



**Police and Crime Commissioner
and
Chief Constable
for Cleveland**

**JOINT
CORPORATE GOVERNANCE
FRAMEWORK**

Version 17 – March 2022

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1. Statement of Corporate Governance for the Police and Crime Commissioner and Chief Constable

1.1 Introduction

The purpose of this statement is to give clarity to the way the two organisations, the police and crime commissioner and chief constable, will be governed both jointly and separately, to do business in the right way, for the right reason at the right time.

1.2 Context

The principle statutory framework within which the organisations will operate is:

- Police Reform and Social Responsibility Act 2011 (PRSRA11, the Act);
- Policing Protocol Order 2011 (the Protocol);
- Financial Management Code of Practice;
- Strategic Policing Requirement.

This framework creates a public sector relationship, based upon a commissioner - provider arrangement but with unique elements such as the single elected commissioner and the operational independence of the chief constable. It is therefore not appropriate to import corporate governance arrangements into this environment but to build upon existing good governance principles and experience.

1.3 Principles

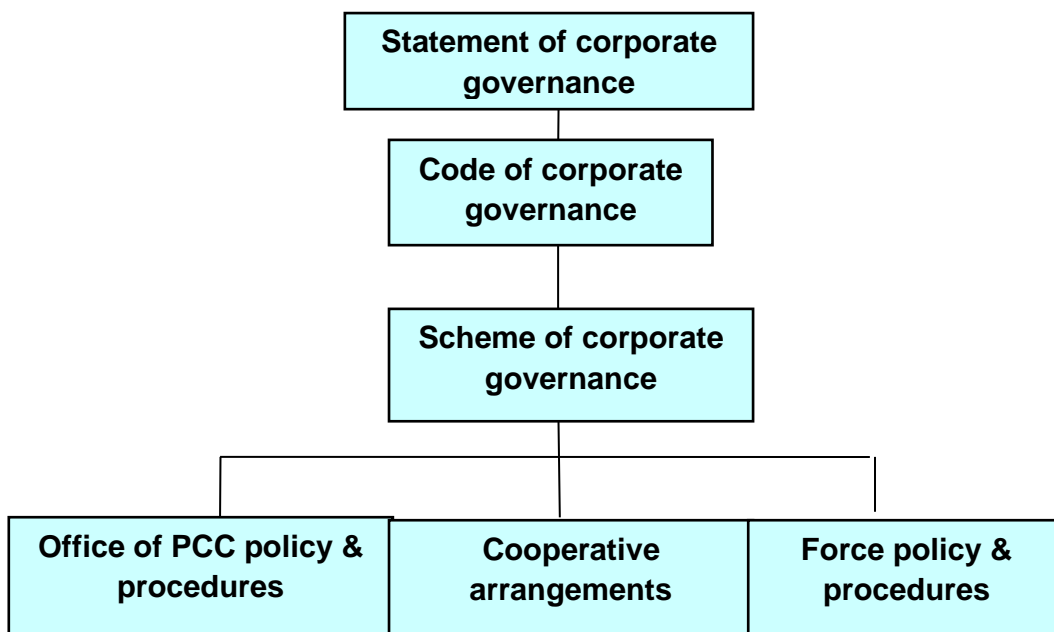
The core principles adopted by both organisations are those highlighted by the good governance standard for public services:

- Focus on outcomes for local people;
- Clarity of roles and functions;
- Promotion of values and demonstrating these through behaviour;
- Informed, transparent decisions & managing risk;
- Developing capacity and capability;
- Engaging with local people to ensure robust accountability.

1.4 Framework / Instruments of governance

The corporate governance framework by which both organisations will be governed, both jointly and separately will consist of:

- Statement of corporate governance – statutory framework and local policy;
- Code of corporate governance – sets out how the core principles will be implemented;
- Scheme of corporate governance – defines the parameters within which the organisations will conduct their business;
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.



1.5 Leadership

A corporate governance group will be convened when required to review the framework on and oversee its implementation. Membership will consist of those holding the posts of, or holding the statutory responsibilities of, police and crime commissioner (& deputy if appointed), chief constable (& deputy), chief executive/monitoring officer and the respective chief finance officers. The Executive Management Board may be used to undertake this role as necessary.

2. Code of Corporate Governance for the Police and Crime Commissioner and Chief Constable

2.1 Introduction

This code of corporate governance sets out how the police and crime commissioner and the chief constable conduct their organisations both jointly and separately in accordance with policy contained within the statement of corporate governance. It will do this by highlighting the key enablers for ensuring good governance.

2.2 Context

This code sets out how the organisations are conducted, using the seven principles of good governance¹ as the structure for setting out the statutory framework and local arrangements.

2.3 Code of corporate governance

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Policing Protocol 2011 requires all parties to abide by the seven ***principles of public life***² and these will be central to the conduct and behaviour of all. Those principles are:

Selflessness Holders of public office should act solely in terms of the public interest.

Integrity Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty Holders of public office should be truthful.

¹ Delivering good governance – Guidance notes for policing bodies in England and Wales, 2016 edition

² Standards in Public Life, 2005 as amended by the 14th report of the Committee on Standards in Public Life

Leadership Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

The Protocol also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

The Financial Management Code of Practice requires the police and crime commissioner and chief constable to ensure that the **principles of good governance** are embedded in the way the organisations operate.

Ethical decision making is at the heart of police professionalism. In the complex environment that is policing, it is impossible to tell people what to do in every given situation. The Code of Ethics for policing in England and Wales is the highest-level declaration of the principles and standards of behaviour expected from everyone in policing in England and Wales. Behaviour that falls below the principles and standards set out in the code will be dealt with in a prompt, proportionate and impartial way.

Principle B – Ensuring openness and comprehensive stakeholder engagement

The Policing Protocol 2011³ also highlights that the police and crime commissioner is **accountable to local people** and that s/he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the chief constable.

The **police and crime plan** clearly sets out what the strategic direction and priorities are and how it will be delivered.

To complement this the **communication and engagement strategies** set out how local people will be involved with the police and crime commissioner and the chief constable to ensure they are part of decision making, accountability and future direction. This will include being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.

The police and crime commissioner and chief constable will develop arrangements for effective engagement with key **stakeholders**, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

The police and crime commissioner has issued a **police and crime plan**. It outlines the police and crime objectives (outcomes) and the strategic direction for the policing of Cleveland.

Collaboration agreements set out those areas of business to be undertaken jointly with other Forces, Local Policing Bodies and other partners, whether to reduce cost, increase efficiency or increase capability to protect local people.

A **long term financial plan** has been jointly developed by the PCC and CC and thereafter reviewed as required to support delivery of these plans. The financial regulations ensure proper arrangements for financial management.

³ Policing Protocol Order 2011, art14

A **commissioning strategy is being** updated by the police and crime commissioner, which incorporates commissioning intentions and priorities.

A **complaints protocol** has been agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be allegations of organisational or individual failures/concerns.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The PCC and the Chief Constable will maintain a medium term financial strategy which will form the basis of the annual budgets, and provide a framework for evaluating future proposals.

The Force meeting and decision making structures support the operational delivery of the annual plans by ensuring effective prioritisation of resources and communication, alignment and transparency of change initiatives.

There will be a comprehensive process of analysis and evaluation of plans, which will normally include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes, and benefits realisation

Processes will be in place to monitor efficiency and value for money, including benchmarking of performance and costs

The PCC and the Force will maintain effective workforce development and asset management plans (e.g. Estate; ICT)

Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it

The organisations' **training plan** sets the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

The Act⁴ clearly sets out **the functions of the police and crime commissioner and chief constable** and the protocol⁵ sets out how these functions will be undertaken to achieve the outcomes of the police and crime plan.

The Act requires the police and crime commissioner to have **a Chief Executive and Chief Finance Officer**⁶. The Chief Executive will also undertake the responsibilities of monitoring officer⁷ in Cleveland.

The Act requires the chief constable to appoint **a chief finance officer**⁸.

The **financial management code of practice** and **statements of roles**⁹ set out the responsibilities of chief finance officers for both the police and crime commissioner and the chief constable, and of the Chief Executive and Monitoring Officer.

⁴ PRSRA11, s5 – 8,

⁵ Policing Protocol Order 2011

⁶ PRSR Act, sch 1, p6,

⁷ Local Government and Housing Act, s5,

⁸ PRSR Act 2011, sch 2 p4.

⁹ Financial Management Code of Practice for the Police, s4, CIPFA Statement on the Role of Chief Finance Officers, APACE Statement on the Role of the Chief Executive and Monitoring Officer

The ***scheme of corporate governance*** highlights the parameters for key roles in the organisations including delegations or consents from the police and crime commissioner and chief constable, financial regulations and contract standing orders.

