

POLICE AND CRIME
COMMISSIONER
FOR HAMPSHIRE

FINANCIAL REGULATIONS

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1. Overview of Financial Regulations

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds. In addition, the Home Office has issued a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners and Chief Constables.
2. The Police and Crime Commissioner for Hampshire (the Commissioner) and the Chief Constable of Hampshire Constabulary are established in law as a corporation sole within the 2011 Act. As such, both are enabled by law to employ staff and hold funds in their official capacity. The Chief Constable is charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the Commissioner are accountable to the directly elected holder of that office.
3. The public accountability for the delivery and performance of the police service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of the force area in consultation with the Chief Constable. They are accountable to the electorate; the Chief Constable is accountable to the Commissioner. The Police and Crime Panel within each force area is empowered to maintain a regular check and balance on the performance of the Commissioner in that context.
4. The Commissioner within the Hampshire Policing Area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.
5. The Commissioner may appoint a Deputy Commissioner who may exercise functions of the Commissioner (exclusions apply).
6. The Commissioner is the recipient of all funding, including the government grant and precept and other sources of income, related to policing and crime reduction and all funding for a force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
7. The Commissioner and the Chief Constable are both required to appoint a chief finance officer.
8. To conduct its business effectively sound financial management policies must be in place and strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up in such a way as to ensure that financial matters are conducted properly and in compliance with all necessary requirements.

9. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Commissioner, the Chief Constable and their officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
10. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

Status

11. 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 and schemes of delegation.
12. The Commissioner and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
13. Financial Regulations explain the working financial relationship between the Commissioner and the Chief Constable and their respective chief financial officers, having regard also to the role played by the Commissioner's Chief Executive.
14. The Commissioner is responsible for approving or amending Financial Regulations. The Commissioner's Chief Financial Officer (CFO) is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner and Chief Constable, after consulting with the Chief Constable's CFO and the Chief Executive.
15. More detailed Financial Instructions to supplement these Regulations, shall be issued by the Chief Constable after consultation with the Commissioner's CFO and Chief Executive.
16. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
17. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Commissioner's CFO and/or Chief Constable's CFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the Commissioner and/or Chief Constable.
18. The Commissioner 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.

Content

19. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section 7.
- Section 1 - Financial management
 - Section 2 - Financial planning
 - Section 3 - Management of risk and resources
 - Section 4 - Systems and procedures
 - Section 5 - External arrangements
 - Section 6 - Contract regulations
 - Section 7 - Summary of delegated limits

Definitions within the Regulations

20. These Regulations shall refer to:
- The Commissioner
 - The Office of the Police and Crime Commissioner (OPCC)
 - The Constabulary
21. The Commissioner's Chief Finance Officer is Carolyn Williamson
22. The Chief Constable's Chief Finance Officer is Richard Croucher
23. The Chief Executive is Jenni Douglas-Todd, who also fulfils the Monitoring Officer role.
24. The 'Force' shall refer 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 the Chief Constable's direction.
25. Chief Officers when referred to as a generic term shall mean the Commissioner's Chief Executive, The Commissioner's CFO, the Chief Constable and the Chief Constable's CFO.
26. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family.
27. The expression 'authorised officer' refers to employees authorised by a chief officer.
28. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Commissioner, the Force or their affiliated bodies.

29. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs. It should be noted that Police and Crime Commissioners are not consider best value authorities under legislation.
30. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or Commissioner's CFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Commissioner's CFO.
31. The terms Chief Constable, Chief Executive and Commissioner's CFO 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.

1.1 Financial Management

The Police and Crime Commissioner for Hampshire (the Commissioner)

- 1.1.1 The Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The Commissioner 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. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
- 1.1.2 The Commissioner shall appoint a Chief Financial Officer (the Commissioner's CFO) to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall also appoint a Chief Executive who will act as the Commissioner's monitoring officer.
- 1.1.3 The Commissioner is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. The Commissioner 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
 - Financial strategy
 - Annual revenue budget
 - Capital programme
 - Medium term financial forecasts
 - Treasury management strategy, including the annual investment strategy
 - Asset management strategy
 - Risk management strategy
 - Governance policies
- 1.1.4 The Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 1.1.5 The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.

- 1.1.6 The Commissioner shall provide the Commissioner's chief finance officer with such staff, accommodation and other resources as are in the CFO's opinion sufficient to allow duties under this section to be performed.
- 1.1.7 The Commissioner may appoint a Deputy Police and Crime Commissioner (DPCC) for that area and arrange for the DPCC to exercise functions of the Commissioner (exclusions apply).

The Deputy Police and Crime Commissioner (DPCC)

- 1.1.8 The DPCC may exercise any function conferred by the Commissioner, as contained within the Scheme of Delegation.

The Chief Constable

- 1.1.9 The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the Commissioner.
- 1.1.10 The Chief Constable is accountable to the law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, constables and staff, remain operationally independent in the service of the public.
- 1.1.11 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 the force, the Chief Constable should have day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner.
- 1.1.12 The Chief Constable must ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the Commissioner. The Chief Constable will discharge this through the Chief Constable's CFO who will lead for the force on financial management.
- 1.1.13 When the Chief Constable intends to make significant change of policy or seeks to move significant sums of the budget then the approval of the Commissioner must be sought.
- 1.1.14 The Chief Constable shall appoint a Chief Finance Officer (Chief Constable's CFO) to be responsible for the proper administration of the Chief Constable's financial affairs.
- 1.1.15 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.

- 1.1.16 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's Chief Finance Officer. 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.

