



Police and Crime Commissioner **for Essex**

Financial Regulations

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Written By	T. Newman	November 2012
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1. INTRODUCTION

1. PURPOSE

- 1.1 The purpose of this document is to set out the Financial Regulations that apply to the Office of the Police and Crime Commissioner for Essex (PCC) and the Essex Police Force having due regard to the overall regulatory framework of their approach to financial management.
- 1.2 To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the Police and Crime Commissioner and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the Police and Crime Commissioner, the Chief Constable, police officers, police staff and staff within the Office of the PCC and in particular the need for openness, accountability and integrity.
- 1.3 The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCC, the Force and its officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to the PCC and the Chief Constable and every officer and member of staff of the service and anyone acting on its behalf.
- 1.4 They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 which permits the Secretary of State to issue codes of practice to all police and crime commissioners and chief constables.
- 1.5 The Office of the Police and Crime Commissioner and the Chief Constable are established in law as corporations sole within the Police Reform and Social Responsibility Act 2011. As such, both are enabled by law to employ staff and hold funds in their official capacity.
- 1.6 Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the PCC are accountable to the directly elected holder of that office.
- 1.7 The PCC will initially own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, Chief Constables can acquire property (other than land or buildings) and this should be set out in the scheme of delegation. The Chief Constable is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.
- 1.8 The PCC has overall responsibility for property and contracts but with consent from the PCC, the responsibility for carrying out the daily administration of property and contracts can be carried out by the Chief Constable or staff of the Chief Constable. In addition, with consent from the PCC, Chief

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Constables can enter into contracts. Any such arrangements should be set out in the scheme of delegation.

- 1.9 The public accountability for the delivery and performance of the police service rests with the PCC on behalf of the electorate. The PCC has an electoral mandate to set the strategic direction of the Force in consultation with the Chief Constable. The Chief Constable is accountable to the PCC. The Police and Crime Panel provides the checks and balances by holding the PCC to account.
- 1.10 The PCC may appoint a Deputy PCC who may exercise the function of the PCC set out in the Scheme of Governance.
- 1.11 The PCC is the recipient of all funding, including the government grants, precept and other sources of income, related to policing and crime reduction and all funding for the force must come via the PCC. The PCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
- 1.12 The PCC and the Chief Constable are both required to appoint a Chief Finance Officer.

2 STATUS

- 2.1 These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the Policing Protocol, codes of conduct, scheme of governance and schemes of delegation and incorporate standing orders relating to contracts.
- 2.2 The PCC, Chief Constable and all officers and staff have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 2.3 Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective Chief Finance Officers and to the role played by the PCC's Chief Executive and Monitoring Officer.
- 2.4 The PCC is responsible for approving or amending Financial Regulations. The Treasurer is responsible for maintaining and reviewing of Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Head of Finance and the Chief Executive. Copies will be available on the PCC's website and on the Force Intranet.
- 2.5 A delegation in these Financial Regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
- 2.6 More detailed Financial Instructions to supplement these Regulations, shall be issued by the Chief Constable after consultation with the PCC, both Chief Finance Officers and the Chief Executive.

- 2.7 The Chief Executive, Treasurer, Chief Constable and the Head of Finance 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.
- 2.8 Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Treasurer and/or Head of Finance 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.
- 2.9 The PCC and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
- 2.10 The Financial Regulations shall only be suspended by a formal decision of the PCC.

3 THE FINANCIAL REGULATIONS

- 3.1 The Financial Regulations are divided into a number of sections. References are made in the individual sections to delegated limits of authority with the actual value of each limit set out in Section G. Changes to delegated limits can then be made without reviewing the whole document.

Section A - Financial Management Framework
Section B - Financial Planning and Control
Section C - Management of Risk and Resources
Section D - Systems and Procedures
Section E - External Arrangements
Section F - Contract Standing Orders
Section G - Delegated Limits
Section H - Guidance Notes on Breaches of Standing Orders and Financial Regulations
Section I - Anti Fraud and Corruption Strategy and Fraud Response Plan

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

4 DEFINITIONS WITHIN THE REGULATIONS

- 4.1 These Regulations refer to:-
- The Police and Crime Commissioner for Essex (the PCC)
 - The Office of the PCC (OPCC)
 - The Chief Constable
 - The Force
- 4.2 The PCC's Chief Finance Officer is the Treasurer

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- 4.3 The Chief Constable's Chief Finance Officer is the Head of Finance
- 4.4 The Chief Executive also fulfils the role of Monitoring Officer
- 4.5 The 'Force' refers to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his /her direction and control.
- 4.6 'Employees' when referred to as a generic term refers to police officers, police staff and other members of the wider police family.
- 4.7 The expression 'authorised officer' refers to employees authorised by a Chief Officer.
- 4.8 The expression 'statutory officer' refers to the Chief Executive, the PCC Chief Finance Officer (Treasurer) or Chief Constable Chief Finance Officer (Head of Finance).
- 4.9 The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the PCC, the Force or their affiliated bodies.
- 4.10 Best Value for Money (BVM) is the optimum combination of "whole life cost" (i.e. acquisition cost, cost of maintenance and running costs, disposal cost) of a purchase and its fitness for purpose (i.e. quality and ability to meet the contracting body's requirements), having regard also to social, economic and environmental policy objectives. Accordingly it includes both quantifiable and non-quantifiable or intangible costs and benefits.
- 4.11 The expression 'grant' refers to a payment made to a person or organisation for the purposes of crime and disorder reduction in accordance with section 9 of the Police Reform and Social Responsibility Act 2011.
- 4.12 Grants can be distinguished from 'contributions' by the Chief Constable from his budget that are payments made to a person or organisation to facilitate joint operational activities. This does not affect the discretion of the PCC to make contributions from his budget.
- 4.13 Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or Treasurer, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Treasurer.
- 4.14 The terms Chief Constable, Chief Executive and Treasurer include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

5 ROLES AND RESPONSIBILITIES

5.1 The Police and Crime Commissioner (PCC)

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

- 5.1.8 The PCC shall provide the Treasurer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
- 5.1.9 The PCC may appoint a Deputy PCC (DPCC) for that area and arrange for the DPCC to appropriate functions of the PCC.

5.2 The Deputy Police and Crime Commissioner (DPCC)

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

5.3 The Chief Constable

- 5.3.1 The Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities that they serve.
- 5.3.2 To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their force, the Chief Constable should have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 5.3.3 The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC. The Chief Constable will discharge this through the Head of Finance who will lead for the force on financial management.
- 5.3.4 When the Chief Constable intends to make significant change of policy or seeks to move significant sums of their budget then the approval of the PCC should be sought.
- 5.3.5 The Chief Constable shall appoint a Chief Finance Officer (Head of Finance) to be responsible for the proper administration of the Chief Constable's financial affairs.
- 5.3.6 The Chief Constable is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the Chief Constable shall comply with the approved policies and framework of accountability.
- 5.3.7 The Chief Constable shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes delegated to the Chief Constable. The Chief Constable shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

5.4 The Independent Audit Committee

- 5.4.1 The Home Office Financial Management Code of Practice states that the PCC and Chief Constable should establish an independent audit committee. This should be a combined body which will consider the internal and external audit reports of both the PCC and the Chief Constable.
- 5.4.2 This Committee will advise the PCC and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices.
- 5.4.3 In establishing the Audit Committee the PCC and the Chief Constable shall have regard to CIPFA Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.
- 5.4.4 The Audit Committee shall comprise between three and five members who are independent of the PCC and the Force.
- 5.4.5 The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis.
- 5.4.6 The PCC and Chief Constable shall be represented at all meetings of the Audit Committee.

5.5 THE ROLE OF THE STATUTORY AND KEY OFFICERS

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

- 5.5.2 The Treasurer is the PCC's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 5.5.3 The Treasurer's duties are set out in legislation, regulations, the Home Office Financial Management Code of Practice and CIPFA guidance and codes of practice.
- 5.5.4 The Treasurer's statutory responsibilities are set out in:
- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011;
 - Section 151 Local Government Act 1972
 - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure);
 - The Accounts and Audit Regulations 2011
- 5.5.5 The Treasurer is the PCC's professional adviser on financial matters and shall be responsible for:
- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
 - ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
 - ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;

- Reporting to the PCC, the Police and Crime Panel and to the external auditor:
- any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
- when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statement of accounts, in conjunction with the Head of Finance;
- ensuring the provision of an effective internal audit service, in conjunction with the Head of Finance;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance;
- arranging for the determination and issue of the precept;
- liaising with the external auditor; and
- advising the PCC on the application of value for money principles by the police force to support the PCC in holding the chief constable to account for efficient and effective financial management.

5.5.6 The Treasurer, in consultation with the Chief Executive, Chief Constable's Chief Finance Officer and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCC and the Force.

