

Financial Regulations

Office of the Police and Crime Commissioner and Chief
Constable

OFFICIAL	
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INTRODUCTION

The Police and Crime Commissioner (PCC) and the Chief Constable are separate legal entities. However, the PCC devolves responsibility and funding for the operation of the Staffordshire Police Force to the Chief Constable. The two entities therefore interact and for accounting purposes also need to be reported as a group. As a result these Financial Regulations cover both the Police and Crime Commissioner's responsibilities as well as the Chief Constable's.

These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework of Staffordshire Police that includes the Policing Protocol, codes of conduct and the scheme of governance.

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

The Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective chief financial officers, having regard also to the role played by the PCC's Chief Executive.

The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations.

The Director of Finance & Performance and Chief Finance Officer are jointly responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Chief Executive.

More detailed Financial Instructions to supplement these Regulations, shall be issued by the Chief Constable, through the Chief Finance Officer, after consultation with the Director of Finance & Performance and Chief Executive.

Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.

Breaches of Financial Regulations of a serious nature will result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Director of Finance & Performance and/or Chief Finance Officer, who shall determine, after consulting with the Chief Executive, whether the matter shall be reported to the PCC and/or Chief Constable.

The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity in dealing with financial issues – (see also section 2 in the Scheme of Corporate Governance.)

These Financial Regulations (including contract regulations) apply to all activities undertaken by Staffordshire Police, including those where Staffordshire Police is the lead force in a collaboration or partnership activity, irrespective of where the funding for the activity comes from (e.g. Government grants, contributions from partners, fees and charges etc.)

DEFINITIONS WITHIN THE REGULATIONS

The PCC's chief finance officer is referred to as the Director of Finance & Performance.

The Chief Constable's chief finance officer is the Chief Finance Officer.

The Chief Executive also fulfils the monitoring officer role.

INTRODUCTION

The OPCC shall refer to the PCC, Deputy PCC and all members of staff reporting directly to the PCC.

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.

OPCC Chief Officers, when referred to as a generic term, shall mean the Chief Executive, Director of Finance & Performance.

Force Chief Officers, when referred to as a generic term, shall mean the Chief Constable, Chief Finance Officer and all other members of the Chief Constable's Executive Team.

Staff or employees, when referred to as a generic term, shall refer to police officers, police staff (Force and OPCC) and other members of the wider police family.

The expression 'authorised officer' refers to employees authorised by a PCC or Force chief officer.

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

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

Within these Regulations, most of the references are 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 Director of Finance & Performance, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Director of Finance & Performance.

The terms Chief Constable, Chief Finance Officer, Chief Executive and Director of Finance & Performance 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.

CONTENT

The Financial Regulations are divided into a number of sections, each with detailed requirements relevant 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 – Audit and management of risk
- Section 4 – Management of resources
- Section 4 - Systems and processes
- Section 5 - External arrangements
- Section 6 - Contract regulations
- Section 7 - Summary of delegated limits

1. FINANCIAL MANAGEMENT

1.1. FINANCIAL MANAGEMENT - GENERAL

The Police and Crime Commissioner (PCC)

- 1.1.1.** The PCC 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 PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the PCC will provide professional advice and recommendations.
- 1.1.2.** The PCC shall appoint a Chief Financial Officer (the Director of Finance & Performance) to be responsible for the proper administration of the PCC's finances. He shall also appoint a Chief Executive who shall act as the PCC's monitoring officer.
- 1.1.3.** The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He is responsible for approving the overall framework of accountability and control, and monitoring compliance. With regard to these Financial Regulations this responsibility 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 PCC 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 PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 1.1.6.** The PCC shall provide the Director of Finance and Performance with such staff, accommodation and other resources as are in the PCC's opinion sufficient to allow the PCC's duties under this section to be performed.
- 1.1.7.** The PCC may appoint a Deputy PCC (DPCC) and arrange for the DPCC to exercise any function of the PCC. The DPCC may exercise any function lawfully conferred on him by the PCC. Under the Police Reform and Social Responsibility Act 2011, the DPCC may not:
- Issue the Police and Crime Plan
 - Appoint or suspend the Chief Constable, or call upon the Chief Constable to retire or resign

SECTION 1 - FINANCIAL MANAGEMENT

- Calculate the budget requirement

The Chief Constable

- 1.1.8.** The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC.
- 1.1.9.** The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, constables and staff, remain operationally independent in the service of the public.
- 1.1.10.** To help ensure the effective delivery of policing services the Chief Constable employs all constables and staff within the force and has day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 1.1.11.** The Chief Constable shall appoint a Chief Finance Officer to be responsible for the proper administration of the Chief Constable's financial affairs.
- 1.1.12.** The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC. The Chief Constable will discharge this through the Chief Finance Officer 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 within of their budget then the approval of the PCC should be sought.
- 1.1.14.** The Chief Constable shall provide the Chief Finance Officer with such staff, accommodation and other resources as are in the Chief Constable's opinion sufficient to allow the duties under this section to be performed adequately.
- 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. 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 Ethics, Transparency and Audit Panel (ETAP)

- 1.1.17.** The Home Office Financial Management Code of Practice states that the PCC and Chief Constable should establish a combined, independent audit committee to consider the internal and external audit reports of both the PCC and the Chief Constable. This role will be assumed by ETAP for Staffordshire Police.

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1.1.18. ETAP will advise the PCC and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In supporting ETAP, the PCC and CC shall have regard to CIPFA Guidance on Audit Committees.

1.1.19. ETAP shall comprise a minimum of three members who are independent of the PCC and the Force and 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 PCC and Chief Constable shall be represented at all meetings of the ETAP.

The Director of Finance & Performance

1.1.21. The Director of Finance & Performance has a statutory responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.

1.1.22. The Director of Finance & Performance'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 2015

1.1.23. The Director of Finance & Performance is the PCC's professional adviser on financial matters and shall be responsible for:

- Ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date
- Ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- Ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges
- Accurate and complete reports to the PCC, the Police and Crime Panel and to the external auditor regarding any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC or when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure
- Provision of advice to the PCC on the robustness of the estimates and the adequacy of financial reserves
- Ensuring the correct preparation of the annual statement of accounts, in conjunction with the Chief Finance Officer
- Ensuring the provision of an effective internal audit service, in conjunction with the Chief Finance Officer
- Arranging for a robust treasury management function, including loans and investments;
- Ensuring the delivery of complete and accurate advice, in consultation with the Chief Executive, on the safeguarding of assets, including risk management and insurance
- Ensuring proper arrangements for the determination and issue of the precept;
- Liaising with the external auditor, and
- Advising the PCC on the application of value for money principles by the police force, in order to support the PCC in holding the chief constable to account for efficient and effective financial management.

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1.1.24. The Director of Finance & Performance, in consultation with the Chief Executive, Chief Finance Officer and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of Staffordshire Police.

1.1.25. The Director of Finance & Performance has certain statutory duties that cannot be delegated, namely, reporting any potentially unlawful spending decisions by the PCC and preparing each year, in accordance with proper practices, a statement of the PCC's accounts, including group accounts.