The Independent Audit Committee

- 1.1.17 The Home Office Financial Management Code of Practice states that the Commissioner 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 Commissioner and the Chief Constable. This committee will advise the Commissioner and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Committee the Commissioner and CC shall have regard to CIPFA Guidance on Audit Committees.
- 1.1.18 The Audit Committee shall comprise between three and five members who are independent of the Commissioner and the Force.
- 1.1.19 The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis.
- 1.1.20 The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.

The Commissioner's CFO

- 1.1.21 The Commissioner's CFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 1.1.22 The Commissioner's CFO's statutory responsibilities are set out in:
- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
 - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
 - The Accounts and Audit Regulations 2011
- 1.1.23 The Commissioner's CFO is the Commissioner's professional adviser on financial matters and shall be responsible for:
- ensuring that the financial affairs of the Commissioner 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 Commissioner, the Police and Crime Panel and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the Commissioner or officers of the Commissioner;
 - when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- advising the Commissioner on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statement of accounts, in conjunction with the Chief Constable's CFO
- ensuring the provision of an effective internal audit service, in conjunction with the Chief Constable's CFO;
- 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 Commissioner on the application of value for money principles by the police force to support the Commissioner in holding the chief constable to account for efficient and effective financial management.

1.1.24 The Commissioner's CFO, in consultation with the Chief Executive, Chief Constable's CFO 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 Commissioner.

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

1.1.26 The Commissioner's CFO is the Commissioner's professional adviser on financial matters. To enable them to fulfil these duties and to ensure the Commissioner is provided with adequate financial advice the Commissioner's CFO:

- must be a key member of the commissioner's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the Commissioner'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 Commissioner, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the Commissioner's financial strategy;
- must lead the promotion and delivery by the Commissioner 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.

The Chief Constable's CFO

- 1.1.27 The Chief Constable's CFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 1.1.28 The Chief Constable's CFO is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.
- 1.1.29 The Chief Constable's CFO'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 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
 - The Accounts and Audit Regulations 2011.
- 1.1.30 The Chief Constable's CFO 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 Commissioner, the Commissioner's CFO 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 Commissioner on the soundness of the budget in relation to the force;
 - liaising with the external auditor;

- working with the Commissioner's CFO's staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
- 1.1.31 The Chief Constable's CFO 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 Chief Constable's CFO will need to observe the locally agreed timetable for the compilation of the group accounts by the Commissioner's CFO.
- 1.1.32 The Chief Constable's CFO is the Chief Constable's professional adviser on financial matters. To enable the Chief Constable's CFO to fulfil these duties the Chief Constable's CFO :
- 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 Commissioner'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.
- 1.1.33 It must be recognised that financial regulations cannot foresee every eventuality. The Chief Constable's CFO, in consultation with the Commissioner's CFO, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

The Chief Executive

- 1.1.34 The Chief Executive is responsible for the leadership and general administration of the Commissioner's office
- 1.1.35 The Chief Executive is also the Commissioner's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.
- 1.1.36 The monitoring officer is responsible for:
- ensuring the legality of the actions of the Commissioner and the Commissioner's staff.
 - ensuring that procedures for recording and reporting key decisions are operating effectively

- advising the Commissioner and staff about who has authority to take a particular decision
- advising the Commissioner about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework
- advising the Commissioner on matters relating to standards of conduct

1.2 Financial Management Standards

Why is this important?

- 1.2.1 The Commissioner, 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.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 1.2.2 To ensure the proper administration of the financial affairs
- 1.2.3 To ensure that proper practices are adhered to
- 1.2.4 To advise on the key strategic controls necessary to secure sound financial management
- 1.2.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators
- 1.2.6 To ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 1.2.7 To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

1.3 Accounting Records and Returns

Why is this important?

- 1.3.1 Maintaining proper accounting records is one of the ways in which the Commissioner and Chief Constable will discharge their responsibility for stewardship of public resources. The Commissioner and Chief Financial Officers have a statutory responsibility to prepare annual accounts to present fairly its 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 quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Joint responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 1.3.2 To determine the accounting procedures and records, 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.
- 1.3.3 To make proper arrangements for the audit of the Commissioner's and Force's accounts in accordance with the Accounts and Audit Regulations 2011.
- 1.3.4 To ensure that all claims for funds including grants are made by the due date.
- 1.3.5 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
- 1.3.6 To prepare and publish the audited accounts in accordance with the statutory timetable.

Responsibilities of the Chief Constable and Chief Constable's CFO

- 1.3.7 To obtain the approval of the Commissioner's CFO before making any fundamental changes to accounting records and procedures or accounting systems.
- 1.3.8 To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- 1.3.9 To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.

1.4 The Annual Statement of Accounts

Why is this important?

- 1.4.1 The Commissioner and CFOs have a statutory responsibility to prepare accounts to present a true and fair view of its 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 Commissioner, Chief Constable as well as group accounts covering both entities.
- 1.4.2 The Commissioner is responsible for approving these annual accounts.

- 1.4.3 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.

Responsibilities of the Commissioner's CFO

- 1.4.4 To draw up the timetable for final accounts preparation, in consultation with the Chief Constable's CFO and external auditor.
- 1.4.5 To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position at the accounting date and its income and expenditure for the financial year just ended.
- 1.4.6 To publish the approved and audited accounts each year, in accordance with the statutory timetable.
- 1.4.7 To decide what financial information is published on the website.

Joint responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 1.4.8 To select suitable accounting policies and apply them consistently.
- 1.4.9 To make judgements and estimates that are reasonable and prudent.
- 1.4.10 To comply with the Code of Practice on Local Authority Accounting.

Responsibilities of the Chief Constable's CFO

- 1.4.11 To comply with accounting guidance provided by the Commissioner's CFO and supply the Commissioner's CFO with appropriate information upon request within a reasonable timescale.