Officers, police staff and staff of the office of police and crime commissioner will operate within:

- Office of the Police and Crime Commissioner and Police Force policy and procedures;
- corporate governance framework;
- conduct regulations and codes of conduct.

A joint independent ***audit committee*** will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of the Financial Management Code of Practice¹⁰.

Principle F – Managing risks and performance through robust internal control and strong public financial management

The ***decision making protocol*** sets out the principles behind how decisions will be taken by the police and crime commissioner and chief constable and the standards to be adopted.

The national decision model¹¹ is applied to spontaneous incidents or planned operations, by officers and staff within the Police Force as individuals or teams, and to both operational and non-operational situations.

The ***scheme of governance*** highlights the parameters for decision making, including the delegations, consents, financial limits for specific matters and standing orders for contracts.

The ***risk management guidance*** establishes how risk is managed throughout the various elements of corporate governance of the organisations, whether operating solely or jointly.

The ***communication and engagement strategies*** set out how the police and crime commissioner and chief constable will ensure that local people are involved in decision making.

The ***publication scheme*** establishes the means by which information relating to decisions will be made available to local people, with those of greater public interest receiving the highest level of prominence, except where operational and legal constraints exist.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and

¹⁰ Financial Management Code of Practice for the Police, s11.1.3

¹¹ Single National Decision Model (NDM) for the Police Service. ACPO July 2011

respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Legislation sets out the functions of the PCC and the Chief Constable. The Policing Protocol describes how these functions will be undertaken to achieve the outcomes of the Police and Crime Plan.

The Police Reform and Social Responsibility Act requires the PCC to appoint a Chief Executive and a Chief Financial Officer. It prescribes that the Chief Executive will act as head of paid service and undertake the responsibilities of monitoring officer. The Act also requires the Chief Constable to appoint a Chief Financial Officer. The Financial Management Code of Practice sets out the responsibilities of the CFOs for both the PCC and the Chief Constable.

A joint independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice

The scheme of corporate governance highlights the parameters for key roles in the organisation including consents from the PCC or Chief Constable, financial regulations and standing orders.

3. Scheme of Corporate Governance for the Police and Crime Commissioner and Chief Constable

3.1 Introduction

The Statement of Corporate Governance details the key roles of the Police and Crime Commissioner, Chief Executive and Monitoring Officer, Chief Constable and the Chief Finance Officers.

The Code of Corporate Governance describes the strategies, arrangements, instruments and controls adopted to ensure good governance in the two organisations.

This Scheme of Corporate Governance provides a framework which ensures the business is carried out effectively and efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall corporate governance framework of the two organisations. It should be read in the context of the Statement and Code.

This Scheme of Corporate Governance sets out the delegations by the Police and Crime Commissioner to the Chief Executive and Monitoring Officer, the Chief Finance Officer, and Consents to the Chief Constable. It also includes delegations by the Chief Constable. It includes other instruments such as the financial regulations and standing orders relating to contracts.

This Scheme of Corporate Governance aims to clarify those powers which, for the benefit of good business practice, are given to the statutory officers. The Police and Crime Commissioner may limit these powers and/or withdraw delegation.

The Police and Crime Commissioner may impose reporting arrangements on any authorised powers.

Powers are given to the Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the Police and Crime Commissioner, the Chief Constable and, in the case of police regulations, the Secretary of State for the Home Office.

The powers given to the statutory officers should be exercised in line with the Police and Crime Commissioner's delegation and consent, the law, standing orders and financial regulations, and also policies, procedures, plans, strategies and budgets.

This Scheme of Corporate Governance does not identify all the statutory duties which are contained in specific laws and regulations.

3.2 Key Role of the Police and Crime Commissioner

3.2.1. The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, and with responsibility for the financial administration of his/her office and the Police Force, including all borrowing limits.

3.2.2. The Police and Crime Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. By law all funding for the Police Force must come via the

Commissioner. How this money is allocated is for the Commissioner to decide in consultation with the Chief Constable, or in accordance with any grant terms.

- 3.2.3. The Police and Crime Panel is a check and balance on the Commissioner through reviewing or scrutinising his/her decisions, but not those of the Chief Constable.
- 3.2.4. The Police and Crime Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable and monitoring complaints against officers and staff. Both organisations are responsible for complying with the requirements of the Independent Office for Police Conduct.

3.3 Key Role of the Chief Constable

The legal powers and duties of the Chief Constable are set out in the Policing Protocol order 2011. They include:

The Chief Constable is responsible for maintaining the Queen's Peace, and has direction and control over the force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the Commissioner.

The Chief Constable is accountable to the law for the exercise of police powers, and to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force.

At all times the Chief Constable, their constables and staff remain operationally independent in the service of the communities they serve.

3.3. General principles of delegation

- 3.3.1. **The Commissioner and Chief Constable expect anyone exercising delegated powers or consents under this scheme to draw to the attention of the Office of Police and Crime Commissioner and/or Chief Constable as appropriate any issue which is likely to be regarded by the Commissioner and/or Chief Constable as novel, contentious or repercussive before exercising such powers**
- 3.3.2. In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred, prior written approval must be obtained from the Commissioner's office.
- 3.3.3. Delegations for approval are set out in this scheme. The Police and Crime Commissioner and Chief Constable may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.
- 3.3.4. Delegations and consents may only be exercised subject to:-
 - a) compliance with the corporate governance framework.
 - b) provision for any relevant expenditure being included in the approved budget.
- 3.3.5. These arrangements delegate powers and duties within broad functional descriptions and include powers and duties under all legislation present and future within those descriptions and all powers and duties incidental to that

legislation. The scheme does not attempt to list all matters which form part of everyday management responsibilities.

- 3.3.6. Giving delegation or consent to officers under this scheme does not prevent an officer from referring the matter to the Police and Crime Commissioner or Chief Constable for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
- 3.3.7. When a statutory officer is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
- 3.3.8. All decisions statutory officers make under powers given to them by the Commissioner or Chief Constable must be recorded and be available for inspection.
- 3.3.9. In this document, reference made to the statutory officers include officers authorised by them to act on their behalf.
- 3.3.10. The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Governance.
- 3.3.11. The persons appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officers (section 151 officers) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
- 3.3.12. The Scheme of Delegation provides a member of staff with the legal power to carry out functions of the Commissioner and Chief Constable. In carrying out these functions the member of staff must comply with all other statutory and regulatory requirements and relevant professional guidance including:
 - Police Reform and Social Responsibility Act 2011 and other relevant legislation issued under the Act.
 - Policing Protocol Order 2011,
 - Financial Regulations
 - Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer in public service organisations
 - APACE Statement on the role of the Chief Executive and Monitoring Officer
 - Contract Regulations
 - The Commissioner's Corporate Governance framework
 - The Commissioner's and Police Force employment policies and procedures.
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes.
- 3.3.13. When carrying out any functions, the Police and Crime Commissioner, Chief Constable and staff must have regard to the following:
 - The views of the people in Cleveland
 - Any report or recommendation made by the Police and Crime Panel on the annual report for the previous financial year.

- The Police and Crime Plan and any guidance issued by the Secretary of State.

This list is not exhaustive.

- 3.3.14. The corporate governance framework, including this Scheme of Governance, will be reviewed annually. The scheme allows any person, with appropriate authority, to delegate that power further.
- 3.3.15. These arrangements do not delegate any matter which by law cannot be delegated to a member of staff nor do they affect the constitutional relationship between the Police and Crime Commissioner and the Chief Constable
- 3.3.16. The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it¹².
- 3.3.17. To enable the Police and Crime Commissioner to exercise the functions of their office effectively they will need access to information, and officers and staff within their force area. This access must not be unreasonably withheld or obstructed by the Chief Constable, or restrict the Chief Constable's direction and control of the force¹³.
- 3.3.18. The Police and Crime Commissioner has wider responsibilities than those solely relating to the police force and these are referred to in the Code of Corporate Governance.

Delegations by the Police and Crime Commissioner

3.4. General

- 3.4.1. The Code of Corporate Governance identifies the role of the Chief Executive and Monitoring Officer as the head of the Police and Crime Commissioner's staff, and the Monitoring Officer. The formal delegations, listed below, are those given to the Chief Executive and Monitoring Officer, which are in effect at the time of the publication of the scheme.
- 3.4.2. As the monitoring officer of the Police and Crime Commissioner there is a statutory responsibility to manage his/her legal affairs as set out in section 5 Local Government and Housing Act 1989 (as amended).
- 3.4.3. In his/her absence the Commissioner may delegate to the Chief Executive and Monitoring Officer to carry out any of his functions, except those prohibited by law¹⁴.