1.1.26. The Director of Finance & Performance is the PCC's professional adviser on financial matters. To enable him to fulfil these duties and to ensure the PCC is provided with adequate financial advice the Director of Finance & Performance:

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

Chief Finance Officer

1.1.27. The Chief Finance Officer is the Chief Constable's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer

1.1.28. The Chief Finance Officer 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 Finance Officer'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 2015

1.1.30. The Chief Finance Officer is responsible for:

- ensuring that the financial affairs of the force are properly administered and that these financial regulations are observed and kept up to date;
- Reporting to the Chief Constable, the PCC, and to the external auditor any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable or when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure

SECTION 1 - FINANCIAL MANAGEMENT

- advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
- advising the Chief Constable and the PCC on the soundness of the budget in relation to the force;
- liaising with the external auditor;
- to produce the statement of accounts for the Chief Constable and to assist in the Director of Finance & Performance in the production of group accounts for Staffordshire Police.

1.1.31. The Chief Finance Officer has certain statutory duties that 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.

1.1.32. The Chief Finance Officer is the Chief Constable's professional adviser on financial matters. To enable him to fulfil these duties the Chief Finance Officer:

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

1.1.33. It must be recognised that financial regulations cannot foresee every eventuality. Chief Finance Officer, in consultation with the Director of Finance & Performance, shall be responsible for interpreting these regulations 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 PCC's office

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

SECTION 1 - FINANCIAL MANAGEMENT

1.2. FINANCIAL MANAGEMENT STANDARDS

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

1.2.2. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To ensure the proper administration of the financial affairs of Staffordshire Police
- To ensure that proper practices are adhered to.
- To advise on the key strategic controls necessary to secure sound financial management
- To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- To ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 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

1.3.1. The PCC and Chief Constable will help discharge their responsibility for stewardship of public resources by maintaining proper accounting records and effective reporting arrangements.

1.3.2. The PCC and Chief Constable have a statutory responsibility to prepare their own annual accounts to present fairly their operations during the year. These are subject to external audit. This audit provides assurance that the two separate sets of accounts have been 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 OPCC and Force resources.

1.3.3. Joint Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To determine the accounting procedures and records for the OPCC, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All OPCC officers shall operate within the required accounting policies and published timetables.
- To make proper arrangements for the audit of the PCC and Group accounts in accordance with the Accounts and Audit Regulations 2015.
- To ensure that all claims for funds including grants are made by the due date
- To ensure that OPCC bank reconciliations and other key control accounts are reconciled on a timely and accurate basis
- To prepare and publish the audited accounts in accordance with the statutory timetable.

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1.3.4. Responsibilities of the Chief Finance Officer

- To determine the accounting procedures and records for the Force, in accordance with recognised accounting practices. All Force staff shall operate within the required accounting policies and published timetables.
- To make proper arrangements for the audit of the Force accounts in accordance with the Accounts and Audit Regulations 2015.
- To ensure that Force bank reconciliations and other key control accounts are reconciled on a timely and accurate basis
- To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis
- 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

1.4.1. The PCC and Chief Constable have a statutory responsibility to prepare their own accounts to present fairly their operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the PCC, Chief Constable as well as group accounts covering both entities.

1.4.2. 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.

1.4.3. Joint Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To agree and publish the timetable for final accounts preparation
- To select suitable accounting policies and apply them consistently
- To make judgements and estimates that are reasonable and prudent
- To comply with the Code of Practice on Local Authority Accounting
- To prepare, sign and date the separate statement of accounts, stating that they present fairly the financial position of the PCC, Force and Group at the accounting date and their income and expenditure for the financial year just ended
- To publish the approve the audited accounts each year, in accordance with the statutory timetable
- To produce summary accounts for publication on the website

1.4.4. Responsibilities of the PCC and Chief Constable

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

2. FINANCIAL PLANNING

2.1. FINANCIAL PLANNING - GENERAL

- 2.1.1.** The OPCC Group is a complex set of organisations responsible for delivering a range of policing activities and needs to develop systems to enable resources to be allocated in accordance with priorities. Financial planning is essential if the group and its constituent organisations are 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 OPCC 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 for the PCC will be constrained by the quality and timeliness of information made available by central government on resource allocation.
- 2.1.5.** The Medium Term Financial Strategy explains how the PCC and Chief Constable will structure and manage their finances to support delivery of the aims and objectives of the service, as set out in the PCC's Police and Crime Plan, and to ensure sound financial management and good stewardship of public money.
- 2.1.6. Responsibilities of the Director of Finance & Performance and Chief Finance Officer**
- To review and update, on an annual basis, the financial strategy
- 2.1.7. Responsibility of the PCC**
- To approve the annual financial strategy. The strategy should be aligned with the Police and Crime Plan.

2.2. MEDIUM TERM FINANCIAL PLANNING

- 2.2.1.** The PCC and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term (3-5 years) revenue forecast and capital plan.
- 2.2.2. Responsibilities of the PCC**
- 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, have regard to affordability and to CIPFA's Prudential Code for Capital Finance in Local authorities.

SECTION 2 - FINANCIAL PLANNING

2.2.3. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To determine the format and timing of the medium term financial plans to be presented to the Chief Constable and PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- To prepare a medium term forecast of proposed income and expenditure for submission, initially to the Chief Constable's Management Team, and then to the PCC.
- When preparing the forecast, the Director of Finance & Performance and Chief Finance Officer shall have regard to:
 - ✓ the police and crime plan
 - ✓ policy requirements approved by the PCC as part of the policy framework
 - ✓ the strategic policing requirement
 - ✓ unavoidable future commitments, including legislative requirements
 - ✓ initiatives already underway
 - ✓ revenue implications of the draft capital programme
 - ✓ proposed service developments and plans which reflect public consultation
 - ✓ the need to deliver efficiency and/or productivity savings
 - ✓ government grant allocations
 - ✓ potential implications for local taxpayers
- 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.

2.2.4. Responsibilities of the Chief Constable:

- A gap may be identified between available resources and required resources. Requirements should be prioritised by the Chief Constable to enable the PCC to make informed judgements as to future funding levels and planning the use of resources.

2.3. ANNUAL REVENUE BUDGET

- 2.3.1.** The revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and Force and sets out the financial implications of the PCCs strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the OPCC and the Force.
- 2.3.2.** The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget that will include a separate force budget allocation. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service, community safety and victims and witnesses 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.
- 2.3.3.** The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial strategy should be clearly identified.

SECTION 2 - FINANCIAL PLANNING

2.3.4. Responsibilities of the PCC:

- To agree the planning timetable with the Chief Constable
- 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.
- To present the proposed council tax precept to the Police and Crime Panel each year and have regard to any recommendation that the Panel makes in response.

2.3.5. Responsibilities of the Director of Finance & Performance:

- To determine the format of the revenue budget to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA
- To obtain timely and accurate information from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations
- To advise the PCC on the appropriate level of general balances, earmarked reserves and provisions.
- To submit a report to the PCC on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
- 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.
- To produce and publish, in accordance with statutory requirements and timescales, the council tax information leaflet and send a web-link to the billing authorities.

2.3.6. Responsibilities of the Chief Finance Officer:

- To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Director of Finance & Performance.
- To submit draft budget proposals to the Chief Constable's Management Team to obtain approval from the Chief Constable
- To submit estimates in the agreed format to the PCC for approval, including details of council tax implications and precept requirements.

2.4. BUDGETARY CONTROL

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

2.4.2. 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 their direct control; and

SECTION 2 - FINANCIAL PLANNING

- the management of budgets must not be seen in isolation - it should be measured in conjunction with service outputs and performance measures

2.5. REVENUE MONITORING

2.5.1. By continuously identifying and explaining variances against budgetary targets, The PCC and Chief Constable can identify changes in trends and resource requirements at the earliest opportunity.

2.5.2. Revenue monitoring provides assurance that the PCC and Chief Constable both operate within an annual cash limit, approved when setting the annual budget.

