

## PFCC Decision Report

<b>Report reference number:</b> 178 – 21 <b>Classification:</b> Not protectively marked / restricted
<b>Title of report:</b> Financial and Procurement Regulations Update
<b>Area of county / stakeholders affected:</b> Countywide
<b>Report by:</b> Julia Berry (Head of Finance) <b>Date of report:</b> 7 December 2021 <b>Enquiries to:</b> julia.berry@essex.police.uk

### 1. Purpose of the report

- 1.1 The purpose of this report is to present the Commissioner with the updated Financial and Procurement Regulations and to seek approval for their adoption.

### 2. Recommendations

- 2.1 That the Commissioner approves the updated Financial and Procurement Regulations.
- 2.2 That Schedule 13 of the Commissioner's Constitution is updated with the revised Financial and Procurement Regulations once approved.

### 3. Benefits of the proposal

- 3.1 This update will bring the Financial and Procurement Regulations in line with the Seven Force Procurement Standing Orders (CSOs) updated in December 2020.

### 4. Background and proposal

- 4.1. The Financial and Procurement Regulations have been reviewed as part of the review of the PFCC's Constitution.
- 4.2. The proposed changes have been reviewed by the PFCC's Senior Management Team (SMT) and the Chief Constable's Chief Officers Group (COG) and were presented to the Joint Audit Committee on 24 September 2021.
- 4.3. Amendments to the Financial and Procurement Regulations are summarised below with the underlined text highlighting the changes made:

#### 4.3.1. *General changes:*

- “Treasurer” replaced by “Chief Finance Officer”
- “Office of the PFCC” replaced by “the PFCC”
- Added Section F – Contract Standing Orders. The section is lifted from the “Seven Force Procurement Standing Orders” updated in December 2020.

#### 4.3.2. *Detailed amendments:*

- Paragraph 1.1.8 (p.2) – The PFCC is the corporation sole which owns all the assets, land and buildings upon it, including all rights and liabilities which derive from that ownership, including those in the possession and use of the Chief Constable as a corporation sole. ~~has overall responsibility for property and contracts but,~~ With consent from the PFCC, 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 PFCC, the Chief Constable can enter into contracts on the condition that all assets arising from the contracts are for the use and benefit of the PFCC. An exception to this is contracts or other agreements with a person by virtue of which the person becomes, or is, a member of the police force’s civilian staff, or which otherwise relates to a person’s membership of that civilian staff (including the terms and conditions of the person’s membership)
- Paragraph 1.2.1 (p.2) – added “This scheme also includes the Contract Standing Orders”
- A3.3 – A3.5 (p.11) – Various changes made to responsibilities in respect of annual Statement of Accounts - some to be in line with the Financial Management Code of Practice, others to reflect current practice.
- Section B6 (p.17-18) Revenue Virements - Deleted section on Technical Virements, with all virements to follow the same principles. Some changes made to the wording of the key controls. Added paragraph B.6.7 (p.18) “Virements are permissible, however the relevant CFO, in consultation with the Chief Constable and the PFCC, can withdraw the ability for virement in any year should they feel it is prudent to do so”.
- G2.2. (p.66) Year End Balances – A cap has been placed on the size of the Chief Constable’s carry forward reserve. This section now reads, “The Chief Constable, with due regard to advice from the Chief Constable’s CFO, may carry forward any under spends on the net operational budget in any financial year to the following financial year up to £500,000 on the condition that the total reserve does not exceed the following amount: £750,000”
- G3.1 (p.66-67) Revenue Virements - Wording on the limits has been clarified and now stipulates that “Virements to a specific budget line approved within these limits, but with a cumulative value exceeding £250,000, shall be approved by the Chief Executive in consultation with the PFCC’s Chief Finance Officer. If the cumulative value of the virement exceeds £500,000, it will require the PFCC’s approval. An exception to the above is virements related to the Chief Officer Contingencies budget held by the CC, DCC, ACCs and ACOs to the value of £400,000.”

Virement analysis should be presented as part of the Financial Monitoring Report with the split between virements requiring and not requiring approval from PFCC and / or PFCC's statutory officers".