5.5.7 The Treasurer has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCC's accounts, including group accounts.

5.5.8 The Treasurer is the PCCs professional adviser on financial matters. To enable them to fulfil these duties and to ensure the PCC is provided with adequate financial advice the Treasurer:

- must be a key member of the PCC's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on all strategic business decisions of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the PCC's financial strategy;
- must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

5.6 The Chief Constable's Chief Finance Officer (Head of Finance)

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- 5.6.1 The Head of Finance is the Chief Constable's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 5.6.2 The Head of Finance's duties are set out in legislation, regulations, the Home Office Financial Management Code of Practice and CIPFA guidance and codes of practice.
- 5.6.3 The Head of Finance is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.
- 5.6.4 The Head of Finance's responsibilities are set out in:
- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011
 - Section 151 Local Government Act 1972
 - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
 - The Accounts and Audit Regulations 2011
- 5.6.5 The Head of Finance is responsible for:
- ensuring that the financial affairs of the force are properly administered and that these financial regulations are observed and kept up to date;
 - Reporting to the Chief Constable, the PCC, the Treasurer and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
 - when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure
 - advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
 - advising the Chief Constable and the PCC on the soundness of the budget in relation to the force;
 - liaising with the external auditor;
 - working with the Treasurer's staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
- 5.6.6 The Head of Finance has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The Head of Finance will need to observe the locally agreed timetable for the compilation of the group accounts by the Treasurer.
- 5.6.7 The Head of Finance is the Chief Constable's professional adviser on financial matters. To enable him/her to fulfil these duties the Head of Finance:
- must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;

- must be actively involved in, and able to bring influence to bear on all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
- must lead the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

5.6.8 It must be recognised that financial regulations cannot foresee every eventuality. The Head of Finance, in consultation with the Treasurer, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

5.7 The Chief Executive and Monitoring Officer

5.7.1 The Chief Executive is responsible for the leadership and general administration of the PCC's office.

5.7.2 The Chief Executive is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

5.7.3 As Monitoring Officer he/she is responsible for:

- ensuring the legality of the actions of the PCC and his officers;
- ensuring that procedures for recording and reporting key decisions are operating effectively;
- advising the PCC and officers about who has authority to take a particular decision;
- advising the PCC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework;
- advising the PCC on matters relating to standards of conduct.

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A FINANCIAL MANAGEMENT STANDARDS

A.1 Overview & Control

A.1.1 The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

A.1.2 The PCC shall receive updates on the financial performance of the Force and the Office of the PCC by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditors.

A.1.3 Responsibilities of the Treasurer and Head of Finance

A.1.4 To ensure the proper administration of the financial affairs of the OPCC and the Force;

A.2.5 To ensure that proper practices are adhered to;

A.1.6 To advise on the key strategic controls necessary to secure sound financial management;

A.1.7 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators;

A.1.8 To ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations;

A.1.9 To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

A.1.10 Responsibilities of the Chief Constable

A.1.11 The Chief Constable shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded.

A.2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS

A.2.1 Overview and Control

A.2.2 Maintaining proper accounting records is one of the ways in which the PCC and Chief Constable will discharge their responsibility for stewardship of public resources. There is a statutory responsibility to prepare its annual accounts to present a true and fair view of the financial position of the OPCC and the Force and of operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

A.2.3 Joint Responsibilities of the Treasurer and Head of Finance

A.2.4 To determine the accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables;

A.2.5 To make proper arrangements for the audit of the PCC's and Force's accounts in accordance with the Accounts and Audit Regulations 2011;

A.2.6 To ensure that all claims for funds including grants are made by the due date;

A.2.7 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis;

A.2.8 To prepare and publish the audited accounts in accordance with the statutory timetable.

A.2.9 Responsibilities of the Chief Constable and Head of Finance

A.2.10 To obtain the approval of the Treasurer before making any fundamental changes to accounting records and procedures or accounting systems;

A.2.11 To ensure that all transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis;

A.2.12 To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements;

A.2.13 Prime documents are to be retained in accordance with legislative requirements and the internal needs of the Authority. The format of such documents shall satisfy the requirements of internal and external audit. The PCC, Treasurer, Chief Executive and Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

A.3 THE ANNUAL STATEMENT OF ACCOUNTS

A.3.1 Overview and Control

A.3.2 The PCC has a statutory responsibility to prepare accounts to present a true and fair view of the financial position of the OPCC and the Force and of operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the PCC, Chief Constable as well as group accounts covering both entities;

A.3.3 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources are adequate.

A.3.4 Responsibilities of the Treasurer

A.3.5 To draw up the timetable for final accounts preparation, in consultation with the Head of Finance and external auditor;

A.3.6 To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the OPCC and the Force at the accounting date and its income and expenditure for the financial year just ended;

A.3.7 To publish the approved and audited accounts each year, in accordance with the statutory timetable.

A.3.8 Joint Responsibilities of the Treasurer and Head of Finance

A.3.9 To select suitable accounting policies and apply them consistently;

A.3.10 To make judgements and estimates that are reasonable and prudent;

A.3.11 To comply with the Code of Practice on Local Authority Accounting.

A.3.12 Responsibilities of the Head of Finance

A.3.13 To comply with accounting guidance provided by the Treasurer and supply him with appropriate information upon request within a reasonable timescale.

A.3.14 Responsibilities of the PCC

A.3.15 To consider and approve the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B FINANCIAL PLANNING

B.1 Overview and Control

- B.1.1 Delivering a range of policing activities is complex and needs systems to be developed and implemented to enable scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.
- B.1.2 The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- B.1.3 The planning process should be continuous and the planning period should cover 3 to 5 years. The process should include a more detailed annual plan, the budget, covering the forthcoming financial year. This allows the PCC and the Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.
- B.1.4 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The annual budget will be supported by a detailed objective analysis of spending.
- B.1.5 It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Central Government on resource allocation.

B.2 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

- B.2.1 The PCC has a responsibility to provide effective financial and budget planning for the short, medium and longer term. He achieves this by preparing a medium term financial strategy including financial projections for 3 to 5 years together with a capital programme covering the same period.
- B.2.2 Responsibilities of the PCC
- B.2.3 To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial strategy which includes funding and spending plans for both revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local authorities. The strategy should be aligned with the Police and Crime Plan.

B.2.4 Responsibilities of the Treasurer and Chief Constable

B.2.5 To determine the format and timing of the medium term financial strategy to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

B.2.6 To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the Chief Constable shall have regard to:

- the police and crime plan
- policy requirements approved by the PCC as part of the policy framework
- the strategic policing requirement
- unavoidable future commitments, including legislative requirements
- initiatives already underway
- revenue implications of the draft capital programme
- proposed service developments and plans which reflect public consultation
- the need to deliver efficiency and/or productivity savings
- government grant allocations
- potential implications for local taxpayers

B.2.7 To prepare a medium term financial forecast, including options for the use of general balances, reserves and provisions, assumptions about future levels of government funding and demonstrate potential implications for local taxation.

B.2.8 A gap may be identified between available resources and required resources. 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.

B.3 ANNUAL REVENUE BUDGET PREPARATION

- B.3.1 The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCC's strategic policies. It provides the PCC and Chief Constable with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Force.
- B.3.2 The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
- B.3.3 The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial strategy should be clearly identified.
- B.3.4 Responsibilities of the PCC
- B.3.5 To agree the planning timetable with the Chief Constable.
- B.3.6 To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.
- B.3.7 To determine the use and allocation of all crime and disorder reduction grants.
- B.3.8 To present the proposed budget and council tax recommendations to the Police and Crime Panel and respond to their views and comments.
- B.3.9 Responsibilities of the Treasurer
- B.3.10 To determine the format of the revenue budget to be presented to the PCC in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA
- B.3.11 To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations
- B.3.12 To advise the PCC on appropriations from/to and or the appropriate level of general balances, earmarked reserves or provisions to be held.
- B.3.13 To submit a report to the PCC on:

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(1) the robustness of the estimates and the adequacy of reserves and;

(2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.

B.3.14 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.

B.3.15 To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

B.3.16 Responsibilities of the Chief Constable and Head of Finance

B.3.17 To prepare detailed budget estimates for all individual major projects as defined in Section G for the forthcoming financial year in accordance with the timetable agreed with the Treasurer.

B.3.18 To submit estimates in the agreed format to the PCC for approval.

B.3.19 To identify all proposed individual major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).

B.3.20 To approve allocation of grants in any one financial year without approval of the PCC, subject to the limit set out in Section G.

B.4 BUDGETARY CONTROL

B.4.1 Overview and Control

B.4.2 Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and PCC to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

B.4.3 The key controls for managing and controlling the revenue budget are that:

- a) there is a nominated budget manager for each cost centre / subjective heading who is accountable for the budgets under his direct / indirect control; and
- b) the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures

B.5 REVENUE BUDGET MONITORING

B.5.1 Overview and Control

B.5.2 By continuously identifying and explaining variances against budgetary targets, the PCC and the Chief Constable can identify changes in trends and resource requirements at the earliest opportunity. The PCC and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that the budget is not overspent in total, the Chief Constable and Treasurer are required to manage expenditure within their budget allocations, subject to the rules of virement.

B.5.3 Responsibilities of the Chief Constable and Head of Finance

B.5.4 To provide appropriate financial information to enable budgets to be monitored effectively.

B.5.5 To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.

B.5.6 To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, both the Treasurer and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC.

B.5.7 To submit a budget monitoring report to the PCC on a monthly basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the PCC and Treasurer.

B.5.8 To ensure that budget holders manage income and expenditure within their area, monitor performance and report variances within their own areas to the Chief Constable and Head of Finance.

B.5.9 To take any action necessary to avoid an adverse variation to their budget allocation and alert the Chief Constable and Treasurer to any problems.

B.5.10 To require detailed budget monitoring to be undertaken by budget holders on a monthly basis and for this to be reported to the Head of Finance.

B.5.11 To ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.

B.5.12 To refer major revenue projects back to the PCC for further approval where, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section G.

B.5.13 To carry forward under spends on his / her delegated net operational budgets in any financial year to the following financial year, subject to the limit set out in Section G.

B.5.14 Joint Responsibility of the Chief Constable and the Treasurer

B.5.15 To submit monthly budget monitoring reports, containing the most recently available financial information to the PCC showing spending to date and comparisons of projected outturn with the latest approved budget.

B.5.16 Responsibility of the Treasurer

B.5.17 To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information.

B.5.18 To put in place appropriate monitoring systems and processes to ensure that quarterly reports on the financial performance of grants (including contributions) are tabled to the PCC in addition to an annual report. These reports must include those grants not allocated or distributed by the PCC at the date the report is produced.