Responsibilities of the Commissioner's CFO

- 1.4.12 To consider and seek approval from the Commissioner on the annual accounts in accordance with the statutory timetable.
- preparing the annual statement of accounts, in conjunction with the Chief Constable's CFO
 - ensuring the provision of an effective internal audit service, in conjunction with the Chief Constable's CFO;
 - 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 Commissioner on the application of value for money principles by the police force to support the Commissioner in holding the chief constable to account for efficient and effective financial management.

2. Financial Strategy

2.1 Financial Planning

Why is this important?

- 2.1.1 The Office of the Police and Crime Commissioner and Constabulary are complex organisations responsible for delivering a range of policing activities. Systems are needed to enable resources to be allocated in accordance with priorities. Financial planning is essential if it is to function effectively.
- 2.1.2 The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- 2.1.3 The planning process should be continuous and the planning period should cover at least 3 years. The process should include a more detailed annual plan - the budget, covering the forthcoming financial year. This allows the Commissioner and Force to plan, monitor and manage the way funds are allocated and spent.
- 2.1.4 It is recognised that the impact of financial planning in the police service will be constrained by the quality of information made available by central government on resource allocation.

Medium Term Financial Planning

- 2.1.5 The Commissioner and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. This is achieved by preparing a medium term (3-5 years) revenue forecast and capital programme.

Responsibilities of the Commissioner

- 2.1.6 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.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 2.1.7 To determine the format and timing of the medium term financial plans to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.8 To prepare a medium term forecast of proposed income and expenditure for submission to the Commissioner. When preparing the forecast, the Chief Constable shall have regard to:

- the Police and Crime Plan
 - policy requirements approved by the Commissioner 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
- 2.1.9 To prepare a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and an assumption about future levels of government funding.
- 2.1.10 A gap may be identified between available resources and required resources. Requirements should be prioritised by the Chief Constable to enable the Commissioner to make informed judgements as to future funding levels and planning the use of resources.

Annual Revenue Budget

- 2.1.11 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 Commissioner's strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the Commissioner and the Force.
- 2.1.12 The Commissioner 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.
- 2.1.13 The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial strategy should be clearly identified.

Responsibilities of the Commissioner

- 2.1.14 To consult the Chief Constable on the planning timetable.

- 2.1.15 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.
- 2.1.16 To present the proposed budget and council tax recommendations to the Police and Crime Panel for approval.

Responsibilities of the Commissioner's CFO

- 2.1.17 To determine the format of the revenue budget to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.18 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.
- 2.1.19 To advise the Commissioner on the appropriate level of general balances, earmarked reserves or provisions to be held.
- 2.1.20 To submit a report to the Commissioner on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the Commissioner.
- 2.1.21 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.
- 2.1.22 To produce and issue to the billing authorities, in accordance with statutory requirements, the council tax information leaflet.

Responsibilities of the Chief Constable and Chief Constable's CFO

- 2.1.23 To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Commissioner's CFO.
- 2.1.24 To submit estimates in the agreed format to the Commissioner for approval, including details of council tax implications and precept requirements.

2.2 Budgetary Control

Why is this important?

- 2.2.1 Budget management ensures that once the Commissioner 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 Commissioner to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

- 2.2.2 The key controls for managing and controlling the revenue budget are that:
- there is a nominated budget manager for each cost centre heading who is accountable for the budgets under his direct control; and
 - the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

Revenue Monitoring

Why is this important?

- 2.2.3 By continuously identifying and explaining variances against budgetary targets, it is possible to identify changes in trends and resource requirements at the earliest opportunity. The Commissioner and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that the budget is not overspent, the Chief Constable's and Commissioner's CFOs are required to manage expenditure within the budget allocations, subject to the rules of virement.

Responsibilities of the Chief Constable and Chief Constable's CFO

- 2.2.4 To provide appropriate financial information to enable budgets to be monitored effectively.
- 2.2.5 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.
- 2.2.6 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 Commissioner's CFO and Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Commissioner. The same responsibilities apply to the Chief Executive and the Commissioner's CFO for the Commissioner's budgets.
- 2.2.7 To submit a budget monitoring report to the Commissioner on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the Commissioner and Commissioner's CFO.

Responsibility of the Commissioner's CFO

- 2.2.8 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.

Virement

Why is this important?

- 2.2.9 A virement is an approved reallocation of resources between budgets or heads of expenditure. A budget head is a line in the approved budget report. The scheme of virement is intended to enable chief officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the Commissioner and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
- 2.2.10 The Chief Constable's CFO should only be required to refer back to the Commissioner when the amount is above the delegated authority of the Chief Constable's CFO. Revenue expenditure can only be funded from revenue funding.
- 2.2.11 Key controls for the scheme of virement are:
- it is administered by chief officers within delegated powers given by the Commissioner. Any variation from this scheme requires the approval of the Commissioner
 - the overall budget is agreed by the Commissioner. Chief officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget
 - virement does not create additional overall budget liability.
 - each chief officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

Responsibilities

- 2.2.12 The Chief Constable's CFO may use revenue provision to purchase capital items or carry out capital works subject to obtaining the Commissioner's approval where the proposed transfer exceeds £250,000. The Commissioner must be notified, on a monthly basis, of capital works transfers of £100,000 or more.
- 2.2.13 The Chief Constable's CFO can approve any virement where the additional costs are fully reimbursed by other bodies.
- 2.2.14 For all other budgets each CFO shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring, the Commissioner must be notified of all virements from £50,000 up to £100,000 on a monthly basis. Virements are subject to the following approval levels:

Force Budget

- Up to £100,000 *Chief Constable's CFO*
- Over £100,000 *The Commissioner*

The Commissioner's own budget

- Up to £100,000 *The Commissioner's CFO/
Chief Executive*
- Over £100,000 *The Commissioner*

2.2.15 The approval of the Commissioner shall be required if the virement involves:

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

2.3 Capital Programme

Why is this important?