Functions delegated to the Chief Executive and Monitoring Officer, Office of the Police and Crime Commissioner

- 3.4.4. To prepare the police and crime plan for submission to the Commissioner.
- 3.4.5. To provide information to the Police and Crime Panel, as reasonably required to enable the panel to carry out its functions.

¹² Protocol, art18

¹³ PRSRA11 ss2(5) and 36

¹⁴ PRSRA11 s18(7)

- 3.4.6. To sign all contracts on behalf of the Commissioner which are required to be executed under the common seal of the Police and Crime Commissioner.
- 3.4.7. To consider whether, in consultation with the Chief Finance Officer of the Commissioner, to provide indemnity to the Police and Crime Commissioner and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- 3.4.8. To consider and approve, in consultation with the Chief Finance Officer of the Commissioner, provision of indemnity and/or insurance to individual staff of the Commissioner.

Financial

- 3.4.9. The financial management responsibilities of the Chief Executive and Monitoring Officer are set out in the financial regulations.
- 3.4.10. To manage the budget of the Police and Crime Commissioner's office, along with the Chief Finance Officer of the Commissioner, particularly to:
- order goods and services and other items provided for in the revenue budget.
 - ask for and accept quotations and tenders for goods and services provided for in the revenue budget.

Staff employed by the Police and Crime Commissioner

- 3.4.11. To appoint and dismiss staff employed by the Police and Crime Commissioner, in consultation with the Commissioner.
- 3.4.12. To make recommendations to the Police and Crime Commissioner with regard to staff terms and conditions of service, in consultation with the Chief Finance Officer.
- 3.4.13. To undertake the management of staff employed by the Police and Crime Commissioner in line with agreed policies and procedures.
- 3.4.14. To authorise, after consultation with the Commissioner, in line with staff conditions of service, the suspension of any member of staff employed by the Commissioner.
- 3.4.15. To bring national agreements on salaries, wages and conditions into effect, providing that any issues which are sensitive or have major financial implications will be referred to the Police and Crime Commissioner for a decision.
- 3.4.16. To approve payments under any bonus or performance-related payment schemes for staff approved by the Police and Crime Commissioner, honoraria payments made for taking on extra duties and responsibilities, or similar special payments.
- 3.4.17. To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. All agreements reached must be reported to the Police and Crime Commissioner.

- 3.4.18. To grant essential or casual car-user allowances.
- 3.4.19. To issue exemption certificates to staff whose posts would otherwise be politically restricted under the Local Government and Housing Act 1989.
- 3.4.20. To approve the retirement of staff on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from a medical practitioner. All ill-health retirements must be reported to the Police and Crime Commissioner before implementation.
- 3.4.21. Settlement of employment tribunal cases and grievances of staff employed by the Police and Crime Commissioner with the exception of those cases felt to be exceptional because:
- they involve a high profile claimant
 - there is a particular public interest in the case
 - there is a real risk that the Police and Crime Commissioner or Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- 3.4.22. To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
- 3.4.23. To appoint Independent Custody Visitors and terminate appointments if necessary.

Other

- 3.4.24. To affix the common seal of the Police and Crime Commissioner to:
- all contracts, agreements or transactions in respect of which there is no consideration
 - all deeds which grant or convey an interest in land
 - all documents where it is determined by the Police and Crime Commissioner there is a particular need for the seal to be attached.
- 3.4.25. To respond to consultations on proposals affecting the Police and Crime Commissioner, if necessary, after first taking the views of the Commissioner, the Chief Finance Officer or the Chief Constable, as appropriate.
- 3.4.26. In connection with complaints and conduct issues against the Chief Constable:
- In relation to complaints, to determine (and respond to the complainant accordingly) wherever possible within 5 days of the complaint being received:
 - Whether or not the PCC is the appropriate authority, to consider such a complaint;
 - Recording decisions:
 - In consultation with the PCC (where considered appropriate), to make decisions in dealing with complaints and conduct matters against the Chief Constable including:
 - Recording decisions (for conduct matters);
 - Initial assessments;
 - Suitability for local resolution;

- Referral to the IOPC;
- Referral to the Crown Prosecution Service;
- Determining whether special conditions are satisfied following receipt or information from an investigator;
- Severity assessments
- Referral to a special case hearing;
- Consultation with the IOPC in relation to suspension
- Application to the IOPC for dispensation or discontinuance;
- Appointment and briefing of the investigator;
- Appointment of misconduct hearing or meeting members (and related determinations);
- The PCC's representations (or the decision not to make representations) to misconduct proceedings in accordance with regulation 35(10) of the Police Conduct Regulations 2008;
- Any other process related matter in relation to officer conduct

3.4.27. To approve payment to Officers in respect of unpaid Compensation Orders awarded to any officer by an appropriate Court, subject to the limit in Section G in any one case.

3.4.28. To administer the exercise of the Commissioner's powers and duties under the Police Pensions Regulations 1987 (including arranging the Commissioner's response to appeals) save that a substantive determination as to forfeiture under Regulation K5 Police Pensions Regulations 1987 shall be made by the Commissioner.

Legal

3.4.29. To approve the financial settlement of all claims or requests for compensation against the Police and Crime Commissioner in accordance with financial regulations.

3.4.30. To approve all requests for financial assistance to officers and staff involved in legal proceedings or inquests except those felt to be significant because:-

- they involve a high profile claimant
- there is a particular public interest in the case
- there is a real risk that the Police and Crime Commissioner or Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.

3.4.31. To authorise, after consultation with the Chief Constable, the institution, defence, withdrawal or settlement of any claims or legal proceedings on the Police and Crime Commissioner's behalf, in consultation with the legal adviser (and Chief Finance Officer if there are significant financial implications).

3.4.32. To arrange for the provision of all legal or other expert advice and/or representation required for and on behalf of the Police and Crime Commissioner.

Complaints

3.4.33 Any functions to be performed by the Commissioner as local policing body, as a result of

- (a) the giving of notice given under s13A Police Reform Act 2002 as amended that any such functions are to be performed by the Commissioner rather than the Chief Officer (i.e. the operating of a police complaints-handling model); or
- (b) powers and duties required to be exercised arising directly or indirectly from such functions (i.e. taking action to deal effectively with such matters, having regard to such guidance as may be issued from time to time by the Independent Office for Police Conduct)
- (c) for the purposes of compliance with Paragraph 6A of Schedule 3 to the Police Reform Act 2002
 - i. determinations as to whether the Commissioner is the relevant review body; and
 - ii. undertaking reviews under Paragraph 6A of Schedule 3

Provided that the Commissioner expects that the Chief Executive will make such arrangements as the Chief Executive shall think fit to allocate roles to specific members of staff of the local policing body for the routine discharge of those delegated functions, as are necessary to ensure that the processes are lawful and the risk of conflict of interest is minimised (having regard also, to the arrangements made for the discharge of functions in respect of Chief Officer complaints and conduct).

3.5. **Functions designated to the Chief Finance Officer of the Police and Crime Commissioner**

- 3.5.1. The Code of Corporate Governance identifies the role of the Chief Finance Officer. As the financial adviser to the Police and Crime Commissioner there is a statutory responsibility to manage the Commissioner's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 3.5.2. Approve the arrangements for the treasury management function, including the day to day management, the production of the treasury management strategy, and supporting policies and procedures.
- 3.5.3. Approve the arrangements for securing and preparing the PCC's accounts, and seek assurances that there are appropriate arrangements in place for the preparation of the force's accounts.
- 3.5.4. Seek assurances that there are appropriate arrangements in place within the force for its financial management.
- 3.5.5. Responsible for all banking arrangements, together with creating, closing or authorising all bank accounts.
- 3.5.6. Day to day financial management of all income received by the PCC, and the entire budget **not** provided to the Chief Constable.

- 3.5.7. To accept on behalf of the PCC any lawful grant awarded to the PCC to achieve the aims and objectives of the PCC.
- 3.5.8. Commit expenditure within the approved budget to meet the policies and objectives agreed with the Commissioner and reflected in the force priorities.
- 3.5.9. To approve the writing off of any debt due to the PCC up to a limit of £5,000. Any proposed write off of debt in excess of £5,000 requires the approval of the PCC.
- 3.5.10. Manage grants awarded by the PCC.
- 3.5.11. Responsible for investing and borrowing money, as necessary, in line with the treasury management strategy.
- 3.5.12. Authorise payments, without having to get approval and regardless of whether or not provision has been made in the revenue budget in relation to:
 - Payments that have to be made by law
 - Payments ordered by the court
 - Payments due under any agreement entered into by the PCC.
- 3.5.13. Act as 'Money Laundering Reporting Officer' under the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003.
- 3.5.14. Sign cheques of behalf of the PCC.
- 3.5.15. Determine when assets are surplus to requirements or obsolete and arrange for disposal in line with financial regulations.
- 3.5.16. Delete organisations from the list of organisations approved for the investment of monies by the PCC.
 - Actions taken to be reported to the PCC.