- Added a new paragraph  
"G.4.3 Approval of licence easements and way-leave arrangements

The Chief Constable shall notify the PFCC's Chief Finance Officer of all proposed licence easements and way-leave arrangements before any agreement is made. Any licence easements and way-leave arrangements with a value in excess of the limit shown below shall be subject to the PFCC's approval:

£10,000 pa

Or any licence arrangement over 3 years in duration"

#### 4.3.3. Changes to Section D3:

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

D.3.1 Public money should be spent in accordance with the PFCC's policies. The PFCC and the Chief Constable have a statutory duty to ensure financial probity and best value. The PFCC's and Chief Constable's Financial Regulations and purchasing procedures help to ensure that the public receive value for money. These procedures should be read in conjunction with the Section F -Contract Standing Orders.

D.3.2. The Chief Constable is responsible for preparing a procurement policy covering the principles to be followed for the purchase of goods and services. The PFCC is responsible for approving the procurement policy.

D.3.3 Responsibilities of the Chief Finance Officers:

- To ensure that the force's procurement policy is adhered to.
- To ensure that official orders for all work, goods or services to be supplied to the Chief Constable and the PFCC are in line with the force's procurement policy. Exceptions include supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the CFOs. Orders must be in a form approved by the CFOs.
- Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the PFCC's contracts.
- To ensure that goods and services ordered are appropriate and that there is an adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with the Contract Standing Orders within the limits shown in Section F.
- 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.
- 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.
- To ensure that VAT is recovered where appropriate.

- viii) To ensure that all commitments incurred by placing orders and expenditure, including VAT, are accurately recorded against the right budget and any exceptions are corrected.
- ix) To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in the Section F and in accordance with the Schemes of Delegation and Consent. Only authorised officers and staff can raise e-requisitions / orders and therefore an authorised signatory list will be maintained.
- x) The Chief Constable's CFO shall prepare, in consultation with the PFCC's Chief Finance Officer, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

4.4. The Joint Audit Committee recommended the amended Financial and Procurement Regulations for adoption on 24 September 2021.

## **5. Alternative options considered and rejected**

5.1 The alternative option was not to update the Financial and Procurement Regulations, which would breach the agreement reached by the seven forces of the eastern region on adoption of the contract standing orders.

## **6. Police and Crime Plan**

6.1 Public confidence is a key performance indicator for the Police and Crime Plan. Effective financial management is a prerequisite of maintaining public confidence and is part of the Commissioner's role to hold Chief Constable to account for delivering an effective and efficient service. This review helps support the Commissioner in complying with their legal duty and maintaining public confidence.

## **7. Police operational implications**

7.1 There are no operational policing implications arising from this report.

## **8. Financial implications**

8.1 The approval of this report does not have a direct financial impact on the budget or on the medium-term financial strategy.

## **9. Legal implications**

9.1 The Financial and Procurement Regulations form part of the PFCC's Constitution.

## **10. Staffing implications**

10.1 There are no direct staffing implications arising from this review.

## **11. Equality and Diversity implications**

11.1 There are no direct equality and diversity implications from this review.



If the report is not for publication, the Chief Executive will decide if and how the public can be informed of the decision.

**Redaction**

**If the report is for publication, is redaction required:**

<b>1. Of Decision Sheet?</b>	<b>YES</b>	<input type="checkbox"/>	<b>2. Of Appendix?</b>	<b>YES</b>	<input type="checkbox"/>
	<b>NO</b>	<input checked="" type="checkbox"/>		<b>NO</b>	<input checked="" type="checkbox"/>

**If 'YES', please provide details of required redaction:**

N/A

**Date redaction carried out:** .....

**Treasurer / Chief Executive Sign Off – for Redactions only**

If redaction is required, the Treasurer or Chief Executive is to sign off that redaction has been completed.

**Sign:** .....

**Print:** .....

**Chief Executive/Treasurer**

**Date signed:** .....

**Decision and Final Sign Off**

I agree the recommendations to this report:

**Sign:** 

**Print:** Roger Hirst

**PFCC**

**Date signed:** 17 January 2022

I do not agree the recommendations to this report because:

.....  
.....  
.....

**Sign:**

**Print:**

**PFCC/Deputy PFCC**

**Date signed:**

[NOT PROTECTIVELY MARKED]