2.5.3. Responsibilities of Director of Finance and Performance and Chief Executive:

- To ensure that total spending by remains within the allocation of resources for the OPCC and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources, proposals for remedy should be put forward as part of the regular reporting process to the PCC

2.5.4. Responsibilities of the Chief Finance Officer:

- To provide appropriate financial information to enable the PCC and Chief Constable's budgets to be monitored effectively.
- 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.
- To ensure that total spending by the Chief Constable 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 Director of Finance & Performance and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC.
- To submit a budget monitoring report to the Chief Constable's Management Team (COMM) and the PCC (SEG) on a monthly basis throughout the year, containing the most recently available financial information.

2.6. VIREMENT

2.6.1. 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 OPCC and Force chief officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

2.6.2. The Chief Constable should only be required to refer back to the PCC when virement would incur substantive changes in the policy of the PCC or where a virement might create a future year or continuing commitment. Revenue expenditure can only be funded from revenue funding.

SECTION 2 - FINANCIAL PLANNING

2.6.3. Key controls for the scheme of virement are:

- OPCC and Force Chief Officers administer it in accordance within the limits set out in Financial Regulations. Any variation from this scheme requires the approval of the PCC
- The overall budget is agreed by the PCC. OPCC and Force 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 OPCC and Force Chief Officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

2.6.4. Responsibilities of the PCC:

- The approval of the PCC 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
- The approval of the PCC shall be required for proposals by the Chief Constable to use revenue provision to purchase capital items or carry out capital works where the proposed transfer exceeds £250,000

2.6.5. Responsibilities of the Director of Finance & Performance:

- Approval of the Director of Finance and Performance (or PCC depending on value) is required if an appropriation to/from earmarked revenue reserves or general revenue reserves is being sought, or the value of an existing appropriation is being amended.

2.6.6. Responsibilities of Chief Constable

- The Chief Constable may use revenue provision to purchase capital items or carry out capital works subject to obtaining PCC approval where the proposed transfer exceeds £250,000.

2.6.7. Responsibilities of Chief Finance Officer

- The Chief Finance Officer can approve any virement where the additional costs are fully reimbursed by other bodies.

2.6.8. Responsibilities of OPCC Chief Officers and Force Chief Officers

- For all other budgets each OPCC Chief Officer and Force Chief Officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring, subject to the following approval levels:
 - ✓ Force Budget:
 - Up to £ 1,000,000 Chief Finance Officer
 - Over £1,000,000 PCC
 - ✓ PCC's own budget

SECTION 2 - FINANCIAL PLANNING

Up to £250,000 Director of Finance & Performance
Over £250,000 PCC

2.7. YEAR END UNDERSPENDINGS

2.7.1. Where revenue underspending occurs against the group outturn budget the OPCC Chief Officers or Force Chief Officers may request that the underspending is carried forward into the new year. "Carry forwards" are held in an earmarked reserve for use in the new year and will therefore be approved in accordance with Financial Regulation 2.11 Maintenance of Balances and Reserves.

2.7.2. Responsibilities of the PCC

- To determine the principles for the approval of carry forwards

2.7.3. Responsibilities of Chief Finance Officer

- To recommend carry forwards in line with the principles outlined by the PCC in consultation with the Director of Finance and performance

2.8. CAPITAL PROGRAMME

2.8.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the OPCC such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.

2.8.2. The OPCC 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 Force and PCC will consider their spending plans. The capital programme is linked to the approved financial strategy. A medium term capital plan will be produced, in accordance with the financial strategy, which shows all planned capital investment over the next 3 years. This plan will include a schedule to show how the planned expenditure will be funded.

2.8.3. A separate annual capital budget will be produced before the start of the financial year. Initially, this budget will include ongoing schemes from previous years as well as annual provisions such as vehicles, plant and equipment. Additional schemes from the medium term capital plan will be included in the annual budget after tenders have been accepted and timescales are known.

2.8.4. A separate annual capital budget will be produced before the start of the financial year. The budget will identify individual schemes agreed for outline business case approval, schemes already under way and unallocated provision for schemes arising in year.

2.8.5. The usual policy of the OPCC is that there is a £10,000 de minimis test for items to be capitalised, however items individually worth below the limit but purchased as an investment in new ways of working such as body worn and desktop refresh may be capitalised as group assets.

2.8.6. All assets acquired or constructed under the capital programme will be recorded in the asset register (see section 4.1 ASSETS - Acquisition, Ownership and Disposal)

SECTION 2 - FINANCIAL PLANNING

2.8.7. Responsibilities of the Chief Constable:

- To develop and implement asset management plans. These will inform the medium term and annual capital programmes.

2.8.8. Responsibilities of the PCC:

- To approve the estates asset management plan

2.9. MEDIUM TERM CAPITAL PLAN

2.9.1. Responsibilities of the Chief Finance Officer:

- To prepare a rolling programme of proposed capital expenditure, in accordance with the agreed financial strategy, for initial consideration by the Chief Constable's Management Team and then for presentation to the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- To request project outlines for all potential capital projects and discuss those through the Investment Board and submit them to the Chief Constable for approval prior to continuing to full business case.
- To support the preparation of full business for schemes approved for inclusion in the draft medium term capital plan. These shall be submitted to the Director of Finance & Performance and PCC for consideration and scheme approval. This will include all additional revenue and capital costs and in a level of detail commensurate with the size of the project may also contain details of strategic fit, options, scope, timescales, risk, procurement process and interdependencies with other projects.
- To identify, in consultation with the Director of Finance & Performance, available sources of funding for the medium term capital plan, including the identification of potential capital receipts from disposal of assets. A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the PCC to make informed judgements as to which schemes should be included in the capital plan, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- To present to the PCC a fully funded medium term capital plan , on an annual basis, for consideration and approval. Approval of the medium term capital plan by the PCC in January each year authorises the Chief Constable to seek planning permissions, incur professional fees and preliminary expenses as appropriate.
- To determine the definition of 'capital' having regard to Government regulations and accounting requirements

2.9.2. Responsibilities of the Director of Finance & Performance

- To make recommendations to the PCC on the most appropriate level and application of revenue support, reserves and borrowing, under the Prudential Code, to support the capital plan.
- To advise on the availability of funding such as grants from central government
- To give approval to undertake lease / rentals of land, property or accommodation or any other asset

SECTION 2 - FINANCIAL PLANNING

2.9.3. Responsibilities of the PCC:

- To approve a fully funded medium term capital plan and Annual Capital Budget
- To approve changes and additions to the capital budget where the scheme is greater than £100,000 (net) and / or deemed politically sensitive
- To agree the annual capital budget and how it is to be financed.
- To prepare and maintain the annual capital budget and hold the Chief Constable to account for delivery of effective capital schemes within budget.

2.9.4. Responsibilities of the Chief Constable:

- To present an annual capital budget to the PCC for approval
- To ensure expenditure on individual schemes does not exceed the approved scheme budget by more than 10% or £100,000 whichever is the lower amount
- To ensure that finance leases or other credit arrangements are not entered into without the prior approval of the Director of Finance & Performance.
- To delegate authority to a member of the Exec Team for each capital project / section of the programme such that they can approve variations as required.
- To ensure that, apart from professional fees (e.g. feasibility studies and planning fees) no other capital expenditure is incurred before the contract is let and the scheme is included in the annual capital budget.