B.5.19 Joint Responsibility of the Chief Executive and Treasurer

B.5.20 To manage the budget allocated for the PCC's Office

B.5.21 To ensure that total spending for the PCC's Office remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast.

B.5.22 Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Executive the PCC shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the PCC.

B.6 REVENUE VIREMENT

B.6.1 Overview and Control

B.6.2 A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget report. The scheme of virement is intended to enable budget holders to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

B.6.3 The Chief Constable is 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.

B.6.4 The Chief Constable shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.

B.6.5 Key controls for the scheme of virement are:

- a) it is administered by budget holders within delegated powers given by the PCC. Any variation from this scheme requires the approval of the PCC;
- b) the overall budget is agreed by the PCC. Chief officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget;
- c) virement does not create additional overall budget liability;
- d) each chief officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

B.6.6 Responsibilities

B.6.7 The limits that apply on virements between budget headings are defined in Section G.

B.6.8 The exceptions to the above framework are that:

- (a) Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect long term revenue commitments of the Force and the PCC;
- (b) When the virement is between an income budget line and an expenditure budget line which is directly related, approval is by the Treasurer and/or Head of Finance and the income and expenditure budgets will be increased for budget monitoring purposes.

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(c) The Chief Constable may authorise the financing of capital expenditure from the revenue budget, up to the level shown below in Section G.

B.6.9 Budget lines will be cash limited and defined each year as part of the budget approval.

B.6.10 All requests for virement must be made in the format prescribed by the Treasurer and/or Head of Finance and information on the virements within the limits set out in Section G will be available to support budget monitoring report information.

B.6.11 The approval of the PCC shall be required if the virement involves:

- a) a substantial change in policy;
- b) a significant addition to commitments in future years;
- c) where resources to be transferred were originally provided to meet expenditure of a capital nature.

B.7 CAPITAL PROGRAMME

- B.7.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
- B.7.2 Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the Authority will consider its spending plans.
- B.7.3 The capital programme is linked to the Estates Strategy and other strategies involving proposals for significant investment in capital assets included within the approved Medium Term Financial Strategy.
- B.7.4 Responsibilities of the Chief Constable
- B.7.5 To develop and implement asset management plans approved by the PCC.
- B.7.6 Responsibilities of the Treasurer and Chief Constable
- B.7.7 To prepare a Medium Term Financial Strategy for consideration and approval by the PCC.
- B.7.8 Responsibilities of the PCC
- B.7.9 To approve the Estate Strategy and asset management plans together with other strategies involving proposals for significant investment in capital assets.
- B.7.10 To approve the capital programme.
- B.7.11 Responsibilities of the Chief Constable and Head of Finance
- B.7.12 To prepare a 5-year rolling programme of proposed capital expenditure for consideration and approval by the PCCFO and PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- B.7.13 To prepare project appraisals for all schemes in the draft capital programme and for submission to the Treasurer and PCC for consideration and scheme approval. This will include all additional revenue and capital costs and provide evidence of the scheme's viability for inclusion in the capital programme.
- B.7.14 Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.

- B.7.15 To identify, in consultation with the Treasurer, available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property increasing the overall cost.
- B.7.16 A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the PCC to make informed judgements as to which schemes should be included in the capital programme, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- B.7.17 Subject to the limit shown in Section G and with the exception of professional fees (e.g. feasibility studies and planning fees), no capital expenditure or disposal shall be incurred unless the scheme is approved by the PCC.
- B.7.18 Responsibilities of the Treasurer
- B.7.19 To make recommendations to the PCC on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.
- B.7.20 Responsibilities of the PCC
- B.7.21 To approve a fully funded medium term capital programme.

B.8 ANNUAL CAPITAL PROGRAMME

- B.8.1 Responsibilities of the PCC
- B.8.2 To agree the annual capital programme, and how it is to be financed.
- B.8.3 Responsibilities of the Chief Constable
- B.8.4 Approval of the annual capital programme by the PCC authorises the Chief Constable to incur expenditure on schemes providing the project appraisal has been approved and expenditure on the scheme does not exceed the sum contained in the approved programme by more than the amounts identified in Section G.
- B.8.5 To ensure that property leases, finance leases or other credit arrangements with the value or term above the limits set out in Section G are not entered into without the prior approval of the Treasurer.

B.9 MONITORING CAPITAL EXPENDITURE

- B.9.1 Responsibilities of the Chief Constable
- B.9.2 To ensure that adequate records are maintained for all capital contracts.

- B.9.3 Responsibilities of the Chief Constable and the Treasurer
- B.9.4 To monitor progress of the capital programme and expenditure throughout the year against the approved programme.
- B.9.5 To submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the Treasurer.
- B.9.6 To prepare a business case for all new capital schemes [after the annual programme has been agreed] for submission to the PCC for consultation and approval if above the limits set out in the Delegated Limits in Section G. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
- B.9.7 Responsibilities of the Treasurer and the Head of Finance
- B.9.8 To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.

B.10 MAINTENANCE OF BALANCES AND RESERVES

B.10.1 The PCC must decide the level of general reserves he wishes to retain before he can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

B.10.2 Responsibilities of the Treasurer

B.10.3 To advise the PCC on reasonable levels of balances and reserves.

B.10.4 To report to the PCC on the adequacy of reserves and balances before he approves the annual budget and council tax.

B.10.5 To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

B.10.6 Responsibilities for the Chief Constable

B.10.7 To present a business case to the Treasurer and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

B.10.8 Responsibilities of the PCC

B.10.9 To approve a policy on reserves and balances, including lower and upper parameters for the level of general balances

B.10.10 To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

B.10.11 To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C RISK MANAGEMENT AND BUSINESS CONTINUITY

- C.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks. This should include the proactive participation of all those associated with planning and delivering services.
- C.1.1 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the Force and the OPCC and to ensure continued corporate and financial well being. In essence it is, therefore, an integral part of good business practice.
- C.1.2 Responsibilities of the PCC and Chief Constable
- C.1.3 The PCC and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.
- C.1.4 Responsibilities of Chief Executive and Chief Constable
- C.1.5 To prepare a risk management policy statement and for promoting a culture of risk management awareness throughout the Force and OPCC and reviewing risk as an ongoing process.
- C.1.6 To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.
- C.1.7 To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis
- C.1.8 Responsibilities of the Treasurer
- C.1.9 To advise the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.

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C.1.10 To arrange for regular reviews to be undertaken of own self insurance arrangements and, following these reviews, to recommend to the PCC a course of action to ensure that, over the medium term, the funds are available to meet all known liabilities.

C.1.11 Responsibilities of the Chief Constable

C.1.12 To ensure, in consultation with the Treasurer, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.

C.1.13 To administer insurance matters including the settlement of liability claims.

C.1.14 To notify the Treasurer of any significant claims.

C.1.15 To notify the Chief Executive of any terms of indemnity requested.

C.1.16 To ensure that claims made against insurance policies are made promptly.

C.1.17 To make all appropriate employees aware of their responsibilities for managing relevant risks.

C.1.18 To ensure that employees, or any party covered by the Force and/or Police and Crime Commissioner insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

C.1.19 To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.

C.1.20 To settle civil claims in accordance with the arrangements set out in Section G.

C.1.21 Responsibilities of the Chief Executive

C.1.22 To evaluate and authorise any terms of indemnity that is requested by external parties.

C.1.23 To approve before any contract for works is made that the insurance cover to be furnished by the contractor in respect of any act or defaults unless cover is provided by the PCC.

C.2 INTERNAL CONTROL SYSTEM

- C.2.1 Internal control refers to the systems of control devised by management to help ensure objectives of the PCC and the Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources, and that assets and interests are safeguarded.
- C.2.2 Policing is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The PCC and the Chief Constable have statutory obligations, and, therefore, requires a system of internal control to identify, meet and monitor compliance with these obligations.
- C.2.3 The PCC and the Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Systems of internal control are necessary to manage these risks. These systems of internal control are established in order to provide achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management
- C.2.4 Responsibilities of the Chief Executive and Chief Constable
- C.2.5 To implement effective systems of internal control, in accordance with advice from the Treasurer and Head of Finance. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
- C.2.6 To ensure that effective key controls exist and are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.
- C.2.7 To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.
- C.2.8 To produce Annual Governance Statements for consideration and approval by the PCC. Following approval, the Annual Governance Statements should be signed by the Chief Executive, Chief Constable and PCC.

C.3 AUDIT REQUIREMENTS

C.3.1 Internal Audit

C.3.2 Overview and Control

C.3.3 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.

C.3.4 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the PCC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a "relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.

C.3.5 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. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

C.3.6 In addition to enabling the PCC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal Audit is needed:

- to satisfy the PCC and the Chief Constable that effective internal control systems are in place; and
- to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

C.3.7 Responsibilities of the Independent Audit Committee

C.3.8 To approve the terms of reference within which internal audit operates. In terms of internal audit the Terms of Reference (ToRs) will include the following key activities and responsibilities:

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- Advising the PCC and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
- Approving (but not directing) the internal audit annual Programme;
- Overseeing and giving assurance to the PCC and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk;
- Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the PCC and Force; ensuring appropriate action is taken to address any areas for improvement;
- Reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption;

C.3.9 To approve the internal audit strategy, which sets out:

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

C.3.10 Responsibilities of the PCC and Chief Constable

C.3.11 To ensure the provision of an adequate and effective internal audit service.

C.3.12 Responsibilities of the PCC, Chief Constable, Treasurer and Head of Finance

C.3.13 To ensure that internal auditors, having been security cleared, have the authority to:

- access police and OPCC premises at reasonable times;
- access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
- receive any information and explanation considered necessary concerning any matter under consideration;
- require any employee to account for cash, stores or any other police and OPCC asset under their control;
- access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

C.3.14 Internal Audit shall have direct access to all senior officers and employees, where necessary.