2.3.1 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. The Commissioner shall have full oversight of the Estate's Strategy. The Commissioner is responsible for agreeing the purchasing, rental, licensing, disposal and change of use of the estate..

2.3.2 The Commissioner is able to undertake capital investment 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.

2.3.3 The capital programme is linked to the approved financial strategy.

Responsibilities of the Chief Constable's CFO

2.3.4 To develop and implement asset management plans.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

2.3.5 To prepare a financial strategy for consideration and approval by the Authority.

Responsibilities of the Commissioner

2.3.6 To approve the asset management strategy.

2.3.7 To approve the annual financial strategy.

Medium term Capital Programme

Responsibilities of the Chief Constable & Chief Constable's CFO

- 2.3.8 To prepare a rolling programme of proposed capital expenditure for consideration by the Commissioner.. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- 2.3.9 To prepare project appraisals (i.e. the Business Proposal Form) for all schemes in the draft medium term year capital programme and shall be submitted to the Commissioner's CFO and Commissioner for consideration and scheme approval. This will include all additional revenue and capital costs.
- 2.3.10 Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
- 2.3.11 To identify, in consultation with the Commissioner's CFO, available sources of funding for the medium term capital programme, including the identification of potential capital receipts from disposal of property.
- 2.3.12 A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the Commissioner 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.
- 2.3.13 All schemes within the draft medium term capital programme should incorporate an estimate of future price inflation.
- 2.3.14 Approval of the medium term capital programme by the Commissioner in February each year authorises the Chief Constable to seek planning permissions, incur professional fees and preliminary expenses as appropriate.

Responsibilities of the Commissioner's CFO

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

Responsibilities of the Commissioner

- 2.3.16 To approve a fully funded medium term capital programme.

Annual Capital Programme

Responsibilities of the Commissioner

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

Responsibilities of the Chief Constable's CFO

- 2.3.18 Approval of the annual capital programme by the Commissioner authorises the Chief Constable's CFO 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 10% or £250,000 whichever is the lower amount.
- 2.3.19 To ensure that finance leases or other credit arrangements are not entered into without the prior approval of the Commissioner's CFO.
- 2.3.20 To ensure that, apart from professional fees (e.g. feasibility studies and planning fees), no other capital expenditure is incurred before the scheme is approved by the Commissioner.

Monitoring of Capital Expenditure

Responsibilities of the Chief Constable's CFO

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

Responsibilities of the Chief Constable and Chief Constable's CFO

- 2.3.22 To monitor expenditure throughout the year against the approved programme.
- 2.3.23 To submit capital monitoring reports to the Commissioner 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 Commissioner and Commissioner's CFO.
- 2.3.24 To prepare a business case for all new capital schemes [after the annual programme has been agreed] for submission to the Commissioner for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 2.3.25 To report on the outturn of capital expenditure.

2.4 Maintenance of Balances and Reserves

Why is this important?

- 2.4.1 The Commissioner must decide the level of general reserves the Commissioner wishes to retain before the Commissioner 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.

Responsibilities of the Commissioner's CFO

- 2.4.2 To advise the Commissioner on reasonable levels of balances and reserves.
- 2.4.3 To report to the Commissioner on the adequacy of reserves and balances before Commissioner approves the annual budget and council tax.
- 2.4.4 To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

Responsibilities for the Chief Constable's CFO

- 2.4.5 To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.
- 2.4.6 To present a business case to the Commissioner's CFO and Commissioner for one-off expenditure items to be funded from earmarked and/or general reserves.

Responsibilities of the Commissioner

- 2.4.7 To approve a policy on reserves and balances, including lower and upper parameters for the level of general balances.
- 2.4.8 To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
- 2.4.9 To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

3. Financial Controls

3.1 Risk Management and Business Continuity

Why is this important?

- 3.1.1 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.
- 3.1.2 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets and to ensure the continued corporate and financial well being. In essence it is, therefore, an integral part of good business practice.

Responsibilities of the Commissioner and Chief Constable's CFO

- 3.1.3 The Commissioner and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

Responsibilities of Chief Officers

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

Responsibilities of the Commissioner's CFO

- 3.1.7 To advise the Commissioner 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.

Responsibilities of the Chief Constable's CFO

- 3.1.8 To ensure, in consultation with the Commissioner's CFO, that appropriate insurance cover is provided.

- 3.1.9 To ensure that claims made against insurance policies are made promptly.
- 3.1.10 To make all appropriate employees aware of their responsibilities for managing relevant risks.
- 3.1.11 To ensure that employees, or anyone covered by insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 3.1.12 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.

Responsibilities of the Chief Executive

- 3.1.13 To evaluate and authorise any terms of indemnity that the Chief Executive is requested to give by external parties.

3.2 Internal Control System

Why is this important?

- 3.2.1 Internal control refers to the systems of control devised by management to help ensure that objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that ensures that assets and interests are safeguarded.
- 3.2.2 The Office of the Police and Crime Commissioner and Constabulary are complex organisations that require an internal control framework to manage and monitor progress towards strategic objectives. There are statutory obligations to be met that require a system of internal control to identify, meet and monitor compliance with these obligations.
- 3.2.3 There are a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. A system of internal control is necessary to manage these risks. The system of internal control is established in order to provide achievement of:
 - efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management.