2.10. MONITORING OF CAPITAL EXPENDITURE

2.10.1. Responsibilities of the Chief Finance Officer:

- To ensure that adequate records are maintained for all capital contracts.
- To monitor expenditure throughout the year against the approved capital budget.
- To submit capital monitoring reports to both the Chief Constable's Management Team and the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved budget.
- To issue guidance concerning capital schemes and controls, for example, completion of project outlines, estimation methodologies, business cases and approval processes
- To ensure that newly arising schemes are tested through Investment Board as outline business cases before progressing to full business cases prior to presentation and approval by the PCC and Director of Finance & Performance.
- To approve slippage of budget between financial years
- To approve changes to a project budget which can be contained within the overall annual budget with the approval of a member of the Exec team where the project estimate is less than £100,000 net and the project is not politically sensitive.

2.10.2. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

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

SECTION 2 - FINANCIAL PLANNING

2.11. MAINTENANCE OF BALANCES AND RESERVES

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

2.11.2. Responsibilities of the Director of Finance & Performance:

- To advise the PCC on reasonable levels of balances and reserves.
- To report to the PCC on the adequacy of reserves and balances before he approves the annual budget and council tax.
- To recommend appropriations to and from each earmarked reserve. These will be separately identified in the annual Statement of Accounts.

2.11.3. Responsibilities of the Chief Finance Officer:

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

2.11.4. Responsibilities of the PCC:

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

3. AUDIT AND MANAGEMENT OF RISK

3.1. RISK MANAGEMENT AND BUSINESS CONTINUITY

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 of the OPCC and to ensure the continued corporate and financial well-being of the OPCC and Force. In essence it is, therefore, an integral part of good business practice.

3.1.3. Business continuity is a key part of the risk management agenda and is concerned with ensuring that the organisation can continue to operate and deliver its critical services during a period of disruption.

3.1.4. Responsibilities of the PCC and Chief Constable:

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

3.1.5. Responsibilities of OPCC Chief Officers and Force Chief Officers:

- To prepare a risk management policy statement for the OPCC and Force and for promoting a culture of risk management awareness throughout and reviewing risk as an ongoing process.
- To maintain and/or implement new procedures, as necessary and appropriate, 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.
- To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis

3.1.6. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To advise the PCC and Chief Constable on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- To arrange for an actuary to undertake a regular review of the OPCC self-insurance fund and, following that review, to recommend to the Chief Constable and PCC a course of action to ensure that, over the medium term, the fund is able to meet all known liabilities.
- To ensure that appropriate insurance cover is provided for both the OPCC and Force.

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

- To ensure that claims made by the OPCC or Force against insurance policies are made promptly.

3.1.7. Responsibilities of the Chief Constable:

- To make all appropriate staff aware of their responsibilities for managing relevant risks.
- To ensure that all staff, or anyone covered by insurance in place for the Force, 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.
- To ensure that a comprehensive risk register for the Force 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.

3.1.8. Responsibilities of the Chief Executive:

- To evaluate and authorise any terms of indemnity that Staffordshire Police is requested to give by external parties.

3.2. INTERNAL CONTROL SYSTEM

3.2.1. Internal control refers to the systems of control devised by management to help ensure OPCC and Force objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that Staffordshire Police assets and interests are safeguarded.

3.2.2. Both organisations are complex and require an internal control framework to manage and monitor progress towards strategic objectives. Where statutory obligations exist a system of internal control is required to identify, meet and monitor compliance with these obligations.

3.2.3. The OPCC and Force face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of 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

3.2.4. Responsibilities of OPCC Chief Officers and Force Chief Officers:

- To implement effective systems of internal control, in accordance with advice from the Director of Finance & Performance and Chief Finance Officer. 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.
- 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

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

action where necessary. The key objective of these control systems is to define roles and responsibilities.

- 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.
- To produce separate Annual Governance Statements for consideration and approval by the PCC and Chief Constable.

3.3. AUDIT REQUIREMENTS

Joint Independent Audit Committee (ETAP):

3.3.1. The purpose of an audit committee is to provide those charged with governance (i.e. the PCC and Chief Constable) independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place

3.3.2. Responsibilities of the PCC and Chief Constable:

- To recruit and appoint members of the Committee. These members should be independent of both the PCC and the Force
- To determine the Committee Terms of Reference
- To prepare and sign annual letters of representation and submit to the external auditor
- To receive and act upon the annual assurance statement from the Committee

Internal Audit

3.3.3. Internal audit is an assurance function that provides an independent and objective opinion to both organisations on the control environment, by evaluating the adequacy and effectiveness of internal controls that are in place to manage and mitigate financial and non-financial risk to support delivery of 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.

3.3.4. The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the PCC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2015 (as amended) which state that a "relevant authority must undertake an effective internal audit of its risk management, control and governance procedures, taking into account public sector internal auditing standards or guidance".

3.3.5. In fulfilling this requirement, the PCC and Chief Constable should have regard to the Public Sector Internal Audit Standards.

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

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

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

3.3.7. Internal Audit shall have direct access to all Chief Officers and staff, where necessary, to discharge their responsibilities.

3.3.8. Responsibilities of the Joint Independent Audit Committee (ETAP):

- Advising the PCC and Chief Constable on the appropriate arrangements for internal audit and noting and endorsing the Internal Audit Strategy.
- Noting and endorsing (but not directing) the internal audit annual programme.
- Overseeing and giving assurance to the PCC and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the PCC and Force, ensuring appropriate action is taken to address any areas for improvement.
- To note and endorse the internal audit strategy, which sets out:
 - ✓ Internal Audit objectives and outcomes;
 - ✓ how the Head of Internal Audit will form and evidence an opinion on the control environment to support the Annual Governance Statement; and
 - ✓ 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.

3.3.9. Responsibilities of the PCC, Chief Constable, Director of Finance & Performance and Chief Finance Officer:

- To ensure the provision of an adequate and effective internal audit service.
- To ensure that internal auditors, having been security cleared, have the authority to access OPCC premises at reasonable times, to access all assets, records, documents, correspondence, control systems and appropriate personnel.
- To receive any information and explanation considered necessary concerning any matter under consideration
- Require any employee to account for cash, stores or any other OPCC or Force asset under their control
- Access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
- To approve the annual internal audit plan, having considered the views expressed by stakeholders, including ETAP

3.3.10. Responsibilities of the Head of Internal Audit:

- To prepare - in consultation with the PCC, Chief Constable, Director of Finance & Performance and Chief Finance Officer – an annual audit plan that conforms to the Public Sector Internal Audit Standards, for consideration by the Joint Independent Audit Committee.

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

- To attend meetings of the Joint 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.
- To present an annual report to the Joint Independent Audit Committee, including an opinion on the effectiveness of the internal control environment in in both the OPCC and Force.

3.3.11. Responsibilities of OPCC Chief Officers and Force Chief Officers:

- To consider and respond promptly to control weaknesses and issues 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.

3.3.12. Responsibilities of the Chief Finance Officer:

- 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 Director of Finance & Performance and internal audit prior to implementation.
- To notify the Director of Finance & Performance immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of OPCC or Force 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 be informed of the outcome and agree with the Head of Professional Standards whether any internal audit review of the internal controls would be beneficial. The operation of this Regulation shall be in accordance with the agreed protocol between the Head of Professional Standards, the Chief Finance Officer and the Head of Internal Audit.

External Audit

3.3.13. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to each local authority, including police, however, with effect for the 2017/18 financial statements both the PCC and the Chief Constable will become responsible for selecting and appointing their own external auditor.