C.3.15 Responsibilities of the Head of Internal Audit

C.3.16 To prepare - in consultation with the PCC, Chief Constable, Treasurer and Head of Finance - an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.

C.3.17 To attend meetings of the Independent Audit Committee and to present to each Committee a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.

C.3.18 To present an annual report to the Independent Audit Committee, including an opinion on the on the effectiveness of the internal control environment within the Force and OPCC.

C.3.19 Responsibilities of the Chief Executive and Treasurer

C.3.20 To consider and respond promptly to control weaknesses, issues and recommendations in audit reports and ensure that all critical or significant agreed actions arising from the audit are carried out in accordance with the agreed action plan included in each report.

C.3.21 Responsibilities of the Head of Finance

C.3.22 To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and internal audit prior to implementation.

C.3.23 To notify the Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with the Head of Internal Audit as appropriate and keep him informed of progress. At the conclusion of the investigation the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised. The operation of this Regulation shall be in accordance with the agreed protocol between the Head of Professional Standards, the Head of Finance and the Head of Internal Audit.

C.4 External Audit

C.4.1 Overview and Control

C.4.2 The Audit Commission is responsible for appointing external auditors to local and other authorities and to police forces and elected policing bodies. The Code of Audit Practice prescribes the way in which auditors appointed by the Audit Commission carry out their functions under the Audit Commission Act 1998. The external auditor has rights of access to all documents and information necessary for audit purposes.

C.4.3 The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon:

- the financial aspects of the audited body's corporate governance arrangements;
- the audited body's financial statements;
- aspects of the audited body's arrangements to secure Value for Money.

C.4.4 In auditing the annual accounts the external auditor must satisfy themselves, in accordance with Section 5 of the 1998 Act, that:

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

C.4.5 The 1998 Act sets out other specific responsibilities of the auditor, for example under the section on financial reporting.

C.4.6 Responsibilities of the Independent Audit Committee

C.4.7 To approve the annual work plan and fee.

C.4.8 To receive and respond to the annual governance reports.

C.4.9 To receive the annual audit letter.

C.4.10 Responsibilities of the Treasurer and Head of Finance

C.4.11 To liaise with the external auditor and advise the PCC and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

C.4.12 To provide the Home Office with a copy of the annual audit letter

C.4.13 Responsibilities of the Chief Constable and Treasurer

C.4.14 To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

C.4.15 To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner

C.5 Other Inspection Bodies

C.5.1 The Force and the OPCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC and the HM Revenue & Customs, who have statutory rights of access.

C.6 PREVENTING FRAUD AND CORRUPTION

- C.6.1 The PCC and the CC will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside their organisations.
- C.6.2 Expectations of propriety and accountability are that the PCC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- C.6.3 It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity and without thought or actions involving fraud or corruption.
- C.6.4 Responsibilities of the PCC and Chief Constable
- C.6.5 To foster a culture that will not tolerate fraud and corruption.
- C.6.6 To approve and maintain an effective anti-fraud and anti-corruption strategies and fraud response plan.
- C.6.7 .To ensure that adequate and effective internal control arrangements are in place.
- C.6.8 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCC and employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCC and employees.
- C.6.9 To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, are not malicious and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- C.6.10 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all members and employees.
- C.6.11 To adopt and adhere to the whistle blowing policy.
- C.6.12 To approve and adopt a policy on registering of interests and the receipt of hospitality and gifts

C.6.13 Joint Responsibility of the Chief Executive, Treasurer and Chief Constable

C.6.14 To prepare an effective anti-fraud and corruption strategy and fraud response plan for approval by the PCC and CC.

C.6.15 To adhere to appropriate legislation, e.g. the Public Disclosure for 1998.

C.6.16 To arrange for any suspected incidents of fraud or corruption to be reported in line with the protocol agreed by the Treasurer, Chief Constable and Head of Internal Audit and for these to be unrestricted in line with the agreed plan.

C.7 ASSETS

C.7.1 Overview and Control

C.7.2 Assets are held in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management which provides information about assets so that they are:

- Accurately recorded and classified;
- Safeguarded against loss;
- Used efficiently and effectively;
- Adequately maintained;
- Valued in accordance with statutory and management requirements.

C.7.3 Context

C.7.4 The PCC will initially own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, Chief Constables can acquire property (other than land or buildings) and this should be set out in the scheme of consent.

C.7.5 The Chief Constable is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.

C.7.6 The PCC should consult the Chief Constable in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

C.7.7 Joint Responsibilities of the PCC and Chief Constable

To ensure that:

- a) assets are only used for the purposes of the Force and the OPCC and are available for use when required and are properly accounted for;
- b) an asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;

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- c) assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
- d) lessees and other prospective occupiers of land owned by the PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
- e) title deeds to PCC property are held securely;
- f) no PCC asset is subject to personal use by an employee without proper authority;
- g) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the Force or OPCC;
- h) all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- i) assets no longer required are disposed of in accordance with the law and these financial regulations;
- j) all employees are aware of their responsibilities with regard to safeguarding the security of Force and OPCC ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

C.7.8 Valuation

C.7.9 Responsibilities of the Chief Constable

C.7.10 To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section G, in a form approved by the Treasurer. Assets are to be recorded when they are acquired by the Force or the PCC. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* and the requirements specified by the Treasurer.

C.8 Inventories

C.8.1 Responsibilities of the Chief Constable

C.8.2 To ensure that inventories are maintained in a format approved by the Treasurer and Head of Finance that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

C.8.3 Responsibilities of the PCC

C.8.4 To ensure that inventories are maintained in a format approved by the Treasurer that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

C.9 Stocks and Stores

C.9.1 Responsibilities of the Chief Constable

C.9.2 To make arrangements for the care, custody and control of the stocks and stores of and maintain detailed stores accounts in a form approved by the Treasurer.

C.9.3 To undertake a complete stock check at least once per year either by means of continuous or annual stock takes. The stock take 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.

C.9.4 Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the Treasurer in line with the limits shown in Section G. Amounts for write off above this value must be referred to the Treasurer for approval supported by a written report.

C.9.5 To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above this value must be referred to the Treasurer for approval supported by a written report.

C.10 Intellectual Property

C.10.1 Intellectual property is a generic term that includes inventions and writing.

C.10.2 If any Intellectual Policy is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Force and the OPCC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.

C.10.3 In the event that the Force or OPCC decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive.

C.10.4 Responsibilities of the Chief Constable

C.10.5 To ensure that employees are aware of these procedures.

C.10.6 Responsibilities of the Chief Executive

C.10.7 To prepare guidance on intellectual property procedures and ensuring that employees are aware of these procedures.

C.10.8 Responsibilities of the Chief Constable and PCC

C.10.9 To approve the intellectual property policy

C.10.10 Asset Disposal

C.10.11 The PCC shall approve all disposals of land and buildings subject to 3.5.21 below.

C.10.12 Assets shall be disposed of when in the best interests of the Force and the OPCC and at the most advantageous price. Where this is not the highest offer, a report must be prepared for the PCC outlining the reasons.

C.10.13 Responsibilities of the Chief Constable

C.10.14 To dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section G.

C.10.15 Items above this value being disposed of by public auction or sealed bids after advertisement.

C.10.16 To record all asset disposals in the asset register or inventory as appropriate.

C.10.17 Responsibilities of the Treasurer and Head of Finance

C.10.18 To ensure that income is received and accounted for.

C.11 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

C.11.1 Treasury Management

C.11.2 Overview and Control

C.11.3 It is important that monies held by the PCC and the Force are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.

C.11.4 The PCC has adopted the CIPFA Code of Practice on Treasury Management. The primary requirements of the Code are:

- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
- Approved Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities;
- Approval of the annual Treasury Management Strategy Statement (TMSS) including the annual investment strategies and MRP policy. An annual report and as a minimum a Mid Term Review report covering Treasury Management activities.

C.11.5 Responsibilities of the PCC

C.11.6 To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.

C.11.7 To approve the annual TMSS including the annual investment strategy and MRP policy.

C.11.8 To receive and approve an annual report on treasury management activity and a Mid Term Review report.

C.11.9 Responsibilities of the Treasurer

C.11.10 To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance

C.11.11 To prepare reports on the PCC's treasury management policies, practices and activities, including, as a minimum, an annual Treasury Management Strategy Statement, including annual investment strategy and MRP policy.

C.11.12 To execute and administer treasury management in accordance with the CIPFA Code and the PCC's policy.

C.11.13 To arrange borrowing and investments, in compliance with the CIPFA Code

C.11.14 To ensure that all investments and borrowings are made in the name of the PCC for Essex.

C.11.15 Banking Arrangements

C.11.16 Our 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.

C.11.17 Responsibilities of the Treasurer

C.11.18 To have overall responsibility for the banking arrangements for the PCC.

C.11.19 To produce a policy on the establishment and maintenance of bank accounts, in consultation with the Head of Finance.

C.11.20 To authorise the opening and closing of all PCC bank accounts. No other employee shall open a bank account unless they are performing a statutory function (e.g. Treasurer of a charitable body) in their own right.

C.11.21 To arrange for bank reconciliations to be undertaken on a timely and accurate basis.

C.11.22 To determine signatories on all PCC bank accounts.

C.11.23 Imprest Accounts/Petty Cash

C.11.24 Cash advances may be made to an individual in a department / establishment in order that relatively small incidental payments may be made quickly. A record of disbursements from the account should be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the PCC's accounts and correctly reimbursed to the account holder.

C.11.25 Responsibilities of the Chief Constable

C.11.26 To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the Force and OPCC. The Chief Constable shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

C.11.27 To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

C.11.28 Responsibilities of the Treasurer

C.11.29 To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the OPCC. To determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

C.11.30 Money Laundering

C.11.31 The Force and OPCC are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.