Responsibilities of Chief Officers

- 3.2.4 To implement effective systems of internal control, in accordance with advice from the Commissioner's CFO and Chief Constable's CFO. 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.
- 3.2.5 To ensure that effective key controls 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.
- 3.2.6 To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

Responsibilities of Chief Officers

- 3.2.7 To produce an Annual Governance Statement for consideration and approval by the Commissioner. Following approval, the Annual Governance Statement should be signed by the Chief Executive, Chief Constable and Commissioner.

3.3 Audit Requirements

Internal Audit

Why is this important?

- 3.3.1 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.
- 3.3.2 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the Commissioner and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a "relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.

- 3.3.3 In fulfilling this requirement the Commissioner 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.
- 3.3.4 In addition to enabling the Commissioner and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, Internal Audit is needed:
- to satisfy the Commissioner and the Chief Constable that effective internal control systems are in place; and
 - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Independent Audit Committee

- 3.3.5 To approve the terms of reference (ToR) within which internal audit operates. In terms of internal audit the ToR will include the following key activities and responsibilities:
- Advising the Commissioner 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 Commissioner 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 Commissioner 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.
- 3.3.6 To approve the internal audit strategy, which sets out:
- Internal Audit objectives and outcomes;
 - how the Head of Internal Audit will form and evidence his opinion on the control environment to support the Annual Governance 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.

Responsibilities of the Commissioner and Chief Constable

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

Responsibilities of the Commissioner, Chief Constable, the Commissioner’s CFO and Chief Constable’s CFO

3.3.8 To ensure that internal auditors, having been security cleared, have the authority to:

- access 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 assets under their control
- access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

3.3.9 Internal Audit shall have direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Head of Internal Audit

3.3.10 To prepare - in consultation with the Commissioner, Chief Constable, the Commissioner’s CFO and Chief Constable’s CFO - an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.

3.3.11 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.

3.3.12 To present an annual report to the Independent Audit Committee, including an opinion on the on the effectiveness of the internal control environment.

Responsibilities of Chief Officers

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

Responsibilities of the Chief Constable's CFO

- 3.3.14 To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Commissioner's CFO and internal audit prior to implementation.
- 3.3.15 To notify the Commissioner's CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of 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 Chief Constable's CFO and the Head of Internal Audit.

External Audit

Why is this important?

- 3.3.16 External auditors are required 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.
- 3.3.17 In auditing the annual accounts the external auditor must satisfy themselves 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.

Responsibilities of the Audit Committee

- 3.3.18 To approve the annual work plan and fee.
- 3.3.19 To receive and respond to the Annual Governance Statement.
- 3.3.20 To receive the Annual Audit Letter.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

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

Responsibilities of the Chief Constable and the Commissioner's CFO

- 3.3.23 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.
- 3.3.24 To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

3.4 Preventing Fraud and Corruption

Why is this important?

- 3.4.1 Fraud or corruption in the administration of its responsibilities will not be tolerated, whether from inside or outside.
- 3.4.2 The Commissioner and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 3.4.3 Individuals and organisations (e.g. suppliers, contractors, and service providers) will act with honesty and integrity.

Responsibilities of the Commissioner and Chief Constable

- 3.4.4 To adopt and adhere to the whistle blowing policy.
- 3.4.5 To approve and adopt a policy on registering of interests and the receipt of hospitality and gifts.

Responsibilities of the Commissioner and Chief Constable

- 3.4.6 To maintain an effective anti-fraud and anti-corruption policy.

- 3.4.7 To ensure that adequate and effective internal control arrangements are in place.
- 3.4.8 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the Commissioner and employees. A register of interests and a register of hospitality and gifts shall be maintained for the Commissioner and employees.
- 3.4.9 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; that they are not malicious and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- 3.4.10 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all employees.

3.5 Assets

Security

Why is this important?

- 3.5.1 The Commissioner holds assets 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.

Context

- 3.5.2 The Commissioner will initially own and fund all assets regardless of whether they are used by the Commissioner, by the force or by both bodies.
- 3.5.3 The Chief Constable is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.
- 3.5.4 The Commissioner 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.

Responsibilities of the Chief Constable

- 3.5.5 To ensure that:

- an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements
- assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place
- lessees and other prospective occupiers of land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate
- title deeds to property are held securely
- no asset is subject to personal use by an employee without proper authority
- valuable and portable items such as computers, cameras and video recorders are identified with security markings
- all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation
- assets no longer required are disposed of in accordance with the law and the regulations
- all employees are aware of their responsibilities with regard to safeguarding the security of ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

Valuation

Responsibilities of the Chief Constable's CFO

3.5.6 To maintain an asset register for all fixed assets with a value in excess of the limits shown below, in a form approved by the Commissioner's CFO. Assets are to be recorded when they are acquired. 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 Commissioner's CFO:

- | | | |
|---|------------------------------|-------------------|
| ➤ | <i>Land & Buildings</i> | <i>£10,000</i> |
| ➤ | <i>Vehicles</i> | <i>All values</i> |
| ➤ | <i>ICT hardware</i> | <i>£10,000</i> |
| ➤ | <i>Plant & Equipment</i> | <i>£10,000</i> |

Inventories

Responsibilities of the Chief Constable's CFO

- 3.5.7 To ensure that inventories are maintained in a format approved by the Commissioner's CFO and Chief Constable's CFO that record an adequate description of items with a value in excess of £10,000. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

Stocks and Stores

Responsibilities of the Chief Constable's CFO

- 3.5.8 To make arrangements for the care, custody and control of the stocks and stores and to maintain detailed stores accounts in a form approved by the Commissioner's CFO.
- 3.5.9 To undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- 3.5.10 Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the Commissioner's CFO.
- 3.5.11 To write-off obsolete stock, subject to the limits set out below:
- *Up to £5,000* *Chief Constable's CFO*
 - *Up to £10,000* *The Commissioner's CFO*
 - *Over £10,000* *The Commissioner*

Intellectual Property

Why is this important?