3.3.14. The external auditor has rights of access to all documents and information necessary for audit purposes.

3.3.15. The external auditor is required to carry out the audit in accordance with the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements.

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

3.3.16. The Local Audit and Accountability Act Section 20 Identifies the general duties of the auditor. In particular the external auditor must be satisfied that:

- proper practices have been observed in the preparation of the statement of accounts, and that the statement presents a true and fair view, and
- the authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources

3.3.17. Responsibilities of the Joint Independent Audit Committee:

- To approve the annual audit fees
- To receive and respond to the ISA 260 Audit results report on the financial statements and value for money
- To receive the annual audit letter

3.3.18. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

- To liaise with the external auditor, advise the PCC and Chief Constable on their responsibilities in relation to external audit, and ensure there is effective liaison between external and internal audit.
- To provide the Home Office with a copy of the annual audit letter.
- 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 both OPCC and Force premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
- To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner

3.3.19. Responsibilities of the PCC and Chief Constable:

- To select and appoint the external auditor for the 2017/18 audit of the financial statements and subsequent years

3.4. PREVENTING FRAUD AND CORRUPTION

3.4.1. Both the PCC and Chief Constable will not tolerate fraud or corruption in the administration of its responsibilities, whether from internal or external sources.

3.4.2. The PCC, Chief Constable and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3.4.3. The PCC and Chief Constable also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they comes into contact will act with honesty and integrity.

3.4.4. Responsibilities of the PCC and Chief Constable:

- To approve and adopt a policy on registering of interests and the receipt of hospitality and gifts for each organisation.
- To maintain an effective anti-fraud and anti-corruption policy.
- To ensure that adequate and effective internal control arrangements are in place.

SECTION 3 – AUDIT AND MANAGEMENT OF RISK

- To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering the PCC, Chief Constable and all staff. A register of interests and a register of hospitality and gifts shall be maintained for the OPCC and Force staff.
- To adopt and maintain a whistle blowing policy to provide a facility that enables staff, 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 staff are aware of any approved whistle blowing policy.
- To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by the PCC, Chief Constable and all staff.
- To investigate, as appropriate, all allegations of fraud and corruption.

4. MANAGEMENT OF ASSETS

4.1. ASSETS - Acquisition, Ownership and Disposal

4.1.1. The OPCC holds assets in the form of land, property, vehicles, equipment, furniture and other items and 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.

4.1.2. An up-to-date asset register is a required to ensure proper fixed asset accounting and sound asset management.

4.1.3. As it is uneconomic and inefficient for the carrying cost of assets to outweigh their benefits, obsolete or unnecessary resources should be disposed of in accordance with the law and the policies and regulations of the PCC and Chief Constable.

4.1.4. Responsibilities of the PCC

- The PCC will own all estate assets i.e. land and buildings.
- To approve an estates asset management plan, including disposals.
- To ensure that the title deeds to Staffordshire Police property are held securely

4.1.5. Responsibilities of the Chief Constable:

- The Chief Constable is responsible for the direction and control of the Force and therefore has day-to-day management of all assets used by the Force.
- The Chief Constable should formally consult the PCC in planning the draft budget and developing the 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.
- The PCC has given consent to the Chief Constable to operate and dispose of all non-estate assets (i.e. vehicles, plant and equipment).
- To ensure that the medium term financial plan is reliable and robust and, in particular, to ensure that:
 - ✓ an estates asset management plan is produced and presented to the PCC for approval
 - ✓ the property portfolio is managed in accordance with the agreed estates asset management plan and within budgetary provisions, in consultation with the Chief Executive and Director of Finance & Performance as appropriate
 - ✓ lessees and other prospective occupiers of Staffordshire Police land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate
 - ✓ an overview of the ICT strategy is produced and presented to the PCC for consideration and endorsement in March each year

SECTION 4 – MANAGEMENT OF ASSETS

4.1.6. Joint responsibilities of the Chief Constable and PCC - To ensure that:

- an asset register is maintained to provide Staffordshire Police with 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
- no OPCC asset is subject to personal use by an employee without proper authority valuable and portable items such as computers and cameras are identified with security markings as belonging to the OPCC
- all employees are aware of their responsibilities with regard to safeguarding OPCC and Force 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 of the OPCC (or Force, if applicable).
- all staff are aware of their responsibilities with regard to safeguarding the security of OPCC ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

4.2. ASSET DISPOSAL

4.2.1. The PCC has given consent to the Chief Constable to dispose of all non-estate assets (e.g. vehicles, plant and equipment) in accordance with the Financial Strategy.

4.2.2. Responsibilities of the Chief Constable

- To arrange for the disposal of (without the specific approval of the PCC) non-estate assets at the appropriate time and at the most advantageous price. Where this is not the highest offer, the Chief Constable shall consult with the Director of Finance & Performance.

4.2.3. Responsibilities of the PCC

- To approve the disposal of police houses and other surplus land and buildings

4.2.4. Responsibilities of the Chief Finance Officer

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

4.2.5. Responsibilities of the Director of Finance & Performance and Chief Finance Officer

- To ensure that income received for the disposal of an asset is properly banked and accounted for, and that entries are made to remove the value of disposed assets from Staffordshire Police records.

SECTION 4 – MANAGEMENT OF ASSETS

4.3. INTEREST IN LAND

4.3.1. Responsibilities of the Chief Constable:

- Arrange to grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, without the specific approval of the PCC, up to an annual rental of £100,000;
- Take, grant, waive or revoke covenants, easements, wayleaves, licences or other rights of a user in respect of the Staffordshire Police property on terms

4.3.2. Responsibilities of the Chief Executive:

- To grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, above an annual rental of £100,000 but below £500,000.

4.3.3. Responsibilities of the PCC:

- To grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, above an annual rental of £500,000.

4.3.4. Responsibilities of the Chief Finance Officer

- 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 Director of Finance & Performance:

Vehicles	All Values
Technology refresh	All Values
Body worn equipment	All Values
All other assets	£10,000
- Record assets when they are acquired by Staffordshire Police and retain assets on the asset register until disposal.
- Arrange for assets to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the Director of Finance & Performance.
- Maintain inventories in a format that records an adequate description of valuable items. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops). The format of inventories will be in accordance instructions provided by the Chief Finance Officer.

4.4. STOCK AND STORES

4.4.1. Responsibilities of the Chief Finance Officer:

- To arrange for the care, custody and control of the stocks and stores of the OPCC and to maintain detailed stores accounts.
- 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.

SECTION 4 – MANAGEMENT OF ASSETS

- To write-off any discrepancies between the actual level of stock and the book value of stock up to £25,000 in value. Any items over £25,000 require the approval of the Director of Finance & Performance.
- To write-off obsolete stock up to the value of £25,000. Any write-offs over £25,000 require the approval of the Director of Finance & Performance

4.5. INTELLECTUAL PROPERTY

4.5.1. Intellectual Property is a generic term that includes inventions and written assets e.g. computer software. It is Staffordshire Police policy that Intellectual Property created by the employee during the course of employment then, generally, this will belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property and certain activities undertaken within the OPCC or Force may give rise to items that could be patented, for example, software development.

4.5.2. In the event that the OPCC decides to become involved in the commercial exploitation of intellectual property, the matter should only proceed after legal advice.

4.6. TREASURY MANAGEMENT

4.6.1. The OPCC is a large organisation that handles hundreds of millions of pounds in each financial year. It is important that OPCC money be managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sum.