C.11.32 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA).

C.11.33 Internal control procedures will be monitored to ensure they are reliable and robust.

C.11.34 Responsibilities of the Treasurer

C.11.35 To be the nominated Money Laundering Reporting Officer (MLRO).

C.11.36 Upon receipt of a disclosure to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.

C.11.37 To disclose relevant information to the Serious Organised Crime Agency (SOCA).

C.11.38 Responsibilities of the Head of Finance

C.11.40 To undertake appropriate checks to ensure that all new suppliers and counterparties are bona fide.

C.11.41 Responsibilities of employees

C.11.42 To notify the Treasurer as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.

C.11.43 Cash bankings from a single source over €15,000 should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

C.12 STAFFING

C.12.1 Staffing costs form the largest element of the annual policing budget. An appropriate HR strategy should exist, in which staffing requirements and budget allocations are matched. The PCC is responsible for approving the overall HR strategy in consultation with the Chief Constable.

C.12.2 Responsibilities of the Chief Constable

C.12.3 To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC and that there is a proper use of the evaluation or other agreed systems for delivering the remuneration of a job.

C.12.4 To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.

C.12.5 To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs

C.12.6 To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.

C.12.7 To approve, in consultation with the Treasurer, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

C.12.8 Responsibilities of the Chief Executive

C.12.9 To have the same responsibilities as above for staff employed directly by the PCC.

C.13 RESOURCE & COST ANALYSIS

C.13.1 Police Objective Analysis

C.13.2 Overview and Control

C.13.3 CIPFA has introduced the Police Objective Analysis (POA) to enable forces to compare costs in relation to specific categories of policing. The results can be used to help ensure activities and resources are aligned with local policing plan priorities and to match supply and demand.

C.13.4 Responsibilities of the Chief Constable

C.13.5 To analyse costs on the basis of the POA in accordance with CIPFA requirements and International Financial Reporting Standards (IFRS).

C.14 TRUST FUNDS

C.14.1 Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.

C.14.2 Our financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.

C.14.3 No employee shall open a trust fund without the specific approval of the Chief Constable and Treasurer.

C.14.4 Responsibilities of Trustees

C.14.5 All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body, and the Treasurer and/or Head of Finance shall be entitled to verify that this has been done.

C.15 ADMINISTRATION OF EVIDENTIAL & NON-EVIDENTIAL PROPERTY

C.15.1 Overview and Control

C.15.2 The Chief Constable is required to exercise a duty of care and safeguard evidential or non-evidential property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody.

C.15.3 Responsibilities of the Chief Constable

C.15.4 To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees. For more detailed information please refer to the Evidential and Non-Evidential Standard Operating Procedure (SOP).

C.15.5 To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.

C.15.6 To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act.

C.15.7 Responsibilities of all employees

C.15.8 To notify the Chief Constable immediately in the case of loss or diminution in value of such private property.

C.16 GIFTS, LOANS AND SPONSORSHIP

C.16.1 This does not include the receipt of hospitality and gifts.

C.16.2 Overview and Control

C.16.3 In accordance with the Police Act 1996, the PCC may decide to accept gifts of money and gifts or loans of other property or services (e.g. car parking spaces) if they will enable the police either to enhance or extend the service which they would normally be expected to provide. The terms on which gifts or loans are accepted may allow commercial sponsorship of some police force activities.

C.16.4 Context

C.16.5 Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.

- C.16.6 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.
- C.16.7 The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the PCC's annual gross revenue budget of the Force and OPCC.
- C.16.8 Responsibilities of the PCC
- C.16.9 To approve the policy on gifts, loans and sponsorship.
- C.16.10 Responsibilities of the Chief Constable
- C.16.11 To accept gifts, loans or sponsorship within agreed policy guidelines.
- C.16.12 To refer all gifts, loans and sponsorship above the limit identified in Section G to the PCC for approval before they are accepted.
- C.16.13 Responsibilities of the Head of Finance
- C.16.14 To present an annual report to the PCC listing all gifts, loans and sponsorship.
- C.16.15 To maintain a central register, in a format agreed by the Treasurer, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the Treasurer, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.
- C.16.16 To bank cash from sponsorship activity in accordance with normal income procedures.

SECTION D

SYSTEMS AND PROCEDURES

D. SYSTEMS & PROCESSES - INTRODUCTION

D.1 Overview and Control

D.1.1 There are many systems and procedures relating to the control of the Force and OPCC assets, including purchasing, costing and management systems. The Force and the OPCC are reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

D.1.2 The Treasurer and Head of Finance both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

D.1.3 Responsibilities of the Treasurer and Head of Finance

D.1.4 To make arrangements for the proper administration of the financial affairs, including to:

- issue advice, guidance and procedures for officers and others of the Force and the OPCC acting on behalf of the Force and the OPCC;
- determine the accounting systems, form of accounts and supporting financial records;
- establish arrangements for the audit of the financial affairs of the Force and the OPCC;
- approve any new financial systems to be introduced;
- approve any changes to existing financial systems.

D.1.5 To ensure, in respect of systems and processes, that

- systems are secure, adequate internal controls exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice;
- appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
- a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
- systems are documented and staff trained in operations.

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- D.1.6 To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
- D.1.7 To establish a scheme of delegation, identifying staff authorised to act upon the Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

D.2 INCOME

D.2.1 Overview and Control

D.2.2 Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

D.2.3 Context

D.2.4 The PCC and Chief Constable shall adopt a charging policy having regard to national (including ACPO) guidelines). The PCC and Chief Constable may adopt other charging policies and guidelines as appropriate to the circumstances.

D.2.5 PCCs should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels PCCs 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.

D.2.6 When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt ACPO charging policies in respect of mutual aid.

D.2.7 Responsibilities of the Chief Constable and PCC

D.2.8 To adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.

D.2.9 Responsibilities of the Head of Finance and Treasurer

D.2.10 To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.

D.2.11 To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.

D.2.12 To ensure that all income is paid fully and promptly into the designated Income Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.

D.2.13 To ensure income is not used to cash personal cheques or make other payments.

D.2.14 Responsibilities of the Head of Finance

D.2.15 To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.

D.2.16 To operate effective debt collection procedures.

D.2.17 To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.

D.2.18 To approve the write-off of bad debts, in consultation with the Chief Executive or the Treasurer, up to the level shown in Section G. Amounts for write-off above this value must be referred to the PCC for approval, supported by a written report explaining the reason(s) for the write-off.

D.2.19 To prepare detailed Financial Instructions for dealing with income, to be agreed with the Treasurer, and to issue them to all appropriate employees.

D.3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

- D.3.1 Public money should be spent in accordance with the OPCC policies. The PCC and the Chief Constable have a statutory duty to ensure financial probity and best value. The PCC's Financial Regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the contract standing orders in Section F.
- D.3.2 Responsibilities of the Head of Finance
- D.3.3 To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all payments are made in accordance with this policy.
- D.3.4 To issue official orders for all work, goods or services to be supplied to the Force and OPCC, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Treasurer. Orders must be in a form approved by the Treasurer.
- D.3.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Force and OPCC contracts.
- D.3.6 Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
- D.3.7 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.
- D.3.8 To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
- D.3.9 To ensure that VAT is recovered where appropriate.
- D.3.10 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- D.3.11 To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in the separate Procurement Competition Procedures and Authority Levels.
- D.3.12 To prepare, in consultation with the Treasurer, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

D.3.13 Responsibilities of the Chief Constable, Chief Executive and Treasurer

D.3.14 To ensure that every member and employee declares any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the PCC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

D.4 PAYMENTS TO EMPLOYEES

D.4.1 Overview and Control

D.4.2 Employee costs are the largest item of expenditure for most police forces. It is therefore important that there are controls in place to ensure accurate, timely and valid payments are made in accordance with individuals' conditions of employment.

D.4.3 Responsibilities of the Chief Constable and Head of Finance

D.4.4 To ensure, in consultation with the Treasurer, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.

D.4.5 To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.

D.4.6 To pay all valid travel and subsistence claims or financial loss allowance.

D.4.7 To pay salaries, wages, pensions and reimbursements by the most economical means.

D.4.8 To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.

D.4.9 To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.

D.4.10 To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

D.5 TAXATION

D.5.1 Overview and Control

D.5.2 Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.

D.5.3 Responsibilities of the Treasurer

D.5.4 To ensure that arrangements are in place for the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.

D.5.5 To ensure that arrangements are in place for the timely completion and submission of VAT claims, inputs and outputs to HMRC.

D.5.6 Responsibilities of the Treasurer and Head of Finance

D.5.7 To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.

D.5.8 To provide details to the HMRC regarding the construction industry tax deduction scheme.

D.5.9 To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

D.6 CORPORATE PURCHASING CARDS

D.6.1 Overview and Control

D.6.2 Corporate purchase cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.

D.6.3 Responsibilities of the Chief Constable

D.6.4 To provide detailed financial instructions to card holders.

D.6.5 Responsibilities of the Head of Finance

D.6.6 To authorise and maintain control over the issue of cards.

D.6.7 To reconcile the purchase card account to the ledger on a monthly basis.

D.6.8 Responsibilities of Purchasing Card Holders

D.6.9 To be responsible for ordering and paying for goods and services in accordance with the Force procurement policy, contract standing orders and all procedures laid down by the Head of Finance.

D.7 EX GRATIA PAYMENTS

D.7.1 Overview and Control

D.7.2 An ex gratia payment is a payment made where no legal obligation has been established. An example may be recompense to a police officer for damage to personal property in the execution of duty or to a member of the public for providing assistance to a police officer in the execution of duty.

D.7.3 Responsibilities of the Chief Constable

D.7.4 To make ex gratia payments, on a timely basis, to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the OPCC and the Force up to the limits set out in Section G.