Note: The PCC's Financial Regulations authorise the Chief Executive and Monitoring Officer and Chief Finance Officer to take other financial decisions on behalf of the PCC

Urgent matters

- 3.5.17. If any matter which would normally be referred to the Police and Crime Commissioner for a decision arises and cannot be delayed, the matter may be decided by the appropriate chief officer.
- 3.5.18. Appropriate chief officers authorised to decide urgent matters are:
 - the Chief Executive and Monitoring Officer (all issues other than operational matters);
 - the Chief Finance Officer of the Commissioner (financial and related issues).
- 3.5.19. Urgent decisions taken must be reported to the Police and Crime Commissioner as soon as practicable.

3.6. 'Consents' to the Chief Constable of Cleveland Police

- 3.6.1. The PRSRA 2011 confers wide general powers on the Chief Constable:

The CC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of their functions. This includes entering into contracts and other agreements (with the consent of the PCC) and acquiring and disposing of property, apart from land (with the consent of the PCC).

3.6.2. Section 18 of the Police Reform & Social Responsibility Act 2011 prohibits the PCC from **delegating** functions to the Chief Constable (or any constable) or to staff of a constable. However the PRSRA 2011 provides for the PCC to 'consent' to the CC and also provides for the CC to carry out their duty to assist in the exercise of the PCC's functions.

3.6.3. '**Consent**' refers to the provision of approval and agreement, particularly and especially after due and thoughtful consideration. Transactions entered into following 'consent' by the PCC to the CC, will be in the name of the CC as a separate legal entity, as opposed to the name of the PCC (as would have been the case if the CC was given delegated authority).

3.6.4. The PCC expects that the CC will want to delegate many of the responsibilities that are consented to them from the PCC. The PCC expects that a formal scheme of delegation is put in place, in writing, that is updated annually and considered by the Joint Audit Committee, is consistent with the contents of this scheme of consent, the financial regulations approved by the PCC and the Contract Standing Orders approved by the PCC.

3.6.5. Police Staff and other Personnel Matters

The restrictions placed on CC's in terms of 'contracts and other agreements' (where they need the consent of the PCC to enter into them) **does not** apply to contracts of employment and therefore the CC does not need the consent of the PCC to employ staff.

3.6.6. As with any organisation the CC will be expected to exercise all the powers of employer of police staff, including engagement and dismissal, consideration of appeals by such staff, in respect of discipline, capability, grievance and grading.

3.6.7. The Chief Constable will be responsible for determining all matters in relation to pensions for both police officers and police staff, unless legislation specifically requires a decision to be made by the PCC. The PCC expects that given the arrangements in place for the 'pooling' of staff within the Local Government Pension Scheme that any decisions relating to this scheme being contemplated by the CC, as a scheme employer, is discussed with the PCC so that a consistent approach is agreed and taken.

3.6.8. The CC will be expected to exercise all the powers of employer of police officers, including engagement and dismissal, consideration of appeals by such officers, in respect of discipline, capability, grievance and grading. In line with the PRSRA 2011 the CC is required to notify and consult, as appropriate, with the PCC in relation to the suspension and/or removal of either a Deputy Chief Constable or an Assistant Chief Constable.

3.6.9. The PCC expects that wherever possible that consistent 'people' policies, processes and procedures are maintained and adopted across the 2 organisations, to enable this to happen the PCC expects that the Office of the PCC continues to be included on all policy consultations.

3.6.10. Property - Land

The CC is prevented from owning land by the PRSRA 2011 and therefore the ownership of all land remains with the PCC. The PCC consents to the CC using the land owned by the PCC, if they wish to do so, for the delivery of policing services in line with the PCC's Police and Crime Plan, and to enable the CC to exercise their functions.

3.6.11. Property - Buildings

The PCC will **not** transfer the ownership of any of the buildings currently owned by the PCC to the CC. The PCC also **does not** provide consent to the CC to acquire any buildings in their own name. The PCC **does** consent to the CC using any of the buildings owned by the PCC, if they wish to do so, for the delivery of policing services in line with the PCC's Police and Crime Plan, and to enable them to exercise their functions, but does so on the understanding that:

- The PCC does not intend to transfer the ownership of any of the buildings to the CC.
- The PCC does not intend to sell any of the buildings to the CC.
- The use of the buildings is reviewable by both parties.
- Any gains or losses in the value of the buildings accrue to the PCC only.

3.6.12. To enable the most efficient use of the PCC's owned land and buildings the CC is required to provide a rolling 5 year estates plan (that is consistent with the PCC's Estates Strategy) setting out the Force's estates needs. From this plan the PCC will determine the need for any future asset purchases and/or disposals.

3.6.13. To recognise the 'benefit' to the Force of using the PCC's land and buildings the PCC will charge the CC an annual amount equal to the calculated depreciation of the land and buildings used by the CC.

3.6.14. The PCC consents to the CC to exercise all powers, rights and duties in respect of buildings owned by the PCC but being used by the CC (other than disposing of buildings). The PCC also expects that the CC will be responsible for all of the costs associated with any of the buildings owned by the PCC but used by the Police Force.

3.6.15. Assets – not land and/or buildings

The PCC consents to the CC identifying, and disposing of, in the most economically advantageous way, any assets owned by the PCC (which are not land and/or buildings) which are no longer required for the delivery of policing services and/or are no longer economically viable for providing policing services.

3.6.16. In order to respond to the strategic objectives set by the PCC and the wide variety of challenges faced by the police every day, the CC is charged with day-to-day management of assets used by the Force

3.6.17. Contracts

The PCC **does not** consent to the CC entering into contracts in their own name.

3.6.18. Leases and PFI's

The CC is prohibited from entering into credit arrangements per the Anti-social Behaviour, Crime and Policing Act and therefore will be unable to enter into either PFI or leases in their own name.

- 3.6.19. As such the current PFI contracts cannot be novated to the Chief Constable and will therefore remain in the name of the PCC.
- 3.6.20. In terms of the buildings provided under the PFI contracts the PCC consents to the use of these buildings by the CC on the same basis as those outlined in 3.7.12 to 3.7.15.
- 3.6.21. Financial matters
To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their force, the Chief Constable has day to day responsibility for financial management of the force provided that such responsibility shall be exercised in accordance with the law and within the PCC's financial and contract regulations and any relevant statutory guidance and codes of practice and within the agreed budget allocation and levels of authorisation issued by the PCC.
- 3.6.22. 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 is required by legislation to appoint a Chief Finance Officer who will have a personal responsibility for the proper financial administration of the Force and who will lead for the force on financial management.
- 3.6.23. When the Chief Constable intends to make a significant change of policy or seeks to move significant sums of their budget then the approval of the PCC should be sought in line with the PCC's agreed Financial Regulations.
- 3.6.24. The CC shall report to the PCC, and inform the PCC's CFO, if it appears that expenditure is likely to exceed those resources allocated to them by the PCC.
- 3.6.25. The CC is required to make the PCC aware, and inform the PCC's CFO, of any decisions either made, or proposed, which they become aware of, that might involve unlawful expenditure or are likely to cause a loss or deficiency or an unlawful entry in the accounts.
- 3.6.26. The PCC expects that the money provided to the Chief Constable is spent in pursuit of the objectives as set out in the Police and Crime Plan and in line with the requirements placed on the Chief Constable by the Policing Protocol Order, the PRSRA 2011 and other legislation. The PCC prohibits using any money provided to the CC from the PCC on reviewing or contesting any decision of the PCC.
- 3.6.27. The PCC consents to the CC to approve the writing off of any debt owing from the Chief Constable's staff or police officers (subject to the agreement of the PCC's CFO where any debt is in excess of £2,000). Any proposed write off in excess of £5,000 requires the approval of the PCC.

- 3.6.28. The PCC has the responsibility via statute to make Crime and Disorder Reduction Grants, as such the PCC does not consent to the CC making any grants and/or contributions, of a financial nature, to any organisation without the prior approval of the PCC.
- 3.6.29. The PCC consents to the CC to accept income, offers of sponsorship and gifts **on behalf of the PCC**, provided that decisions taken in this regard are in accordance with the law and with any guidance or policy which the PCC may from time to time determine. Acceptance of the income however does not provide automatic authorisation to spend the income.
- 3.6.30. Borrowing, banking and credit cards
To avoid duplication and in the interests of efficiency and effectiveness the PCC and CC have agreed that there is no requirement for the CC to have separate bank accounts. As such the PCC **does not** consent to the CC having either temporary loans or overdrafts.
- 3.6.31. The PCC **does** consent to the CC having credit cards in the name of the CC providing there are adequate policies in place for their use and appropriate checks and balances in place to oversee their usage.
- 3.6.32. The PCC **does** consent to the CC having purchasing cards in the name of the CC providing they are used in accordance with both contract standing orders and that their use is adequately controlled with appropriate policies and checks and balances.
- 3.6.33. As a result of operating under one banking arrangement the CC will not have any separate funds to invest and as such the PCC **does not** consent to the Chief Constable making any investments.
- 3.6.34. As per the details of the Anti-Social Behaviour, Crime and Policing Act the CC **may not** enter into any credit arrangement.
- 3.6.35. The PCC consents to the CC to authorise payments to be made from the PCC bank accounts, providing that joint banking arrangements are in place.

