THE HUMBER REGIONAL CONTRACT STANDING ORDERS**

In YatH, a Regional Procurement Team has been created to support police procurement activity. Contract Standing Orders are harmonised across the forces and OPCCs, supplemented by detailed guidance on policies and procedures.

**COMPLIANCE**

- 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).
- All contracts shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community, and relevant Government Guidance.
- 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.
- No exceptions shall be made to these Standing Orders otherwise than reasons stated in Section 5.
- Every Officer in any of the YatH Regional Police forces and every PCC or employee of the OPCCs shall comply with these Standing Orders. Any failure to do so may result in disciplinary action.

- 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.

## **COMPETITIVE PROCUREMENT**

- Use of central contracts set up by the YatH Regional Procurement team or individual YatH Forces and OPCCs for certain works, goods and services is mandatory.
- For works, goods or services not available from an existing contract, 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. 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.
- 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 their deputy may agree a different cost/quality ratio.
- 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.
- Requirements must not be disaggregated in force and OPCC or in the region in order to avoid competitive procurement under any circumstances.
- 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.
- Where a procurement is deemed novel, contentious or repercussive it should be notified to the PCC by the budget holder to ensure authority to proceed to full procurement.
- Divisional/Departmental Head has delegated Authority, subject to the above, to authorise Authority to proceed at stage one of the procurement process. This does not affect the authority levels detailed at Appendix 4.

## **FINANCIAL AND CONTRACTUAL DELEGATION**

Chief Officer responsible for Finance in each force or Chief Executive will be responsible for determining authorised signatories in each OPCC/force. Those authorised signatories and sub-delegation rules will be described and documented in each force/OPCCs Financial Instructions. Authorised signatories will ensure the purchase is compliant with all financial instructions and sufficient resources are available within the revenue budget or capital programme.

## **EXCEPTIONS TO NORMAL PROCEDURES/SINGLE TENDER ACTION**

### **Exceptions**

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.

### **Single Tender Action (STA)**

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:

- 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.
- 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.
- Contract classified as secret by a Chief Officer making use of a particular contractor essential or a limited competition to a select list of contractors and avoidance of advertising requirements in the public domain.
- 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.

- Any STA up to £50,000 shall be authorised by the Divisional/Departmental Head/Chief Executive. It is the responsibility of the Divisional/ Departmental Head/Chief Executive to satisfy themselves that the grounds in which the exception has been sought is justified and that all associated spend must be aggregated with the original contract value or future contract value for the purposes of authorisation. It should be noted that where grounds of urgency have been selected submissions will be subjected to further scrutiny to ensure compliance.
- Any STA over £50,000 shall be requested via the Regional Procurement Director and the appropriate Chief Officer/s or Chief Executive. All associated spend must be aggregated with the original contract value or future contract value for the purposes of authorisation. The formal procedure shall be described in the Regional Procurement Policy and Procedures.
- Where it becomes apparent before an order is placed and accepted by the supplier that the figures quoted and appropriately approved in an STA are understated by an amount that is more than 10% of the original STA value, then the STA will need to be returned (with an explanation for the increase) through the appropriate channels for consideration of further approval, based on the revised value of the STA.

## **COMPETITIVE PROCUREMENT USING TENDERS**

Regional Procurement Director will have responsibility to ensure appropriate Procurement Policy and Procedures are in place covering matters such as:

- 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.
- Processes regarding the use of sub-contractors.
- Processes regarding variations to contract.
- Process to be undertaken in relation to declarations of interest in a contract.
- Procedures to be followed in relation to Collaborative Contracts.
- Adoption of Framework Agreements.

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

- Formal procedure to be adopted to evidence alternative provision is not available.
- Formal justification of emergency provision.
- Achievement of Value for Money, and the minimisation of risks to Forces and OPCCs.
- Procurement Policy and Procedures will set out arrangements for the recording and retention of information in relation to procurement activity.
- 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.
- Force and OPCC Chief Officers responsible for Finance will ensure appropriate Financial Instructions are provided for use by staff within their respective forces.

## **TENDER CUSTODY AND OPENING**

### Electronic Tendering

- 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

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

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.

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.

### **FORM OF CONTRACT**

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.

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

### **COLLABORATIVE CONTRACTS AND FRAMEWORK AGREEMENTS**

- 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.

### **REVIEW**

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

**PROCUREMENT COMPETITION PROCEDURES AND AUTHORITY LEVELS**

Estimated Value £	Quotation/Tender Requirements	Levels of Delegated Authority and Contract Signature Thresholds
<£10,000	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). 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 to £50,000	At least three formal written quotations or references to three supplier catalogues shall be obtained. At least one quotation should be sought, where possible, from a local SME.	Purchase orders, requisitions and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
> £50,000	<p>All procurement to be managed by the Regional Procurement team.</p> <p>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.</p>	<p>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.</p> <p>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 and Category Management/Head of Contract Management &amp; Performance            £500,000 - £1,000,000: Director of Regional Procurement            £1,000,000 - £5,000,000: Assistant Chief Officer relevant YatH Force            &gt;£5,000,000: relevant PCC/RCB</p>