D.7.5 To maintain details of ex gratia payments in a register.

SECTION E

JOINT WORKING ARRANGEMENTS

E.1 Context

E.1.1 Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.

E.1.2 As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCC, in exercising his functions, must have regard to the relevant priorities of each responsible body. Subject to the constraints that may be placed on individual funding streams, PCCs are free to pool funding as they and their local partners see fit. PCCs can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.

E.1.3 When the PCC acts as a commissioner of services, he/she will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The PCC is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder reduction 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.

E.1.4 Joint working arrangements can take a number of different forms, each with its own governance arrangements. These can be grouped under the following headings:

- Partnerships
- Collaboration
- Regional working
- Consortia
- External Funding
- Work for Third Parties

E.1.5 Partners engaged in joint working arrangements have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- to be willing to take on a role in the broader Programme, appropriate to the skills and resources of the contributing organisation;
- to be open about any conflicts that might arise;

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- to encourage joint working and promote the sharing of information, resources and skills;
- to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to promote the project.

E.1.6 In all joint working arrangements the following key principles must apply:

- before entering into the agreement, a risk assessment has been prepared;
- project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
- all arrangements are properly documented;
- regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
- audit and control requirements are satisfied;
- accounting and taxation requirements, particularly VAT, are understood fully and complied with;
- an appropriate exit strategy has been produced.

E.1.7 The Force and OPCC element of all joint working arrangements must comply with these Financial Regulations.

E.1.8 Responsibilities of the PCC

E.1.9 To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan and the annual delivery plan.

E.1.10 To make appropriate arrangements to commission services from either the force or external providers.

E.1.11 To make crime and disorder reduction grants.

E.1.12 Responsibilities of the Chief Constable

E.1.13 To follow the Financial Instructions for local partnerships, as published on the Force policing intranet.

E.1.14 To consult, as early as possible, the Head of Finance and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.

E.1.15 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

E.2 Partnerships

E.2.1 The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve a common goal; and
- achieve it to create an organisational structure or process and agreed Programme, and share information, risks and rewards.

E.2.2 The number of partnerships, both locally and nationally, is expanding in response to Central Government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:

- comply with statutory requirements;
- deliver strategic objectives in new and better ways;
- improve service quality and cost effectiveness;
- ensure the best use of scarce resources and access new resources;
- deal with issues which cut across agency and geographic boundaries, and where mainstream Programmes alone cannot address the need;
- forge new relationships;
- find new ways to share risk.

E.2.3 Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

E.2.4 Statutory based

E.2.5 These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs) and Local Strategic Partnerships (LSPs)

E.2.6 Strategic

E.2.7 These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.

E.2.8 Ad-hoc

E.2.9 These are typically locally based informal arrangements agreed by Divisional Commanders.

E.3 Collaboration

- E.3.1 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.
- E.3.2 Notwithstanding the above Chief Constables and PCCs can enter into collaboration agreements set out under other statutory provisions.
- E.3.3 The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their force is involved.
- E.3.4 Any such proposal must be discussed with the Treasurer and Head of Finance in the first instance.

E.4 Regional Working

- E.4.1 Essex Police's contribution towards working with other forces, regions, agencies or parties will be contained in the annual budget and medium term financial strategies.
- E.4.2 The Director of Essex & Kent Support Services will be required to provide regular financial and performance monitoring information for regional working. Once a contribution has been made to a regional project, in terms of application of the resources, it will be assumed it will be in line with those of the Lead Force for that activity. Essex Police will have the right to audit all expenditure in relation to all regional projects.

E.5 Consortium Arrangements

- E.5.1 A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC.
- E.5.2 Responsibilities of the Chief Constable
- E.5.3 To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- E.5.4 To consult, as early as possible, the Head of Finance and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.
- E.5.5 To produce a business case to show the full economic benefits to be obtained from participation in the consortium.

E.5.6 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

E.5.7 Responsibilities of the PCC

E.5.8 To approve the Force and OPCC participation in the consortium arrangement.

E.6 External Funding

E.6.1 Overview and Control

E.6.2 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the PCC and Chief Constable. Funds from external agencies provide additional resources to enable policing objectives to be delivered. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Police and Crime Plan.

E.6.3 The main sources of such funding will tend to be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

E.6.4 Responsibilities of the PCC, Chief Constable and Chief Executive

E.6.5 To pursue actively any opportunities for additional funding where this is considered to be in the interests of the Force and OPCC.

E.6.6 Responsibilities of the Chief Constable and the PCC

E.6.7 To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.

E.6.8 Responsibilities of the Treasurer and Head of Finance

E.6.9 To ensure that all funding notified by external bodies is received and properly accounted for, and that all claims for funds are made by the due date and that any audit requirements specified in the funding agreement are met.

E.6.10 Responsibilities of the Chief Constable

E.6.11 To ensure that funds are acquired only to meet policing needs and objectives.

E.6.12 To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.

E.6.13 To ensure that any conditions placed on the OPCC and the Force in relation to external funding are in accordance with the approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.

E.7 Work for Third Parties

E.7.1 The Force provides services to other bodies outside of its normal obligations, for which charges are made e.g. training, special services. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

E.7.2 Responsibilities of the Chief Constable

E.7.3 To ensure that proposals for assistance are costed, that no contract is subsidised by the Force or the OPCC and that, where possible, payment is received in advance of the delivery of the service so that the Force and the OPCC are not put at risk from any liabilities such as bad debts.

E.7.4 To ensure that appropriate insurance arrangements are in place.

E.7.5 To ensure that all contracts are properly documented.

E.7.6 To ensure that such contracts do not impact adversely on the services provided by the Force and the OPCC.

SECTION F CONTRACT STANDING ORDERS

F.1 INTRODUCTION

F.1.1 All orders and contracts for the supply of goods, materials, services or the execution of any work, made by or on behalf of the PCC shall comply with these standing orders subject to:

- (a) compliance with any relevant United Kingdom legislation;
- (b) compliance with any Directives of the European Community;
- (c) any other exceptions agreed by the PCC.

F.1.2 The Government's purchasing policies requires that Essex Police establish a consistent and uniform approach to all procurement activity to achieve best value. To bring this about it is necessary for all divisions and departments with procurement responsibilities to operate to the same principles and objectives. Compliance is required with the Financial Regulations and Procurement Manual. The Procurement manual is published on the intranet.

F.2 FINANCIAL AND CONTRACTUAL DELEGATION

F.2.1 A framework of financial and contractual delegations is fundamental to the whole procurement operation. The delegations to be used for procurement are given in the delegated limits, Section G. No procurement can be made without adherence to these delegations. They carry with them the responsibility for sound financial management and for achieving best value. They are structured in such a way as to reduce the risk of fraud and corruption. Financial propriety requires functional separation, wherever possible between the roles of financial approval, contractual approval, certification and authorisation.

F.2.2 The Head of Collaborative Procurement may issue delegations to Heads of Divisions and Departments for the purpose of devolved purchasing under the rules outlined in Section G. Each Head of Division or Department may sub-delegate to named individuals.

F.2.3 Officers with delegated financial approval will hold a budget relating to specific goods and services. They are responsible for ensuring that the purchase is necessary and for recommending (or not) that the department commits expenditure and for ensuring that sufficient resources are available within the revenue budget or capital program.

F.2.4 The Officer with delegated authority to authorise orders or contracts committing the expenditure does so on behalf of the PCC or Chief Constable.

F.2.5 Orders shall not be split so as to avoid the need for competitive tendering.

F.2.6 Orders or contracts with milestone payments or payments in advance must be authorised by the Head of Collaborative Procurement.

- F.2.7 Orders and Contracts shall be awarded on the basis of lowest price except where it can be justified under the principles of the 'most economically advantageous tender'. Any such action shall be subject to approval by the Head of Collaborative Procurement or the Head of Finance, in accordance with the delegated limits.
- F.2.8 Requisitions for IT equipment should be referred to the IT Manager for technical input and approval before forwarding to the Procurement Officer unless a call-off contract or framework agreement is in place.
- F.2.9 The full tender process need not apply where competitive procurement activity has already been undertaken by approved third parties. Examples of such bodies are: - Government Procurement Service, Home Office Commercial Directorate, Association of Police Chief Officers (ACPO), other Police Forces/Emergency Services. Approved contracts are listed in the Procurement Manual. Some of the frameworks (where there are multiple suppliers on a framework) have a requirement for a mini competition - Further advice should be sought prior to selecting a supplier. Guidance will be provided by Procurement Services.

F.3 CONTRACT PUBLICATION

- F.3.1 It is a requirement under Statutory Instrument 2479 to publish contracts over £10,000. Procurement Services will retain a copy of each contract and publish details on the contracts register for both the Chief Constable and Office of the Police and Crime Commissioner.

F.4 CONTRACT MANDATION

- F.4.1 Under the Police Act 1996 (as amended) a number of contracts have been mandated. A full list is published on the intranet. The contracts that are currently mandated are:
- Commoditised hardware
 - Commoditised software
 - Fleet (purchase of new police vehicles)
 - Body armour

F.5 BEST VALUE

- F.5.1 The Office of the Police and Crime Commissioner is required to obtain best value in line with the Local Government Act.

F.6 PROCUREMENT CARDS

- F.6.1 The Head of Collaborative Procurement shall control the issue of the cards via policy and applicant approval.
- F.6.2 Expenditure on cards must only be for official business.
- F.6.3 Cards will be allocated with individual levels of spend and will be authorised for use against specific product categories and/or suppliers, which is administered by the Business Centre

F.6.4 The procurement card accounts must be reconciled monthly in a timely manner. Card users must comply with all requests for information, from the Business Centre, to reconcile to the statements. In addition card users must comply with the spot checks conducted by either Procurement Services or Finance.

F.6.5 Full guidance procedures for all users shall be held and maintained on the Finance Department Website.