3.7. DELEGATIONS FROM THE CHIEF CONSTABLE

- 3.7.1. It is recognised that, unless a power or function of the Chief Constable must, as a matter of law, be exercised personally by him/her; such functions may be exercised on his/her behalf by such officers and staff as the Chief Constable thinks fit. There are numerous functions and powers of the Chief Constable which, as a matter of everyday practice, are in fact exercised on his/her behalf by other officers and members of staff. Consequently, the specific delegations set out here are not intended to be an exhaustive list of delegations that form part of everyday management responsibilities.
- 3.7.2. These delegations supplement the scheme of consent, the financial regulations and the Contract Standing Orders.

Delegations to the Deputy Chief Constable

- 3.7.3. Except in relation to Chief Officer posts, to exercise all the powers of employer of police staff, including engagement and dismissal, consideration of appeals by such staff, in respect of discipline, capability, grievance and grading.
- 3.7.4. To determine all matters in relation to pensions for both police officers and police staff, unless legislation specifically requires a decision to be made by the PCC.
- 3.7.5. To provide a rolling 5 year estates plan (that is consistent with the PCC's Estates Strategy) setting out the Force's estates needs.
- 3.7.6. To identify, and dispose of, in the most economically advantageous way, any assets owned by the PCC (which are not land and/or buildings) which are no longer required for the delivery of policing services and/or are no longer economically viable for providing policing services.
- 3.7.7. Day-to-day management of assets used by the Force.
- 3.7.8. To approve the financial settlement of all claims or requests for compensation against the Chief Constable in accordance with financial regulations.

Delegations to the Chief Finance Officer

- 3.7.9. The Code of Corporate Governance identifies the role of the CC's CFO. As the financial adviser to the Chief Constable there is a statutory responsibility to manage the Chief Constable's financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 3.7.10. Day to day responsibility for financial management of the force provided that such responsibility shall be exercised in accordance with the law and within the PCC's financial and contract regulations and any relevant statutory guidance and codes of practice and within the agreed budget allocation and levels of authorisation issued by the PCC.
- 3.7.11. To ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the PCC.
- 3.7.12. To have personal responsibility for the proper financial administration of the Force and lead for the Force on financial management.
- 3.7.13. To seek the approval of the PCC when intending to make a significant change of policy or move significant sums of their budget in line with the Financial Regulations.
- 3.7.14. To report to the PCC, and inform the PCC's CFO, if it appears that expenditure is likely to exceed those resources allocated to them by the PCC.
- 3.7.15. To make the PCC aware, and inform the PCC's CFO, of any decisions either made, or proposed, which they become aware of, that might involve unlawful expenditure or are likely to cause a loss or deficiency or an unlawful entry in the accounts.
- 3.7.16. To approve the writing off of any debt owing from the Chief Constable's staff or police officers (subject to the agreement of the PCC's CFO where any debt is

in excess of £2,000). Any proposed write off in excess of £5,000 requires the approval of the PCC.

- 3.7.17. To accept income, offers of sponsorship and gifts **on behalf of the PCC**, provided that decisions taken in this regard are in accordance with the law and with any guidance or policy which the PCC may from time to time determine.
- 3.7.18. To authorise the use of credit cards in the name of the CC providing there are adequate policies in place for their use and appropriate checks and balances in place to oversee their usage.
- 3.7.19. To authorise the use of purchasing cards in the name of the CC providing they are used in accordance with both contract standing orders and that their use is adequately controlled with appropriate policies and checks and balances.
- 3.7.20. To authorise payments to be made from the PCC bank accounts, providing that joint banking arrangements are in place.
- 3.7.21. The PCC consents to the CC to authorise payments to be made from the PCC bank accounts, providing that joint banking arrangements are in place.

3.8. FINANCIAL REGULATIONS AND CONTRACT STANDING ORDERS

INTRODUCTION

DEFINITIONS WITHIN THE REGULATIONS

3.8.1. These Regulations refer to:

- The Police and Crime Commissioner for Cleveland (the PCC);
- The Office of the PCC (OPCC);
- The Chief Constable of Cleveland Police Force;
- The Statutory Officers;
- The Police Force.

3.8.2. The Statutory Officers are:

- The PCC's Chief Finance Officer is the PCCCFO;
- The Chief Constable's Chief Finance Officer is the CCCFO;
- The Chief Executive and Monitoring Officer who also fulfils the role of Monitoring Officer.

3.8.3. The 'Police Force' refers to the Chief Constable, police officers, police staff, police community support officers (PCSOs), special Police Force, volunteers and other members of the wider police family under his /her direction and control.

3.8.4. Chief Officers when referred to as a generic term means the Chief Constable, Chief Executive and Monitoring Officer, PCCCFO and CCCFO.

3.8.5. 'Employees' when referred to as a generic term refers to police officers, police staff and other members of the wider police family.

3.8.6. The expression 'authorised officer' refers to employees authorised by a Chief Officer.

3.8.7. 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 Chief Constable or their affiliated bodies.

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

3.8.9. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive and Monitoring Officer or PCCCFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive and Monitoring Officer or PCCCFO.

3.8.10. The terms Chief Constable, Chief Executive and Monitoring Officer, PCCCFO and CCCFO 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.

PURPOSE

- 3.8.11. The purpose of this document is to set out the Financial Regulations that apply to the Police and Crime Commissioner for Cleveland (PCC), all staff in his/her office, the Chief Constable and police officers and police staff within Cleveland Police Force, having due regard to the overall regulatory framework of their approach to financial management.
- 3.8.12. To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the PCC and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required of the PCC, the Chief Constable, police officers, police staff and staff within the Office of the PCC and in particular the need for openness, accountability and integrity.
- 3.8.13. The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their officers and staff and to provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf.
- 3.8.14. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 which permits the Secretary of State to issue codes of practice to all police and crime commissioners and chief constables.
- 3.8.15. The PCC and the Chief Constable are established in law as corporations sole within the Police Reform and Social Responsibility Act 2011. As such, both are enabled by law to employ staff. Chief Constables are charged with the impartial direction and control of all constables and staff within the Police Force that they lead. Staff of the PCC are accountable to the directly elected holder of that office.
- 3.8.16. The public accountability to the electorate for the delivery and performance of the police service rests with the PCC. The PCC has an electoral mandate to set the strategic direction of the Police Force in consultation with the Chief Constable. The Chief Constable is accountable to the PCC. The Police and Crime Panel provides the check and balance by holding the PCC to account.
- 3.8.17. The PCC may appoint a Deputy PCC who may exercise the functions of the PCC set out in the Scheme of Governance.
- 3.8.18. The PCC is the recipient of all funding, including the government grants, precept and other sources of income, related to policing and crime reduction and all funding for the Police Force must come via the PCC. The PCC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.

- 3.8.19. The PCC is required to appoint a Chief Executive and Monitoring Officer and the PCC and the Chief Constable are both required to appoint a Chief Finance Officer (CFO).

STATUS

- 3.8.20. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and corporate governance framework that includes the policing protocol, codes of conduct and the scheme of governance, within which levels of delegation and standing orders relating to contracts are contained.
- 3.8.21. The PCC, the Chief Constable and all officers and staff have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 3.8.22. Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective CFOs, and the role played by the Chief Executive and Monitoring Officer.
- 3.8.23. The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCCCFO and CCCFO are jointly responsible for maintaining and reviewing Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Chief Executive and Monitoring Officer. Copies will be available on the PCC's website and on the Police Force website and Intranet.
- 3.8.24. A delegation in these Financial Regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
- 3.8.25. More detailed financial instructions to supplement these Regulations, shall be issued by the CCCFO after consultation with the PCCCFO and Chief Executive and Monitoring Officer. The financial instructions will be available on the Police Force Intranet.
- 3.8.26. 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.
- 3.8.27. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the PCCCFO and/or CCCFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCC and/or Chief Constable.
- 3.8.28. The PCC and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
- 3.8.29. The Financial Regulations shall only be suspended by a formal decision of the PCC and Chief Constable.