4.6.2. The OPCC will create and maintain, as the cornerstones for effective treasury management:

- A treasury management policy statement, stating the policies, objectives and management of its treasury management activities, together with approach to risk.
- Suitable Treasury Management Practices setting out the manner in which the organisation will seek to achieve those policies and objectives, prescribing how it will manage and control those activities.

4.6.3. Responsibilities of the PCC:

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

4.6.4. Responsibilities of the Director of Finance & Performance:

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

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4.7. BANKING ARRANGEMENTS

4.7.1. The banking activities of the OPCC and Force are controlled by a single contract that aims to provide a wide range of complex and specialist banking services to departments, establishments and staff. A consistent and secure approach to banking services is essential in order to achieve optimum performance from the bankers and the best possible value for money. To minimise administration and costs the PCC and Chief Constable may share bank accounts.

4.7.2. Responsibilities of the Director of Finance & Performance:

- To have overall responsibility for the banking arrangements for the OPCC and Force.
- To authorise the opening and closing of all OPCC bank accounts and determine signatories.
- No employee of the OPCC shall open a bank account unless they are performing a statutory function (e.g. treasurer of a charitable body) in their own right.

4.7.3. Responsibilities of the Chief Finance Officer

- To authorise the opening and closing of Force bank accounts and determine signatories.
- No member of staff of the Force shall open a bank account unless they are performing a statutory function (e.g. treasurer of a charitable body) in their own right.
- To undertake bank reconciliations for both the OPCC and Force on a timely and accurate basis.

4.8. IMPREST ACCOUNTS/PETTY CASH

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

4.8.2. Responsibilities of the Chief Finance Officer:

- To determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Director of Finance & Performance, and issued to all relevant staff.

4.8.3. Responsibilities of the Chief Constable:

4.8.4. To provide appropriate employees of Staffordshire Police with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of Staffordshire Police.

4.9. MONEY LAUNDERING

4.9.1. The OPCC and Force are alert to the possibility that it may become the subject of an attempt to involve it in the laundering of money.

SECTION 4 – MANAGEMENT OF ASSETS

4.9.2. Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the National Crime Agency (NCA)

4.9.3. The OPCC and Force will monitor their internal control procedures to ensure they are reliable and robust.

4.9.4. Responsibilities of the Director of Finance & Performance:

- To be the nominated Money Laundering Reporting Officer (MLRO) for the OPCC and Force.
- Upon receipt of a disclosure to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.
- To disclose relevant information to the National Crime Agency (NCA)

4.9.5. Responsibilities of OPCC Chief Officers and Force Chief Officers:

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

4.9.6. Responsibilities of Staff

- To notify the Director of Finance & Performance as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime
- Cash bankings from a single source over €15,000 should be reported to the Director of Finance & Performance. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 4.13)

4.10. STAFFING

4.10.1. Staffing costs form the largest element of the OPCC Group's annual budget. An appropriate HR strategy should exist, in which staffing requirements and budget allocations are matched.

4.10.2. The Chief Constable is responsible for approving the overall HR strategy:

- Ensuring that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies.
- Advising the PCC on the budget necessary in any given year to cover estimated staffing levels
- Adjusting 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
- Presenting an overview of the HR strategy to the PCC each year to support the annual revenue budget and the Force Delivery Plan
- Ensuring that systems are in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- Approving policy arrangements for premature retirements on grounds of ill health or efficiency for all staff and redundancy arrangements for support staff.

SECTION 4 – MANAGEMENT OF ASSETS

4.10.3. Responsibilities of the Chief Executive

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

4.11. TRUST FUNDS

4.11.1. Trust Funds have a formal legal status governed by a Deed of Trust.

4.11.2. No employee shall open a trust fund without the specific approval of the Chief Constable or the PCC.

4.11.3. Responsibilities of Trustees:

- 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
- All staff 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 Director of Finance & Performance and/or Chief Finance Officer shall be entitled to verify that this has been done.

4.12. ADMINISTRATION OF EVIDENTIAL & NON-EVIDENTIAL PROPERTY

4.12.1. Responsibilities of the Chief Constable:

- 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.
- To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under their guardianship or supervision. These procedures shall be made available to all appropriate employees.
- 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.
- To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act

4.12.2. Responsibilities of all staff:

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

4.13. POLICE PROPERTY ACT FUND

4.13.1. The Police Property Act Fund consists of the proceeds of sale of property to which the Police (Property) Regulations 1997 apply, regarding seized property where the owner has not been ascertained.

4.13.2. The Fund may be used to defray expenses connected with the custody and sale of the property and pay reasonable compensation to persons by whom property has been delivered. Payments for charitable purposes are also permitted.

SECTION 4 – MANAGEMENT OF ASSETS

4.13.3. The Regulations also make provision for property to vest in the PCC (where it can be used for police purposes) or to be destroyed or disposed of (where the nature of the property is such that it is not in the public interest for it to be sold or retained)

4.13.4. Responsibilities of PCC and Chief Constable:

- To jointly determine the payments to be made in accordance with the Regulations, and the recipients thereof.
- The PCC shall determine, on a recommendation made by or on behalf of the Chief Constable, whether any property to which the Regulations apply can be used for police purposes and, if so, whether such property shall be retained by and vest in the PCC.
- The Chief Constable shall determine whether the nature of any property to which the Regulations apply is such that it is not in the public interest that it should be sold or retained and give directions as to the destruction or disposal of such property.

4.14. GIFTS, LOANS AND SPONSORSHIP

4.14.1. This section does not refer to the receipt of hospitality and gifts – please see Section 3.4 Preventing Fraud and Corruption

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

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

4.14.4. 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.

4.14.5. Responsibilities of the PCC:

- To approve the policy on gifts, loans and sponsorship

4.14.6. Responsibilities of the Chief Constable:

- To accept only gifts, loans or sponsorship offered within agreed policy guidelines.
- To refer all gifts, loans and sponsorship above £50,000 to the PCC for approval before they are accepted.

4.14.7. Responsibilities of the Chief Finance Officer:

- To present an annual report to the PCC listing all gifts, loans and sponsorship.
- To maintain a central register, in a format agreed by the Director of Finance & Performance, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the Director of Finance &

SECTION 4 – MANAGEMENT OF ASSETS

Performance, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.

- To bank cash from sponsorship activity in accordance with normal income procedures.

5. SYSTEEMS AND PROCESSES

5.1. INTRODUCTION

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

5.1.2. Responsibilities of the Director of Finance & Performance and Chief Finance Officer

- Both have a statutory responsibility to ensure that OPCC and Force financial systems are sound and should therefore be notified of any proposed new developments or changes.
- To make arrangements for the proper administration of OPCC and Force financial affairs, including to:
 - ✓ issue advice, guidance and procedures for officers and others acting on behalf of either the OPCC or Force as appropriate
 - ✓ determine the accounting systems, form of accounts and supporting financial records
 - ✓ establish arrangements for the audit of OPCC and Force financial affairs
 - ✓ approve any new financial systems to be introduced
 - ✓ approve any changes to existing financial systems.
 - ✓ To ensure, in respect of systems and processes, that those 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.
 - ✓ Ensure that appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously.
 - ✓ Ensure that a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa
 - ✓ Ensure that systems are documented and staff trained in operations
 - ✓ 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
 - ✓ To establish and maintain Financial Instructions identifying staff authorised to act on their behalf in respect of income collection, placing orders, making payments and employing staff.