F.7 ON-LINE ORDERING AND POLICE PROCUREMENT HUB

F.7.1 Procurement Services has put in place contracts that permit on-line ordering by Divisions and Departments. Access to these arrangements and the issuing of passwords and user names is controlled by the Procurement Services.

F.7.2 Full guidance procedures for all users shall be held and maintained on the Procurement Services Intranet Website.

F.7.3 In 2013 the Office of the Police and Crime Commissioner will trade through the National Police Procurement Hub. Access to the system will be granted by Procurement Services.

F.8 COMPETITIVE PROCUREMENT

F.8.1 To ensure best value is obtained, the procurement of all goods, services and works are to be submitted to competition in accordance with Section G.

F.8.2 The use of central contracts that have been set up by the Procurement Services for certain goods and services is mandatory.

F.8.3 In practice there will be a minimum level below which it is not economical to set rules for obtaining competitive prices. However, the principles of objectivity and value for money should still be observed.

F.8.4 For tenders over £20,000 which are not advertised in the Official Journal of the European Journal or procured through an authorised Framework agreement then the Police and Crime Commissioner will advertise its tenders in Contract Finder.

F.8.5 Where the estimated value of the prospective contract exceeds the threshold set for the EU regulations it will be necessary for the requirement to tender to be advertised in the OJEU (Official Journal of the European Union). Requests for advice on EU Directives should be referred to the Head of Collaborative Procurement.

F.8.6 The acceptance of quotations and bids will be based on the principle of best overall value for money and thus the PCC is not bound to accept the lowest quotation or bid on price alone. It is important that the assessment process must be objective, systematic, thorough and fair and seen to be so.

F.9 SINGLE TENDER ACTION (STA)

F.9.1 STA means the selection of a supplier without competition.

- F.9.2 As STA makes it difficult to demonstrate adherence to the principle of objectivity and can reduce the opportunity for obtaining best value it should only be used in very exceptional circumstances. It shall be authorised in writing by the Head of Collaborative Procurement, in accordance with the delegated limits.
- F.9.3 The request for a single tender must be submitted in writing and will only be considered when one or more of the following circumstances applies:-
- (a) the items are or relate to proprietary articles or those sold only at fixed prices, or the work to be executed consists of repairs to existing proprietary articles and there is no reasonable satisfactory alternative available;
 - (b) there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience;
 - (c) genuine security considerations make the use of a particular contractor essential;
 - (d) the contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises;
 - (e) tendering procedures that comply with all relevant legislation have been undertaken by any consortium, public procurement agency or similar body and the contracts are available for use by the PCC;
 - (f) to take advantage of special offers where the terms are more favourable than an existing contract;
 - (g) there are other reasons why there would be no genuine competition;
- F.9.4 Single tender action must not be adopted merely for the sake of convenience, or because a firm has rendered satisfactory service in the past, or on occasion has been the only one to make an offer.
- F.9.5 The tenderer should not be advised that STA is being followed.
- F.9.6 All proposed STA shall be reported to and approved by PCC in a format prescribed by the Treasurer.
- F.9.7 A report on the use of STA shall be prepared and submitted to the Audit Committee on a regular or at least annual basis.

F.10 COMPETITIVE PROCUREMENT USING TENDERS

- F.10.1 The PCC supports the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system.
- F.10.2 The use of electronic reverse auctions shall be undertaken using the selected service provider to host the activity for products and services where appropriate.

Selection of Tenderers

- F.10.3 The competition procedures give the minimum number of quotations or tenders that must be obtained for each level of expenditure, as set out in Section G.
- F.10.4 Procurement Services must ensure that a fair list of potential tenderers is obtained. It is essential that the tenderers are selected to achieve “best value”.
- F.10.5 Tenderers may be selected from Approved Lists. The Head of Collaborative Procurement is responsible for compiling the Approved Lists. Details of how the lists are compiled are contained in the Procurement Manual. Such lists may be compiled or amended periodically following public notice. The Approved Lists shall be reviewed at intervals not exceeding five years.
- F.10.6 The appropriate documentation for tender action will include a letter of Invitation, instructions to tenderers, terms and conditions of contract, specification and returnable schedules. All contract documents must have a unique reference number and shall be returned under a sealed bid procedure. The sealed bid procedure is detailed in the Procurement Manual.
- F.10.7 The period allowed for the submission of tenders shall not normally be less than three weeks. Where EU Directives apply then the period shall be those laid out in the relevant legislation.

F.11 TENDER CUSTODY AND OPENING

- F.11.1 Tenders shall be stored in a secure and confidential manner as required by sealed bid procedure.
- F.11.2 The opening of 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 Head of Collaborative Procurement for the purpose. Any person who has an interest or involvement with a tender activity shall take no part in the tender opening procedure;
 - 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. If on an electronic system this will be recorded electronically.
- F.11.3 The object of the tender panel procedure is to protect the organisation and individual officers from allegations of collusion, corruption or other irregularities in the handling of tenders.
- F.11.4 The tenders must be treated as “Restricted – Contracts” within the Authority. 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.

Tenders not sent in accordance with 'Instructions for tendering'

- F.11.5 Tenders not sent in accordance with the instructions detailed in the invitation to tender shall be treated as not valid. The tenderer shall be advised in writing as soon as practicable.
- F.11.6 No tender received after the other tenders have been opened shall be considered. A tender received after the time fixed for receipt but before the other tenders have been opened may be considered provided there is clear evidence that it was posted or despatched early enough to be received in due time by the normal course of post or despatch. Approval to include the tenderer must be granted by the Head of Collaborative Procurement.
- F.11.7 In cases where the tender panel decide to reject a late tender, the envelope in which it was received shall be retained until 6 months after the contract has been let and the Returnable Schedules destroyed as confidential waste. The tenderer shall be advised in writing as soon as practicable.
- F.11.8 No tender shall be amended by the tenderer after the date and time fixed for the receipt of tenders. However, if errors are found in a tender the tenderer shall be given the opportunity of either accepting the corrections or withdrawing their tender. In cases where the error is considered to be a genuine arithmetical or typing error a correction shall be permitted.

F.12 POST TENDER NEGOTIATION

- F.12.1 Where Post Tender Negotiation (PTN) is considered appropriate the strategy shall be agreed with the Head of Collaborative Procurement in accordance with Section G.

F.13 ETHICAL CODE

Declaration of Interest

- F.13.1 Any personal interest which may impinge or might reasonably be deemed by others to impinge on a persons impartiality in relation to any order or contract (for the supply of goods, services or the execution of any works) made by or on behalf of the PCC shall be declared in writing to the Head of Collaborative Procurement. The Head of Collaborative Procurement will respond confirming action required. A Force Policy Guideline sets out guidance on registering business interests.
- F.13.2 Should an officer or member of staff come into contact with a supplier who is asking about a current tender process or has a face to face meeting with a bidder during a tender exercise these meetings should be recorded in writing and be submitted to the Head of Collaborative Procurement.

Business Gifts

- F.13.3 Business Gifts other than items of very small intrinsic value such as business diaries or calendars shall not be accepted. Further advice can be obtained

from the Head of Collaborative Procurement. A Force Policy Guideline sets out guidance on receiving gifts.

Hospitality

F.13.4 A detailed Force Policy Guideline defines hospitality for officers, while OPCC staff are subject to the requirements of their Code of Conduct.

SECTION G DELEGATED LIMITS

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

SECTION B FINANCIAL PLANNING AND CONTROL

G.1 Annual Revenue Budget Preparation

G.1.1 Budget Estimates

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

£250,000

G.1.2 Allocation of Grants (refer to Introduction, paragraph 4.11)

The Chief Constable may allocate grants in any one financial year without approval of the PCC, subject to the limit below:

£0

G.2 Revenue Budget Monitoring

G.2.1 Major Projects

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

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

G.2.2 Year end Balances

The Chief Constable, with due regard to advice from his / her Chief Finance Officer (Head of Finance) may carry forward under spends on his / her delegated net operational budgets in any financial year to the following financial year up to the following limit:

£500,000

G.3 Revenue Virements

G.3.1 The levels of authorisation for revenue virements are:

Virement to be approved

Limit	Chief Constable	Head of Finance	PCC	Treasurer	Chief Executive
Up to £250,000	√	√			
£250,000 to £500,000			√	√	
Above £500,000			√	√	√

Virements to a specific budget line approved within these limits, but with a cumulative value exceeding £250,000, shall be approved by the PCC in consultation with the Treasurer.

G.3.2 Virements - from revenue to capital

The Chief Constable may authorise the financing of capital expenditure from the revenue budget, up to the level shown below:

£50,000 per project

G.4 Capital Programme

G.4.1 Approval for capital expenditure and disposal

The Chief Constable shall notify the Treasurer of all proposed capital projects, property disposals, property leases or renewals before any agreement is made. Any capital project, property disposal, property lease renewal with a value in excess of the limit shown below shall be subject to the PCC's approval, subject to the requirement for prior notification to the Treasurer before the commitment is made in cases where the total value of proposed capital expenditure lies between £100,000 and £200,000:

£200,000 or any lease over 5 years in duration

G.4.2 Approval of Finance Leases and other credit arrangements

The Chief Constable shall notify the Treasurer of all proposed finance leases, or other credit arrangements before any agreement is made. Any finance lease or other credit arrangements with a value in excess of the limit shown below shall be subject to the PCC's approval:

£10,000 pa or any finance lease or credit arrangement over 3 years in duration

G.5 Annual Capital Programme

G.5.1 Schemes exceeding approved estimates in the capital Programme

Not Protectively Marked

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

The lesser of 20% of approved cost or £250,000

SECTION C MANAGEMENT OF RISK AND RESOURCES

G.6 Risk Management and Business Continuity

G.6.1 The Chief Constable shall be authorised to settle civil claims up to the value shown below:

£100,000, excluding legal cost

Prior approval must be given by the Treasurer for civil claims in excess of the value shown, irrespective of whether or not covered by insurance.