THE FINANCIAL REGULATIONS

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

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

THE ROLE OF THE STATUTORY AND KEY OFFICERS

The Police and Crime Commissioner (PCC)

3.8.31. The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of governance. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The Statutory Officers of the Chief Constable and the PCC will provide professional advice and recommendations.

3.8.32. The PCC shall appoint a Chief Finance Officer (the PCCCFO) to be responsible for the proper administration of the Commissioner's financial affairs. The PCC shall also appoint a Chief Executive and Monitoring Officer who will also act as the PCC's Monitoring Officer and Head of Paid Service.

3.8.33. 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/she is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:

- the Police and Crime Plan;
- the Long Term Financial Plan;
- the Capital Strategy;
- the Annual Revenue Budget;
- the Capital Programme;
- the Treasury Management Strategy, including the annual investment strategy and minimum revenue provision (MRP) policy;
- the Estate Strategy and Asset Management plans;
- the Risk Management guidance;

- the Governance policies.
- 3.8.34. The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 3.8.35. The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 3.8.36. The PCC shall provide the PCCCFO with such staff, accommodation and other resources as are in the PCC's opinion sufficient to allow his/her duties under this section to be performed.
- 3.8.37. The PCC may appoint a Deputy PCC (DPCC) and arrange for the DPCC to carry out appropriate functions of the PCC delegated to him/her.

The Chief Constable

- 3.8.38. The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Police Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC.
- 3.8.39. 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, his/her constables and staff, remain operationally independent in the service of the public.
- 3.8.40. To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their Police Force, the Chief Constable should have day to day responsibility for financial management of the Police Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 3.8.41. The Chief Constable must ensure that the financial management of his/her allocated budget remains consistent with the objectives and conditions set by the PCC.
- 3.8.42. When the Chief Constable intends to make a significant change of policy or seeks to move significant sums of their budget then the approval of the PCC should be sought in accordance with the provisions contained in the Financial Management Framework concerning revenue virement.
- 3.8.43. The Chief Constable shall appoint a Chief Finance Officer (CCCFO) to lead the Police Force on financial management and be responsible for the proper administration of the Chief Constable's financial affairs.
- 3.8.44. The Chief Constable is responsible for the day to day financial management of the Police 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.

- 3.8.45. The Chief Constable shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

The Independent Audit Committee

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

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

- 3.8.50. The PCCCFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 3.8.51. The PCCCFO's duties are set out in legislation, regulations, Financial Management Code of Practice and CIPFA guidance and codes of practice, including:
- a) ensuring that the financial affairs of the PCC are properly administered and that Financial Regulations are observed and kept up to date;
 - b) ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
 - c) ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
 - d) Reporting to the PCC, the Police and Crime Panel and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
 - when it appears that any expenditure is likely to exceed the resources available to the PCC to meet that expenditure;
 - e) advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
 - f) preparing the annual statement of accounts, in conjunction with the CCCFO;
 - g) ensuring the provision of an effective internal audit service, in conjunction with the CCCFO;

- h) securing the treasury management function, including loans and investments;
 - i) advising, in consultation with the Chief Executive and Monitoring Officer on the safeguarding of assets, including risk management and insurance
 - j) arranging for the determination and issue of the precept
 - k) liaising with the external auditor; and
 - l) advising the PCC on the application of value for money principles by the Police Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
- 3.8.52. The PCCCFO, in consultation with the Chief Executive and Monitoring Officer, CCCFO and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the PCC and the Chief Constable.
- 3.8.53. The PCCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCC's accounts, including group accounts.
- 3.8.54. To enable him/her to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCCCFO:
- a) must be a key member of the PCC's leadership team, working closely with the Chief Executive and Monitoring Officer, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
 - b) 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;
 - c) 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
 - d) must ensure that the finance function is resourced to be fit for purpose.

The Chief Constable's Chief Finance Officer (CCCFO)

- 3.8.55. The CCCFO is responsible to the Chief Constable for all financial activities within the Police Force or contracted out under the supervision of the Police Force.
- 3.8.56. The CCCFO's duties are set out in legislation, regulations, the Financial Management Code of Practice and CIPFA guidance and codes of practice.
- 3.8.57. The CCCFO is responsible for:
- a) ensuring that the financial affairs of the Police Force are properly administered and that these Financial Regulations are observed and kept up to date;
 - b) Reporting to the Chief Constable, the PCC, the PCCCFO and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable

- when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to the Chief Constable to meet that expenditure;
 - c) advising the Chief Constable on value for money in relation to all aspects of the Police Force's expenditure;
 - d) advising the Chief Constable and the PCC on the soundness of the budget in relation to the Police Force;
 - e) liaising with the external auditor; and
 - f) working with the PCCCFO to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
- 3.8.58. The CCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Police Force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The CCCFO will need to observe the locally agreed timetable for the compilation of the group accounts by the PCCCFO.
- 3.8.59. To enable him/her to fulfil these duties the CCCFO:
- a) 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;
 - b) 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;
 - c) 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
 - d) must ensure that the finance function is resourced to be fit for purpose.
- 3.8.60. It must be recognised that Financial Regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCCCFO, shall be responsible for interpreting these Regulations so as to ensure the efficient and effective operation of services.

The Chief Executive and Monitoring Officer

- 3.8.61. The Chief Executive and Monitoring Officer is responsible for the leadership and general administration of the PCC's office.
- 3.8.62. The Chief Executive and Monitoring Officer is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.
- 3.8.63. As Monitoring Officer he/she is responsible for:

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

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 FINANCIAL MANAGEMENT STANDARDS

Overview

- A1.1. The PCC, Chief Constable and all employees have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring 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.
- A1.2. The PCC shall receive updates on the financial performance of the Police Force and the Office of the PCC by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditor.

Joint Responsibilities of the PCCCFO and CCCFO

- A1.3. To ensure the proper administration of the financial affairs of the PCC and the Chief Constable.
- A1.4. To ensure that proper practices are adhered to.
- A1.5. To advise on the key strategic controls necessary to secure sound financial management.
- A1.6. To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons based on national and local financial performance indicators.
- A1.7. To ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- A1.8. To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

Responsibilities of the Chief Constable

- A1.9. The Chief Constable shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded.

A2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS

Overview

A2.1. Maintaining proper accounting records is one of the ways in which the PCC and Chief Constable will discharge their responsibility for stewardship of public resources. There is a statutory responsibility to prepare their annual accounts to present a true and fair view of the financial position of the PCC and the Chief Constable and of operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Joint Responsibilities of the PCCCFO and CCCFO

A2.2. To determine the accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables.

A2.3. To make proper arrangements for the audit of the PCC's, Chief Constable's and group accounts in accordance with the Accounts and Audit Regulations 2015.

A2.4. To ensure that all claims for funds including grants are made by the due date.

A2.5. To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.

A2.6. To prepare and publish the audited accounts in accordance with the statutory timetable.

Joint Responsibilities of the Chief Constable and CCCFO

A2.7. To obtain the approval of the PCCCFO before making any fundamental changes to accounting records and procedures or accounting systems.

A2.8. To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

A2.9. To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.

A2.10. To ensure that prime documents are retained in accordance with legislative and internal requirements. The format of such documents shall satisfy the requirements of internal and external audit. The PCCCFO, the Chief Executive and Monitoring Officer and the Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

A3 THE ANNUAL STATEMENT OF ACCOUNTS

Overview

A3.1. The PCC and Chief Constable have a statutory responsibility to prepare accounts to present a true and fair view of their financial position. 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 and the Chief Constable as well as group accounts covering both entities.

A3.2. The PCC is responsible for approving the group annual accounts.

A3.3. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources are adequate.

Joint Responsibilities of the PCCCFO and CCCFO

A3.4. To draw up the timetable for final accounts preparation, in consultation with the external auditor.

A3.5. To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the PCC and the Chief Constable at the accounting date and its income and expenditure for the financial year just ended.

A3.6. To publish the approved and audited accounts each year, in accordance with the statutory timetable.

A3.7. To select suitable accounting policies and apply them consistently.

A3.8. To make judgements and estimates that are reasonable and prudent.

A3.9. To comply with the Code of Practice on Local Authority Accounting.

Joint Responsibilities of the PCC and Chief Constable

A3.10. To consider and approve the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview

- B1.1. The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- B1.2. 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 PCC and the Chief Constable to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.
- B1.3. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate.
- B1.4. It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Central Government on resource allocation.

Long Term Financial Plan (LTFP)

- B1.5. 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 LTFP including financial projections for at least three years together with a capital programme covering the same period.

Responsibilities of the PCC

- B1.6. To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a LTFP which includes funding and spending plans for both revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local Authorities. The strategy should be aligned with the Police and Crime Plan.