- 3.5.12 Intellectual property is a generic term that includes inventions and writing.
- 3.5.13 Any Intellectual Policy that 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 may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.
- 3.5.14 In the event that the Commissioner decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an intellectual property policy. Matters should only proceed after legal advice.

Responsibilities of the Chief Constable's CFO

- 3.5.15 To ensure that employees are aware of these procedures.
- 3.5.16 To prepare guidance on intellectual property procedures and ensuring that employees are aware of these procedures.

Responsibilities of the Commissioner and Chief Constable

- 3.5.17 To approve the intellectual property policy.

Asset Disposal

Why is this important?

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

Responsibilities of the Chief Constable's CFO

- 3.5.19 To dispose of assets at the appropriate time and at the most advantageous price. Where this is not the highest offer, the Chief Constable's CFO shall consult with the Commissioner's CFO.
- 3.5.20 All asset disposals shall be recorded in the asset register or inventory as appropriate.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 3.5.21 To ensure that income received for the disposal of an asset is properly banked and accounted for.
- 3.5.22 To ensure that appropriate accounting entries are made to remove the value of disposed assets from the Commissioner's records and to include the sale proceed if appropriate.

3.6 Treasury Management and Banking Arrangements

Treasury Management

Why is this important?

- 3.6.1 It is important that money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sum.
- 3.6.2 The Commissioner's CFO will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;

- Suitable 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.

Responsibilities of the Commissioner

- 3.6.3 To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).
- 3.6.4 To approve the annual treasury management policy and annual investment Strategy.
- 3.6.5 To receive and approve quarterly treasury management performance monitoring reports.

Responsibilities of the Commissioner's CFO

- 3.6.6 To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance.
- 3.6.7 To prepare reports on the Commissioners treasury management policies, practices and activities, including, as a minimum, an annual strategy, quarterly performance monitoring reports and an annual report.
- 3.6.8 To execute and administer treasury management in accordance with the CIPFA Code and the Commissioner's policy.
- 3.6.9 To arrange borrowing and investments, in compliance with the CIPFA Code.
- 3.6.10 To ensure that all investments and borrowings are made in the name of the Police and Commissioner for Hampshire.

Banking Arrangements

Why is this important?

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

Responsibilities of the Commissioner's CFO

- 3.6.12 To have overall responsibility for the banking arrangements.
- 3.6.13 To produce a policy on the establishment and maintenance of bank accounts, in consultation with the Chief Constable's CFO.
- 3.6.14 To authorise the opening and closing of all bank accounts. No other employee shall open a bank account unless they are performing a statutory function (e.g. the Commissioner's CFO of a charitable body) in their own right.

- 3.6.15 To undertake bank reconciliations on a timely and accurate basis.
- 3.6.16 To determine signatories on all bank accounts.

Imprest Accounts / Petty Cash

Why is this important?

- 3.6.17 Petty cash is made available for operational efficiency purposes in order that relatively small incidental payments may be made quickly. A record of disbursements from each account should be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the accounts and correctly reimbursed to the account holder.

Responsibilities of the Chief Constable's CFO

- 3.6.18 To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure. The Chief Constable's CFO 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.
- 3.6.19 To prepare detailed financial guidance for dealing with petty cash, to be agreed with the Commissioner's CFO, and these shall be issued to all appropriate employees.

Money Laundering

Why is this important?

- 3.6.20 The Commissioner and Chief Constable are alert to the possibility of money laundering.
- 3.6.21 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA).
- 3.6.22 The Commissioner's CFO will monitor internal control procedures to ensure they are reliable and robust.

Responsibilities of the Commissioner's CFO

- 3.6.23 To be the nominated Money Laundering Reporting Officer (MLRO).
- 3.6.24 Upon receipt of a disclosure to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.
- 3.6.25 To disclose relevant information to the Serious Organised Crime Agency (SOCA).

Responsibilities of Chief Officers

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

Responsibilities of employees

- 3.6.27 To notify the Commissioner's CFO 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.
- 3.6.28 Cash bankings from a single source over €15,000 should be reported to the Commissioner's CFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 3.9).

3.7 Staffing

Why is this important?

- 3.7.1 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 Chief Constable is responsible for agreeing the overall HR strategy in consultation with the Commissioner.

Responsibilities of the Chief Constable

- 3.7.2 To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the Commissioner.
- 3.7.3 To advise the Commissioner on the budget necessary in any given year to cover estimated staffing levels.
- 3.7.4 To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.
- 3.7.5 To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- 3.7.6 To approve, in consultation with the Commissioner's CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Chief Executive

- 3.7.7 To have the same responsibilities as above for staff employed directly by the Commissioner.

3.8 Trust Funds

Why is this important?

- 3.8.1 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.
- 3.8.2 The financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.
- 3.8.3 No employee shall open a trust fund without the specific approval of the Commissioner's CFO.

Responsibilities of Trustees

- 3.8.4 All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body, and the Commissioner's CFO and/or Chief Constable's CFO shall be entitled to verify that this has been done.

3.9 Administration of Evidential and Non-Evidential Property

Why is this important?

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

Responsibilities of the Chief Constable

- 3.9.2 To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under the Chief Constable's 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).
- 3.9.3 To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.
- 3.9.4 To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act.

Responsibilities of all employees

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

3.10 Gifts, Loans and Sponsorship

3.10.1 This does not include the receipt of hospitality and gifts.

Why is this important?