G.7 Assets

G.7.1 Asset Register

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

*Land & Buildings - £10,000
Vehicles - £5,000
Computers - £10,000
Plant & Equipment - £10,000*

An exception to this covers equipment items which are individually below the *de-minimis*, but when aggregated exceed the limit, e.g. IT hardware, body armour.

G.7.2 Inventories

The CC and the Chief Constable shall maintain separate inventories for their respective corporation sole that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below:

£500

G.7.3 Stocks and stores valuation write-offs

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

Not Protectively Marked

Individual items £10,000
Overall annual limit on all stock £20,000

G.7.4 Stocks and stores obsolescence write-offs

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

Individual items £10,000
Overall annual limit on all stock £20,000

G.7.5 Asset Disposals

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

Land & Buildings £250,000
Equipment £25,000
Vehicles £10,000

G.7.6 High value asset disposals

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

Land & Buildings £500,000
Equipment £25,000
Vehicles £20,000

SECTION D SYSTEMS AND PROCEDURES

G.8 Income

G.8.1 Individual amounts may be written off by the Chief Constable in consultation with the Head of Finance and either the Treasurer or the Chief Executive up to the level shown below. The Chief Constable cannot write off individual amounts due to the PCC. Amounts for write off above this value must be referred to the PCC for approval.

£10,000

Individual amounts, without limit, due to the PCC can only be written off by the PCC in consultation with either the Treasurer or the Chief Executive.

G.9 Ordering and Paying for Works, Goods and Services

G.9.1 Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in the table overleaf.

G.10 Ex Gratia Payments

G.10.1 The 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 PCC or Force.

Amounts greater than specified below must be referred to the PCC for approval. The circumstances of the proposed payment must not have the effect of circumventing other PCC or Force pay and allowance, policies, rates and rules.

£10,000

Ex gratia payments between *£10,000 and £100,000* must be approved by the Chief Executive or Treasurer.

The PCC must approve ex gratia payments in excess of *£100,000*.

SECTION F CONTRACT STANDING ORDERS

G.11 Competition Procedures related to Delegated Value

G.11.1 The procurement of all goods, services and works are to be submitted to competition in accordance with the table below:

G.12 Single Tender Action (STA)

G.12.1 All STA shall be reported to the PCC for information at the earliest opportunity:

PROCUREMENT COMPETITION PROCEDURES & AUTHORISATION LEVELS

No.	Estimated Value	Quotation / Tender Requirements	Levels of Delegated Authority	Purchase Order sign-off	Contract sign-off
1	Up to £5,000	At least 3 oral or written quotes.	<p>Heads of Department, or their nominated representative, on receipt of written authorisation from the Head of Collaborative Procurement, may undertake procurement activity up to a maximum of £5,000 in accordance with Procurement policy and guidelines.</p> <p>Where there is no Head available, authorisation will be given by the Procurement Services team.</p>	<p>Kent – Finance Officer</p> <p>Essex- One of the following, if not automatically despatched:</p> <ul style="list-style-type: none"> ❖ Finance Administrator ❖ Procurement Officers 	Head of Department or the Head of Collaborative Procurement
2	Above £5,000 and up to £20,000	<p>Three formal written quotations shall be obtained.</p> <p>(If fewer quotes are received, the Head of Collaborative Procurement must be consulted).</p>	Procurement Officers will approve all contracts between £5,000 and £20,000	<p>Kent – Finance Officer</p> <p>Essex- One of the following:</p> <ul style="list-style-type: none"> ❖ Finance Administrator ❖ Procurement Officers 	Procurement Officers
3	Above £20,000 and up to £50,000	<p>Formal request for quotation under a sealed procedure to be carried out by Procurement Services. At least three bids shall be obtained and the opportunity should be advertised.</p> <p>Negotiation Strategy or bid</p>	More senior staff (i.e. Contract Officers or Contract Managers) will approve all contracts between £20,000 and £50,000	<p>Kent – Finance Officer + Head of Finance or Head of Collaborative Procurement</p> <p>Essex – One of the following:</p> <ul style="list-style-type: none"> ❖ Contract 	<p>One of the following:</p> <ul style="list-style-type: none"> ❖ Contract Officers ❖ Contract Managers ❖ Procurement and Projects Officer ❖ E-Procurement Officer

Not Protectively Marked

		clarification should be agreed with the Head of Collaborative Procurement.		Officers ❖ Contract Managers ❖ Procurement and Projects Officer ❖ E-Procurement Officer	
4	Above £50,000 and up to EU thresholds Current (2012) values:- ❖ Goods (£173,934) ❖ Services (£173,934) ❖ Works (£4,348,350)	Formal tender under a sealed procedure to be carried out by Procurement Services. At least three bids shall be obtained and the opportunity should be advertised. Negotiation Strategy or bid clarification should be agreed with the Head of Collaborative Procurement. It is recommended that where expenditure is within 15% of the EU thresholds that a European tender is conducted if the purchase is not through a tendered framework.	Approval of all contracts between £50,000 and £80,000 by Contracts Officers and Managers.	Kent – Finance Officer + Head of Finance or Head of Collaborative Procurement or Contracts and Procurement Manager Essex - Purchase orders over £80,000 approved by Contracts and Procurement Manager or Head of Collaborative Procurement.	One of the following: ❖ Contract Officers ❖ Contract Managers ❖ Procurement and Projects Officer ❖ E-Procurement Officer Contracts over £80,000 approved by Contracts and Procurement Manager and Head of Collaborative Procurement
5	Above EU thresholds Current (2012) values:-	To be handled in accordance with EU Legislation by Procurement Services.	Contracts valued between £150,000 and £250,000 are to be approved by Director of Finance & Administration or Director of Support Services following recommendation from the Head of	Kent – Finance Officer + Head of Finance or Head of Collaborative Procurement or	DSS/DFA up to £250,000 Treasurer or Chief Executive for the PCC over £250,000

Not Protectively Marked

	<ul style="list-style-type: none"> ❖ Goods (£173,934) ❖ Services (£173,934) ❖ Works (£4,348,350) 	The EU thresholds represent the value of the contract over its life (not the annual value).	<p>Collaborative Procurement or Contracts & Procurement Manager.</p> <p>Contracts in excess of £250,000 are to be approved by the Chief Executive to the PCC (via Director of Finance & Administration, following recommendation from the Head of Collaborative Procurement or Contracts & Procurement Manager), and under seal if a capital project >£1m.</p>	<p>Contracts and Procurement Manager</p> <p>Essex - Contracts and Procurement Manager or Head of Collaborative Procurement</p>	
6	<p>Single Tender Actions (STA) below the EU Thresholds</p> <p>Current (2012) values:-</p> <ul style="list-style-type: none"> ❖ Goods (£173,934) ❖ Services (£173,934) ❖ Works (£4,348,350) 		All requests for Single Tender Action (STA) shall be submitted to the Head of Collaborative Procurement.		Approved by the Chief Executive or the Treasurer and retrospectively reported to the Audit Committee
7	<p>Single Tender Actions (STA) above the EU Thresholds</p> <p>Current (2012) values:-</p> <ul style="list-style-type: none"> ❖ Goods 		All requests for Single Tender Action (STA) shall be submitted to the Head of Collaborative Procurement.		Signed by the Chief Executive or the Treasurer and approved by the PCC

Not Protectively Marked

	(£173,934) ❖ Services (£173,934) ❖ Works (£4,348,350)				
8	Property Services team (Essex) Estates team (Kent)		The Property Departments of both Essex and Kent are exempt from these requirements where:- a) they have existing, approved framework contract agreements, or b) emergency building works are required. In all other cases, the approved procurement processes will apply.	Normal limits apply, as above	Head of Department, Head Of Collaborative Procurement or Contracts and Procurement Manager up to £150,000 Over £150,000 – DSS/DFA Over £250,000 – Chief Executive or Treasurer for the PCC Capital Projects to be authorised at the Force Capital Board Contracts for Property Services (Essex) or Estates Department (Kent) up to £173,934 will be signed by the Head of Department, but will be subject to verification by a Contract or Procurement Manager and Head Of Collaborative Procurement

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9	Transport Services		<p>The Head of Transport Services may purchase vehicles and associated spares and equipment from approved Government and ACPO Contracts to an unlimited value.</p> <p>In all other cases, the approved procurement processes will apply</p>	Normal limits apply, as above	<p>Head of Department, Head Of Collaborative Procurement or Contracts and Procurement Manager up to £150,000</p> <p>Over £150,000 – DSS/DFA</p> <p>Over £250,000 – Chief Executive or Treasurer for the PCC</p> <p>Capital Projects to be authorised at the Force Capital Board</p>
10	Use of Other Forces' Frameworks or other public sector bodies' contracts	The Procurement Services team must be consulted.	<p>These can be used for all levels of expenditure with the express permission of the Head of Collaborative Procurement or the Contracts and Procurement Manager.</p> <p>Final contract approval shall be subject to the same thresholds as above.</p>	Normal limits apply, as above	Head of Collaborative Procurement
11	Mandated Frameworks under the Police Act 1996	<ul style="list-style-type: none"> ❖ Body armour ❖ IT Commoditised Hardware ❖ IT Commercial off-the-shelf software ❖ Fleet 		Normal limits apply, as above	Normal limits apply, as above
12			<p>N.B. - all contract documentation must be held by the Procurement Services team and recorded on the contracts database.</p>		

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Note: In all cases where it is estimated that spend will be within 10 – 15% of the threshold limit, consideration should be given to undertaking the procurement activity in accordance with the quotation/tender requirements at the higher (next) band level.

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