Joint Responsibilities of the PCCCFO and Chief Constable

- B1.7. To determine the format and timing of the LTFP to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance. .
- B1.8. To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the Chief Constable shall have regard to:
- the Police and Crime Plan
 - policy requirements approved by the PCC as part of the policy framework
 - the Strategic Policing Requirement
 - unavoidable future commitments, including legislative requirements
 - initiatives already underway

- revenue implications of the 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

B1.9. To ensure that the medium term financial forecast includes options for the use of general balances, reserves and provisions, assumptions about future levels of government funding and demonstrates potential implications for local taxation.

Annual Revenue Budget Preparation

Overview

B1.10. The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCC's strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Chief Constable.

B1.11. The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate Police Force budget. This will take into consideration funding from Government and from other sources and balance the expenditure needs of the policing service and the PCC 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.

B1.12. 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 long term financial plan should be clearly identified.

Responsibilities of the PCC

B1.13. To agree the planning timetable with the Chief Constable.

B1.14. To obtain the views of the local community on the proposed expenditure (including capital expenditure) ahead of the financial year to which the proposed expenditure relates.

B1.15. To present the proposed budget and precept recommendations to the Police and Crime Panel and respond to their views and comments.

Responsibilities of the PCCCFO

B1.16. To determine the format of the revenue budget to be presented to the PCC in consultation with the CCCFO. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

B1.17. 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.

- B1.18. To advise the PCC on appropriations from/to and or the appropriate level of general balances, earmarked reserves or provisions to be held.
- B1.19. To submit a report to the PCC on (1) the robustness of the estimates and the adequacy of reserves; (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities; and (3) the capital strategy. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
- B1.20. 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.
- B1.21. To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

Joint Responsibilities of the Chief Constable and CCCFO

- B1.22. To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCCCFO.
- B1.23. To submit estimates in the agreed format to the PCC for approval.
- B1.24. To identify all new major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).

B2 BUDGETARY CONTROL

Overview

B2.1. 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.

Revenue Budget Monitoring

Overview

B2.2. The PCC and Chief Constable both operate within an approved annual budget. To ensure that the budget is not overspent, the Chief Constable, the Chief Executive and Monitoring Officer and the PCCCFO are required to manage expenditure within their budget allocations, subject to the rules of virement.

Joint Responsibilities of the Chief Constable and CCCFO

B2.3. To provide appropriate financial information to enable budgets to be monitored effectively.

B2.4. 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.

B2.5. To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, both the PCCCFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC.

B2.6. To submit a budget monitoring report to the PCC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the PCC and PCCCFO.

B2.7. To ensure that budget holders manage income and expenditure within their area, monitor performance and report variances within their own areas to the Chief Constable and CCCFO.

B2.8. To take any action necessary to avoid an adverse variation to their budget allocation and alert the PCC and PCCCFO to any problems.

B2.9. To require detailed budget monitoring to be undertaken by budget holders on a regular basis and for this to be reported to the CCCFO.

B2.10. To ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.

B2.11. To refer major revenue projects back to the PCC for further approval where amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section G.

B2.12. To submit a budget monitoring report, containing the most recently available financial information to the PCC showing spending to date and comparisons of projected outturn with the latest approved budget.

Responsibilities of the PCCCFO

B2.13. To co-ordinate a joint budget monitoring report for presentation to the PCC and Police and Crime Panel, as necessary, containing the most recently available financial information.

B2.14. To manage the budget allocated for the PCC's Office.

B2.15. To ensure that total spending for the PCC's Office remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Executive and Monitoring Officer the PCC shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the PCC.

Revenue Virement

Overview

B2.16. A virement is the transfer of funds between budgets. The scheme of virement is intended to enable chief officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

B2.17. The Chief Constable is expected to exercise discretion in managing budgets responsibly and prudently and should only be required to refer back to the PCC when a virement would incur substantive changes in the policy of the PCC or where a virement might create a future year or continuing commitment.

B2.18. The Chief Constable shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.

B2.19. Key controls for the scheme of virement are:

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

Responsibilities

B2.20. The limits that apply on virements between budget headings are defined in Section G.

B2.21. The exceptions to the above framework are that:

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

B2.22. Budget lines will be defined each year as part of the budget approval.

B2.23. All requests for virement must be made in the format prescribed by the PCCCFO and/or CCCFO and information on the virements within the limits set out in section G will be available to support budget monitoring report information.

B2.24. The approval of the PCC shall be required if the virement involves:

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

Treatment of Year End Balances

Overview

B2.25. A year-end balance is the amount by which actual income and expenditure varies from the final budget. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward.

B2.26. The carry forward of underspends is permitted only with the approval of the PCC, as advised by the PCCCFO, and must be agreed before the end of February each financial year.

Joint Responsibilities of the PCCCFO and the CCCFO

B2.27. To ensure that Budget Managers report any overspend on their budgets in any financial year.

B2.28. To consider reducing budgets for the following financial year where overspending has occurred or is expected to occur.

B2.29. To consider requests from Budget Managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year.

B2.30. To refer all carry forwards to the PCC for approval.

Responsibilities of the PCC

B2.31. To consider and approve the arrangements for carrying forward underspends when considering the level of reserves and balances as part of the development of the financial strategy.

B3 CAPITAL PROGRAMME

Overview

- B3.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
- B3.2. Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the PCC will consider his spending plans.
- B3.3. The capital programme must be included within the approved LTFP.
- B3.4. Each capital scheme is approved separately and should be managed separately from a financial perspective. Any underspends on a scheme should be returned to the PCC, who will decide whether to reduce the overall capital programme as a result, or to set the funding aside for future business cases. Any overspends on a scheme will need to be reported to the PCC with recommendations on how to manage the overspend and/or seek an increase in the scheme's budget as appropriate.

Responsibilities of the Chief Constable

- B3.5. To develop and implement approved asset management plans.

Joint Responsibilities of the PCCCFO and Chief Constable

- B3.6. To prepare a LTFP for consideration and approval by the PCC including all financial implications of capital spending plans.

Responsibilities of the PCC

- B3.7. To approve strategies and asset management plans involving proposals for significant investment in capital assets.
- B3.8. To approve a fully funded long term capital programme.

Joint Responsibilities of the Chief Constable and CCCFO

- B3.9. To prepare a four year rolling programme of proposed capital expenditure for consideration and approval by the PCCCFO and PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- B3.10. To prepare project appraisals for all schemes to be included in the capital programme for submission to the PCCCFO and PCC for consideration and scheme approval. This will include all additional revenue and capital costs and provide evidence of the scheme's viability for inclusion.
- B3.11. To ensure that each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
- B3.12. To identify, in consultation with the PCCCFO, available sources of funding for the capital programme.

B3.13. Not to incur capital expenditure unless the scheme is approved by the PCC.

Responsibilities of the PCCCFO

B3.14. To make recommendations to the PCC on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.

Annual Capital Programme

Responsibility of the PCC

B3.15. To agree the annual capital programme, and how it is to be financed.

Responsibility of the Chief Constable

B3.16. To incur expenditure, providing the project appraisal has been approved and the cost of the scheme is included within the approved capital programme and provided cost variations do not exceed the sum contained in the approved programme by more than the amounts identified in Section G.

Responsibility of the CCCFO

B3.17. To approve the addition of schemes to the Capital Programme, up to the value set out in Section G, providing that it is affordable within the capital budget allocated to the CC. All such changes are to be reported to the PCC as part of the Capital reporting process.

B3.18. To approve the transfer of revenue funds, from the CC allocation, to the capital programme, up to the value set out in Section G, providing this would not lead to or increase an overspend within the CC's revenue budget. All such changes are to be notified to the PCCCFO and reported to the PCC as part of the Capital reporting process.

Monitoring of Capital Expenditure

Responsibility of the Chief Constable

B3.19. To ensure that adequate records are maintained for all capital contracts.

Joint Responsibilities of the PCCCFO and the CCCFO

B3.20. To monitor progress of the capital programme and expenditure throughout the year against the approved programme.

B3.21. To submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCCCFO.

B3.22. To prepare a business case for all new capital schemes (after the annual programme has been agreed) for submission to the PCC for consultation and approval.

B3.23. To demonstrate how any amendments to the programme increasing the overall costs are to be funded.

B3.24. To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.

B4 MAINTENANCE OF BALANCES AND RESERVES

Overview

B4.1. The PCC must decide the level of general reserves he wishes to retain before he can decide the level of council tax precept. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

Responsibilities of the PCCCFO

B4.2. To advise the PCC on reasonable levels of balances and reserves.

B4.3. To report to the PCC on the adequacy of reserves and balances before he/she approves the annual budget and precept.

B4.4. To approve appropriations to and from each earmarked reserve.

Responsibilities for the Chief Constable

B4.5. To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.