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

Context

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

3.10.4 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.

Responsibilities of the Commissioner

3.10.5 To approve all gifts, loans and sponsorship.

4. Systems and Processes

4.1 Introduction

Why is this important?

- 4.1.1 There are many systems and procedures relating to the control of assets, including purchasing, costing and management systems. Financial 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.
- 4.1.2 The Commissioner's CFO and Chief Constable's CFO both have a statutory responsibility to ensure that the financial systems are sound and should therefore be notified of any proposed new developments or changes.

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 4.1.3 To make arrangements for the proper administration of the financial affairs, including to:
- issue advice, guidance and procedures for officers and others
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for the audit of the financial affairs
 - approve any new financial systems to be introduced
 - approve any changes to existing financial systems.
- 4.1.4 To ensure, in respect of systems and processes, that
- systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. 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.
- 4.1.5 To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

- 4.1.6 To establish a scheme of delegation, identifying staff authorised to act upon the Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

4.2 Income

Why is this important?

- 4.2.1 Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly.

Context

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

Responsibilities of the Chief Constable and the Commissioner

- 4.2.5 To adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996.

Responsibilities of the Chief Constable's CFO and the Commissioner's CFO

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

Responsibilities of the Chief Constable's CFO

- 4.2.10 To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- 4.2.11 To operate effective debt collection procedures.
- 4.2.12 To initiate appropriate debt recovery procedures, including legal action where necessary.
- 4.2.13 To approve the write-off of bad debts up to the level shown below. Amounts for write-off above this value must be referred to the Commissioner's CFO for approval, supported by a written report explaining the reason(s) for the write-off:
 - Up to £5,000 *Chief Constable's CFO and/or the Commissioner's CFO*
 - Over £5,000 *The Commissioner's CFO*
- 4.2.14 To prepare detailed Financial Instructions for dealing with income, to be agreed with the Commissioner's CFO, and to issue them to all appropriate employees.

4.3 Ordering and Paying for Work, Goods and Services

Why is this required?

- 4.3.1 The Commissioner's CFO has a statutory duty to ensure financial probity and best value. The Commissioner'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.

Responsibilities of the Chief Constable's CFO

- 4.3.2 To maintain a procurement policy covering the principles to be followed for the purchase of goods and services.
- 4.3.3 To issue official orders for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Commissioner's CFO. Orders must be in a form approved by the Commissioner's CFO.
- 4.3.4 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of contracts.
- 4.3.5 Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
- 4.3.6 Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.

- 4.3.7 To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
- 4.3.8 To ensure that VAT is recovered where appropriate.
- 4.3.9 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- 4.3.10 To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in the separate Contract - Procedures and Content document.
- 4.3.11 To prepare, in consultation with the Commissioner's CFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

Responsibilities of the Chief Officers

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

4.4 Payments to Employees

Why is this required?

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

Responsibilities of the Chief Constable

- 4.4.2 To ensure, in consultation with the Commissioner's CFO, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
- 4.4.3 To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
- 4.4.4 To pay all valid travel and subsistence claims or financial loss allowance.
- 4.4.5 To pay salaries, wages, pensions and reimbursements by the most economical means.
- 4.4.6 To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.

- 4.4.7 To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
- 4.4.8 To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Commissioner's CFO, and these shall be issued to all appropriate employees.

4.5 Taxation

Why is this important?

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

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

- 4.5.2 To ensure 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.
- 4.5.3 To ensure the timely completion and submission of VAT claims, inputs and outputs to HMRC.
- 4.5.4 To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
- 4.5.5 To provide details to the HMRC regarding the construction industry tax deduction scheme.
- 4.5.6 To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

4.6 Corporate Credit Cards

Why is this important?

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

Responsibilities of the Chief Constable

- 4.6.2 In conjunction with the Commissioner's CFO to provide Financial Instructions to all cardholders.

Responsibilities of the Chief Constable's CFO

- 4.6.3 To authorise and maintain control over the issue of cards.

Responsibilities of credit card holders

- 4.6.4 To ensure that purchases are in accordance with approved policies e.g. catering, hospitality.

- 4.6.5 To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

4.7 Purchasing Cards

Why is this important?

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

Responsibilities of the Chief Constable

- 4.7.2 To provide detailed financial instructions to card holders.

Responsibilities of the Chief Constable's CFO

- 4.7.3 To authorise and maintain control over the issue of cards.
4.7.4 To reconcile the purchase card account to the ledger on a monthly basis.

Responsibilities of Purchasing Card Holders

- 4.7.5 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 Chief Constable's CFO.

4.8 Ex Gratia Payments

Why is this important?

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

Responsibilities of the Chief Officers

- 4.8.2 To make ex gratia payments, on a timely basis, to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions:

- *No specific limit* *Chief Constable/ CC CFO*
- *No specific limit* *The Commissioner*

- 4.8.3 To maintain details of ex gratia payments in a register:

4.8.4 To make ex gratia payments, on a timely basis, up to the level shown below in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty:

➤ *No specific limit* *Chief Constable/ CC CFO*

➤ *No specific limit* *The Commissioner*

4.8.5 The Commissioner must be informed of all ex-gratia payments under sections 4.8.2 and 4.8.4.

5. Contracting

- 5.1.1 Contracting requirements and thresholds are covered in the separate Contract Standing Orders document.
- 5.1.2 Schedule 2, paragraph 7(2)(a) of the Police Reform and Social Responsibility Act 2011 provides that the Chief Constable may only enter into contracts and other agreements (whether legally binding or not) with the consent of the Commissioner.

6. Partnership and Collaboration

6.1 Joint Working Arrangements

Why is this important?