5.2. INCOME

5.2.1. Income is vital to the OPCC and Force and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly.

SECTION 5 – SYSTEMS AND PROCESSES

5.2.2. Responsibilities of the Chief Constable and PCC

- The PCC and Chief Constable adopt any appropriate national charging policies and national guidance when applying charges for services and goods, including special services (section 25 Police Act), Mutual Aid (section 26 Police Act) and Goods & Services (section 18 Local Government Act). The key purpose of charging is to ensure that, wherever appropriate, those using the services pay for them.
- When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt any national charging policies in respect of mutual aid.
- The PCC and Chief Constable should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the PCC and Chief Constable should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.

5.2.3. Responsibilities of the Chief Finance Officer and Director of Finance & Performance:

- To make arrangements for the collection of all income and approve the procedures, systems and documentation for its collection, including the correct charging of VAT
- To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
- To operate effective debt collection and recovery procedures.
- 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 PCC for approval, supported by a written report explaining the reason(s) for the write-off:
 - ✓ **Up to £50,000: Chief Finance Officer or Director of Finance & Performance**
 - ✓ **Over £50,000: PCC in consultation with Director of Finance & Performance**

5.2.4. Responsibilities of the Chief Finance Officer

- To prepare detailed Financial Instructions for dealing with income, to be agreed with the Director of Finance & Performance, and to issue them to all appropriate employees.
- To ensure that all income is paid fully and promptly into the either the OPCC, Force or joint bank account, as appropriate. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- To ensure income is not used to cash personal cheques or make other payments.
- 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.

SECTION 5 – SYSTEMS AND PROCESSES

5.3. OTHER WRITE OFFS

- 5.3.1.** Where there are other transactions within the General Ledger that have not been cleared or cannot be traced to an appropriate account code, then these items may be written off subject to the same procedures for the write off of bad debts.

5.4. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

- 5.4.1.** The OPCC and Force have a statutory duty to ensure financial probity and best value. The PCC and Chief Constable's joint 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 regulations.

5.4.2. Responsibilities of the Chief Finance Officer:

- To maintain a purchasing policy covering the principles to be followed for the purchase of goods and services, supported by detailed Financial Instructions for dealing with the ordering and payment of goods and services, which are issued to all relevant employees.
- To issue official orders for all work, goods or services to be supplied to the OPCC and Force, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Director of Finance & Performance. Orders must be in a form approved by the Director of Finance & Performance.
- Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of OPCC and Force contracts.
- 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.
- Payments are not to be made unless goods and services have been received by the OPCC or Force at the correct price, quantity and quality in accordance with any official order.
- To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 30 days) and are recorded properly, regardless of the method of payment.
- To ensure that VAT is recovered where appropriate.
- To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in the Contract Regulations.

5.4.3. Responsibilities of the OPCC Chief Officers and Force Chief Officers

- To ensure that every member of staff is made aware of the need to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the OPCC or Force and that such persons take no part in the selection of a supplier or contract with which they are connected.

SECTION 5 – SYSTEMS AND PROCESSES

5.5. PAYMENTS TO EMPLOYEES

5.5.1. Employee costs are the largest item of expenditure for OPCC Group and 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.

5.5.2. Responsibilities of the Chief Finance Officer:

- To secure the reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
- To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
- To pay all valid travel and subsistence claims or financial loss allowance.
- To pay salaries, wages, pensions and reimbursements by the most economical means.
- 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.
- To ensure that full records are maintained of payments in kind and properly accounted for in any returns to HMRC.
- Through consultation with the Director of Finance & Performance, to prepare detailed Financial Instructions for dealing with payments to employees and issue them to all relevant employees.

5.6. TAXATION

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

5.6.2. Responsibilities of the Director of Finance & Performance and Chief Finance Officer:

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

5.7. CORPORATE CREDIT CARDS AND PURCHASING CARDS

5.7.1. 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 that is relevant to the discharge of their duties.

SECTION 5 – SYSTEMS AND PROCESSES

5.7.2. 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

5.7.3. Only a small number of credit and purchasing cards are issued by the OPCC and Force, where a clear business need is identified

5.7.4. Responsibilities of the Chief Finance Officer

- In conjunction with the Director of Finance & Performance to provide Financial Instructions to all cardholders.
- To authorise and maintain control over the issue of cards.
- To reconcile the purchase card account to the ledger on a monthly basis.

5.7.5. Responsibilities of credit card holders

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

5.7.6. Purchase cardholders and credit card holders are responsible for ordering and paying for goods and services in accordance with the PCC and Chief Constable's purchasing policy, contract regulations and all procedures laid down by the Chief Finance Officer.

5.8. EX GRATIA PAYMENTS

5.8.1. An ex gratia payment is a payment made by the OPCC or Force 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 assisting a police officer in the execution of duty.

5.8.2. Responsibilities of the Chief Constable and PCC

- To make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of Staffordshire Police:
 - ✓ Up to £10,000 Chief Constable or Chief Executive
 - ✓ Over £10,000 PC
- To maintain details of ex gratia payments in a register
- To make ex gratia payments 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:
 - ✓ Up to £10,000 Chief Constable or Chief Executive
 - ✓ Over £10,000 PCC

6. EXTERNAL ARRANGEMENTS

6.1. JOINT WORKING ARRANGEMENTS

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. Joint working arrangements can take a number of different forms, each with its own governance arrangements. In the OPCC and Force these are grouped under the following headings:

- Partnerships
- Consortia
- Collaboration

6.1.2. 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

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

- before entering into the agreement, a risk assessment has been prepared
- such agreements do not impact adversely upon the services provided by the OPCC or Force
- project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
- all arrangements are properly documented
- regular communication is held with other partners throughout the project in order to achieve the most successful outcome
- audit and control requirements are satisfied
- accounting and taxation requirements, particularly VAT, are understood fully and complied with
- an appropriate exit strategy has been produced
- The OPCC or Force element of all joint working arrangements must comply with these Financial Regulations

6.1.4. Responsibilities of the Chief Constable and the PCC

- To ensure that an appropriate agreement is in place before entering into any joint working arrangement

SECTION 6 – EXTERNAL ARRANGEMENTS

6.2. PARTNERSHIPS

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

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

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

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

6.2.3. Partnerships typically fall into three main categories:

- Statutory - These partnerships are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs)
- Strategic - These are partnerships set up to deliver core-policing objectives. They can either be force-wide or local.
- Ad-hoc - These are typically locally based informal arrangements agreed by the local police commander.

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

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

6.2.6. Responsibilities of the PCC:

- To have regard to relevant priorities of local partners when considering, reviewing and updating the Police and Crime Plan.

SECTION 6 – EXTERNAL ARRANGEMENTS

- To make appropriate arrangements to commission services from either the force or external providers

6.2.7. Responsibilities of PCC Chief Officers

- To follow the guidance manual for local partnerships, as published on the neighbourhood policing intranet site
- To consult, as early as possible, the Chief Finance officer and the Director of Finance & Performance to ensure the correct treatment of taxation and other accounting arrangements

6.3. CONSORTIUM ARRANGEMENTS

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

6.3.2. Responsibilities of the PCC:

- To approve Staffordshire Police participation in the consortium arrangement.