- 6.1.1 Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.
- 6.1.2 Joint working arrangements can take a number of different forms, each with its own governance arrangements:
- Partnerships
 - Collaboration
- 6.1.3 Partners engaged in joint working arrangements have common responsibilities:
- to act in good faith at all times and in the best interests of the partnership's aims and objectives
 - to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
 - to be open about any conflicts that might arise
 - to encourage joint working and promote the sharing of information, resources and skills
 - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - to promote the project
- 6.1.4 In all joint working arrangements the following key principles must apply:
- before entering into the agreement, a risk assessment has been prepared
 - such agreements do not impact adversely upon the services provided
 - 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

- 6.1.5 All joint working arrangements must comply with these Financial Regulations unless specifically approved otherwise by the Commissioner.

Partnerships

- 6.1.6 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

- 6.1.7 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:

- deliver strategic objectives;
- improve service quality and cost effectiveness;
- ensure the best use of scarce resources; and
- deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need.

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

Statutory based

- 6.1.9 These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs)

Strategic

- 6.1.10 These are partnerships set up to deliver core policing objectives. They can either be force-wide or local. They may include, for example Local Strategic Partnerships (LSPs)

Ad-hoc

- 6.1.11 These are typically locally based informal arrangements agreed by the local police commander.

Context

- 6.1.12 As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, The Commissioner is free to pool funding as the Commissioner and local partners see fit. The Commissioner can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.
- 6.1.13 When the Commissioner acts as a Commissioner of services, the Commissioner will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The Commissioner is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

Responsibilities of the Commissioner

- 6.1.14 To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.
- 6.1.15 To make appropriate arrangements to commission services from either the force or external providers.

Responsibilities of Chief Officers

- 6.1.16 To consult, as early as possible, the Chief Constable's CFO and the Commissioner's CFO to ensure the correct treatment of taxation and other accounting arrangements.
- 6.1.17 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.

Collaboration

- 6.1.18 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, the Commissioner and Chief Constable have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or Commissioner. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.
- 6.1.19 The Commissioners shall jointly hold the Chief Constables to account for any collaboration in which more than one force is involved.

- 6.1.20 Any such proposal must be discussed with the Commissioner's CFO and Chief Constable's CFO in the first instance.

6.2 External Funding

Why is this important?

- 6.2.1 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives. 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 overall plan.
- 6.2.2 The main source of such funding will tend to be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

Responsibilities of Chief Officers

- 6.2.3 To pursue actively any opportunities for additional funding where this is considered to be in the interests and values of the organisation.

Responsibilities of the Chief Constable and the Commissioner

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

Responsibilities of the Commissioner's CFO and Chief Constable's CFO

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

Responsibilities of the Chief Constable

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

6.3 Work For External Bodies

Why is this required?

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

Responsibilities of the Chief Constable

- 6.3.2 To ensure that proposals for assistance are costed, that no contract is subsidised and that, where possible, payment is received in advance of the delivery of the service to reduce the risk from any liabilities such as bad debts.
- 6.3.3 To ensure that appropriate insurance arrangements are in place.
- 6.3.4 To ensure that all contracts are properly documented.
- 6.3.5 To ensure that such contracts do not impact adversely on the services provided.
- 6.3.6 The submission of tenders for the supply of goods and/or services should be approved as follows:
- For tenders up to £1,00,000 *Chief Constable/Force Solicitor*
 - Over £1,000,000 *prior approval of the Commissioner*

7. Summary of Delegated Limits (Extracted from the Financial Regulations)

7.1 Virements

- 7.1.1 The Chief Constable's CFO may use revenue provision to purchase capital items or carry out capital works subject to obtaining the Commissioner's approval where the proposed transfer exceeds £250,000. The Commissioner must be notified, on a monthly basis, of capital works transfers of £100,000 or more.¹.
- 7.1.2 The Chief Constable's CFO can approve any virement where the additional costs are fully reimbursed by other bodies².
- 7.1.3 For all other budgets each CFO shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring, the Commissioner must be notified of all virements from £50,000 up to £100,000 on a monthly basis. Virements are subject to the following approval levels³:

Force Budget

- Up to £100,000 *Chief Constable's CFO*
- Over £100,000 *The Commissioner*

The Commissioner's own budget

- Up to £100,000 *The Commissioner's CFO/
Chief Executive*
- Over £100,000 *The Commissioner*

- 7.1.4 The approval of the Commissioner shall be required if the virement involves⁴:
- a substantial change in policy
 - a significant addition to commitments in future years
 - where resources to be transferred were originally provided to meet expenditure of a capital nature.

7.2 Asset valuation

- 7.2.1 To maintain an asset register for all fixed assets with a value in excess of the limits shown below, in a form approved by the Commissioner's CFO. Assets are to be recorded when they are acquired. 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 Commissioner's CFO⁵:

¹ Section 2.2.12

² Section 2.2.13

³ Section 2.2.14

⁴ Section 2.2.15

⁵ Section 3.5.6

7.6 Ex Gratia Payments

7.6.1 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 functions¹¹:

- *No specific limit* *Chief Constable/ CC CFO*
- *No specific limit* *The Commissioner*

7.6.2 To make ex gratia payments, on a timely basis, up to the level shown below in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty¹²:

- *No specific limit* *Chief Constable/ CC CFO*
- *No specific limit* *The Commissioner*

7.6.3 The Commissioner must be informed of all ex-gratia payments¹³

7.4 Contracting

7.4.1 Contracting requirements and thresholds are covered in the separate Contract Standing Orders document.

¹¹ Section 4.8.2

¹² Section 4.8.4

¹³ Section 4.8.5