6.3.3. Responsibilities of PCC Chief Officers:

- To contact the Chief Executive and the Head of Legal Services before entering into a formal consortium agreement, to establish the correct legal framework.
- To consult, as early as possible, the Chief Finance Officer and the Director of Finance & Performance to ensure the correct treatment of taxation and other accounting arrangements
- To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
- 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

6.4. COLLABORATION

6.4.1. Under sections 22A to 22C of the Police Act 1996, as amended by section 89 of the Police Reform and Social Responsibility Act 2011, chief constables and PCCs have a duty to keep collaboration agreements and opportunities under review and to collaborate where it is in the interests of the efficiency and effectiveness of one or more police forces or policing bodies. Where collaboration is judged to be the best option, they must collaborate even if they do not expect their own force or policing body to benefit directly. Any collaboration which relates to the functions of a police force (a “force collaboration provision”) must first be agreed with the chief constables of the forces concerned and approved by each PCC responsible for maintaining each of the police forces to which the force collaboration provision relates. Any collaboration which relates to the provision of support by one PCC for another PCC (a “policing body collaboration provision”) must be agreed by each PCC to which the policing body collaboration provision relates.

6.4.2. PCCs responsibilities

- To hold the Chief Constable to account for the way functions are discharged under a force collaboration agreement.

SECTION 6 – EXTERNAL ARRANGEMENTS

- To contact the Chief Executive and the Head of Legal Services before entering into a formal collaboration agreement, to establish the correct legal framework.
- To consult, as early as possible, the Chief Finance Officer and the Director of Finance & Performance to ensure the correct treatment of taxation and other accounting arrangements

6.5. EXTERNAL FUNDING

6.5.1. External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the OPCC and Force.

6.5.2. The main source of such funding for Staffordshire Police 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)

6.5.3. Responsibilities of OPCC Chief Officers and Force Chief Officers

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

6.5.4. Responsibilities of the Chief Constable and the PCC

- 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.

6.5.5. Responsibilities of the Director of Finance & Performance and Chief Finance Officer

- 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.

6.5.6. Responsibilities of the Chief Constable

- To ensure that funds are acquired only to meet policing needs and objectives
- 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
- To ensure that any conditions placed on the Force in relation to external funding are in accordance with the approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.

6.6. WORK FOR EXTERNAL BODIES

6.6.1. The Force may provide 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.

6.6.2. Responsibilities of the Chief Constable

- To ensure that proposals for assistance are costed, that no contract is subsidised by the Force and that, where possible, payment is received in advance of the delivery

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of the service so that Staffordshire Police is not put at risk from any liabilities such as bad debts.

- To ensure that appropriate insurance arrangements are in place.
- To ensure that all contracts are properly documented
- To ensure that such contracts do not impact adversely on the services provided by the Force.

6.6.3. Responsibilities of the Chief Finance Officer

6.6.4. The submission of tenders for the supply of goods and/or services should be approved as follows:

- a) For tenders up to £500,000 by the Chief Finance Officer
- b) Between £500,000 and £1,000,000 by the Chief Finance Officer in consultation with the Director of Finance & Performance
- c) Over £1,000,000 the prior approval of the PCC is required.

7. SUMMARY OF FINANCIAL LIMITS

This section summarises, in one place, all those financial regulations that have a specific financial limit

7.1. Virement

7.1.1. The Chief Constable may use revenue provision to purchase capital items or carry out capital works subject to obtaining PCC approval where the proposed transfer exceeds £250,000.

7.1.2. The Chief Finance Officer can approve any virement where the additional costs are fully reimbursed by other bodies

7.1.3. For all other budgets each chief officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring, subject to the following approval levels:

- **Force Budget**
Up to £1,000,000 Chief Finance Officer
Over £1,000,000 PCC
- **PCC's own budget**
Up to £250,000 Director of Finance & Performance
Over £250,000 PCC

7.2. Annual Capital Programme

7.2.1. Responsibilities of the PCC

- To approve changes and additions to the capital budget where the scheme is >£100,000 (net) and / or deemed politically sensitive

7.2.2. Responsibilities of the Chief Constable:

- Approval of the annual capital programme by the PCC authorises the Chief Constable to incur expenditure on schemes providing the project appraisal has been approved and expenditure on the scheme does not exceed the sum contained in the approved programme by more than 10% or £100,000 whichever is the lower amount

7.3. Monitoring of Capital Expenditure

7.3.1. Responsibilities of the Chief Finance Officer

- To approve changes to a project budget which can be contained within the overall annual budget with the approval of a member of the Exec team where the project estimate is less than £100,000 net and the project is not politically sensitive.

7.4. Asset Disposal

7.4.1. Responsibilities of the Chief Constable:

- To arrange for the disposal of (without the specific approval of the PCC):

SECTION 7 – SUMMARY OF FINANCIAL LIMITS

a) Non-estate assets at the appropriate time and at the most advantageous price. Where this is not the highest offer, the Chief Constable shall consult with the Director of Finance & Performance.

b) Police houses and other surplus land and buildings with an estimated sale value of less than £500,000

7.4.2. Responsibilities of the PCC

- To approve the disposal of police houses and other surplus land and buildings with an estimated sale value of over £500,000

7.5. Interests in Land

7.5.1. Responsibilities of the Chief Constable:

- To arrange to grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, without the specific approval of the PCC, up to an annual rental of £100,000;
- To take, grant, waive or revoke covenants, easements, wayleaves, licences or other rights of user in respect of the SP property on terms

7.5.2. Responsibilities of the PCC and Chief Executive

- The Chief Executive grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, above an annual rental of £100,000 but below £500,000.
- The PCC shall grant or take or terminate leases or tenancies in land, and approve any assignment or sub-letting thereof, above an annual rental of £500,000.

7.6. Asset valuation:

7.6.1. Responsibilities of the Chief Finance Officer

- 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 Director of Finance & Performance. Assets are to be recorded when they are acquired by Staffordshire Police.

Land & Buildings All values

Vehicles All values

ICT hardware All values

Plant & Equipment £100,000

- 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: A Statement of Recommended Practice and the requirements specified by the Director of Finance & Performance
- To write-off any discrepancies between the actual level of stock and the book value of stock up to £25,000 in value. Any items over £25,000 require the approval of the Director of Finance & Performance
- To write-off obsolete stock up to the value of £25,000. Any write-offs over £25,000 require the approval of the Director of Finance & Performance

SECTION 7 – SUMMARY OF FINANCIAL LIMITS

7.7. Money Laundering

- 7.7.1.** Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the National Crime Agency (NCA)
- 7.7.2.** Large cash bankings from a single source over €15,000 should be reported to the Director of Finance & Performance. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation NN).

7.8. Gifts, Loans and Sponsorship

- 7.8.1.** To refer all gifts, loans and sponsorship above £50,000 to the PCC for approval before they are accepted.

7.9. Income

- 7.9.1.** 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 PCC for approval, supported by a written report explaining the reason(s) for the write-off:
- Up to £20,000 Chief Finance Officer and/or Director of Finance & Performance
 - £20,000 to £50,000 Chief Finance Officer and/or Director of Finance & Performance in consultation with the Chief Executive
 - Over £50,000 PCC

7.10. Ex-gratia Payments

- 7.10.1.** To make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of SP:
- Up to £10,000 Chief Constable or Chief Executive
 - Over £10,000 PCC
- 7.10.2.** To make ex gratia payments 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.
- Up to £10,000 Chief Constable or Chief Executive
 - Over £10,000 PCC Contract Regulations

7.11. Work for External Bodies

- 7.11.1.** The submission of tenders for the supply of goods and/or services should be approved as follows:
- a) For tenders up to £500,000 by the Chief Finance Officer
 - b) Between £500,000 and £1,000,000 by the Chief Finance Officer in consultation with the Director of Finance & Performance
 - c) Over £1,000,000 the prior approval of the PCC is required.