B4.6. To present a business case to the PCCCFO and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

Responsibilities of the PCC

B4.7. To approve a policy on reserves and balances, including the minimum acceptable level of general balances.

B4.8. To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

B4.9. To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT AND BUSINESS CONTINUITY

Overview

- C1.1. 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.
- C1.2. 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 PCC and the Chief Constable and to ensure continued corporate and financial well being. In essence it is, therefore, an integral part of good business practice.

Joint Responsibilities of the PCC and Chief Constable

- C1.3. The Code of Corporate Governance highlights the importance of risk management being embedded throughout the governance arrangements in both organisations, whether operating jointly or separately. The PCC and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

Responsibilities of Chief Officers / Chief Executive and Monitoring Officer

- C1.4. To prepare a risk management policy statement and for promoting a culture of risk management awareness throughout the Police Force and OPCC and reviewing risk as an ongoing process.
- C1.5. To ensure procedures to identify, assess, prevent or contain material known risks, with a monitoring process are in place and 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
- C1.6. To ensure that appropriate business continuity plans continue to be developed, implemented and tested on a regular basis. The PCC and Chief Constable need to manage risks ensuring that decisions are taken to achieve the best value for money and help support better decision making.

Joint Responsibilities of the PCCFO and CCCFO

- C1.7. 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.
- C1.8. To arrange for regular reviews to be undertaken of self insurance arrangements and, following these reviews, to recommend to the PCC and Chief Constable a course of

action to ensure that, over the medium term, funds are available to meet all known liabilities.

Responsibilities of the Chief Constable

- C1.9. To ensure, in consultation with the PCCCFO and CCCFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
- C1.10. To administer insurance matters including the administration of the settlement of liability claims.
- C1.11. To notify the PCCCFO of any significant claims.
- C1.12. To notify the Chief Executive and Monitoring Officer of any terms of indemnity that are requested.
- C1.13. To ensure that claims made against insurance policies are made promptly.
- C1.14. To make all appropriate employees aware of their responsibilities for managing relevant risks.
- C1.15. To ensure that employees, or anyone covered by the Chief Constable and Commissioner insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- C1.16. To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.

Responsibilities of the Chief Executive and Monitoring Officer

- C1.17. To evaluate and authorise any terms of indemnity that are requested by external parties.
- C1.18. To approve before any contract for works is made that the insurance cover to be furnished by the contractor in respect of any act or defaults unless cover is provided by the PCC is adequate.
- C1.19. To settle civil claims at any stage after the issue of pre-action protocol letter in accordance with the arrangements set out in Section G.

Responsibilities of the Head of Legal Services

- C1.20. To settle civil claims at any stage after the issue of pre-action protocol letter in accordance with the arrangements set out in Section G.

C2 INTERNAL CONTROLS

Overview

- C2.1. Internal control refers to the systems of control devised by management to help ensure the objectives of the PCC and the Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
- C2.2. The PCC and the Chief Constable have statutory obligations, and, therefore, systems of internal control are required to identify, meet and monitor compliance with these obligations.
- C2.3. The PCC and the Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Systems of internal control are necessary to manage these risks. These systems of internal control are established in order to provide achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management.

Responsibilities of Chief Officers

- C2.4. To implement effective systems of internal control, in accordance with advice from the PCCCFO and CCCFO. 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.
- C2.5. To ensure that effective key controls exist and are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.
- C2.6. To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

Joint Responsibilities of the Chief Executive and Monitoring Officer and Chief Constable

- C2.7. To produce Annual Governance Statements for consideration and approval by the Audit Committee. Following approval, the Annual Governance Statements should be signed by the Chief Executive and Monitoring Officer, Chief Constable and PCC.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview

- C3.1 Internal audit is an assurance function that provides an independent and objective opinion to an organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- C3.2 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the 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 body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.
- C3.3 In fulfilling this requirement the PCC and Chief Constable should have regard to the Code of Practice for Internal Audit in Local Government in the United Kingdom issued by CIPFA. The Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.
- C3.4 In addition to enabling the PCC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal audit is needed:
- to satisfy the PCC and the Chief Constable that effective internal control systems are in place; and
 - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Independent Audit Committee

- C3.5 To approve the terms of reference within which internal audit operates. In terms of internal audit the terms of reference will include the following key activities and responsibilities:
- Advising the PCC and Chief Constable on the appropriate arrangements for internal audit;
 - Reviewing the annual internal audit plan;
 - 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 Chief Constable; ensuring appropriate action is taken to address any areas for improvement; and
 - Reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption.

- C3.6 To review the Internal Audit Strategy, which sets out:
- Internal Audit objectives and outcomes;
 - how the Head of Internal Audit will form and evidence his opinion on the control environment to support the Annual Governance Statements;
 - how Internal Audit's work will identify and address significant local and national issues and risks;
 - how the service will be provided, i.e. internally, externally, or a mix of the two; and what resources and skills are required for the delivery of the strategy; and
 - the resources and skills required to deliver the strategy.

Joint Responsibilities of the PCC and Chief Constable

C3.7 To ensure the provision of an adequate and effective internal audit service.

C3.8 To approve the Internal Audit Strategy

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

- C3.9 To ensure that internal auditors, having been security cleared, have the authority to:
- access police and OPCC premises at reasonable times;
 - access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any employee to account for cash, stores or any other police and PCC assets under their control; and
 - access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

C3.10 To ensure that Internal Audit has direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Head of Internal Audit

C3.11 To prepare, in consultation with the PCC, Chief Constable, PCCCFO and CCCFO, an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.

C3.12 To attend meetings of the Independent Audit Committee and to present to each meeting 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.

C3.13 To present an annual report to the Independent Audit Committee, including an opinion on the effectiveness of the internal control environment within the Police Force and OPCC.

Responsibilities of Chief Officers

C3.14 To consider and respond promptly to control weaknesses, issues and recommendations in audit reports and ensure that all critical or significant agreed actions arising from the audit are carried out in accordance with the agreed action plan included in each report.

Responsibilities of the CCCFO

C3.15 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 PCCCFO and Internal Audit prior to implementation.

C3.16 To notify the PCCCFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

External Audit

Overview

C3.17 With the closure of the Audit Commission, Public Sector Audit Appointments Ltd. is now responsible for appointing external auditors to police forces and elected policing bodies (PCCs) and the Local Audit and Accountability Act 2014 put in place a new local audit and accountability framework for local public bodies in England. The Code of Audit Practice prescribes the way in which auditors appointed carry out their functions. The external auditor has rights of access to all documents and information necessary for audit purposes.

C3.18 The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the now repealed Audit Commission Act 1998 and the Local Government Act 1999, as well as the Local Audit and Accountability Act 2014. In particular, section 4 of the 1998 Act required the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. Any code produced by the Audit Commission and not reviewed or amended by the Comptroller and Auditor General under the provision of the 2014 Act remains in place. The code of audit practice sets out the auditor's objectives to review and report upon:

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

C3.19 In auditing the annual accounts the external auditor must satisfy themselves, that:

- the accounts comply with the requirements of the enactments that apply to them;
- 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.

Responsibilities of the Independent Audit Committee

C3.20 To review the annual audit plan and fee.

C3.21 To receive and respond to the annual governance reports.

C3.22 To receive the Annual Audit Letter.

Joint Responsibilities of the PCCCFO and CCCFO

C3.23 To liaise with the external auditor and advise the PCC and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

C3.24 To provide the Home Office with a copy of the Annual Audit Letter.

Joint Responsibilities of the Chief Constable, PCCCFO and CCCFO

C3.25 To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

C3.26 To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

Other Inspection Bodies**Overview**

C3.27 The Police Force and the OPCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMICFRS and the HM Revenue & Customs, who have statutory rights of access.

Joint Responsibilities of the PCC and the Chief Constable

C3.28 To receive and respond to reports from other inspection bodies.

C4 PREVENTING FRAUD AND CORRUPTION

Overview

- C4.1 The PCC and the Chief Constable will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside their organisations.
- C4.2 Expectations of propriety and accountability are that the PCC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- C4.3 It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act with honesty and integrity and without thought or actions involving fraud or corruption.

Joint Responsibilities of the PCC and Chief Constable

- C4.4 To foster a culture that will not tolerate fraud and corruption.
- C4.5 To approve and maintain an effective counter fraud and corruption policy and fraud response plan.
- C4.6 To ensure that adequate and effective internal control arrangements are in place
- C4.7 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering the PCC, Chief Constable and all employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCC, the Chief Constable, Chief Officers and all employees.
- C4.8 To maintain a whistle blowing policy (Reporting Professional Standards Concerns and Protected Disclosure Policy) to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- C4.9 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all employees.
- C4.10 To adopt and adhere to the whistle blowing policy (Reporting Professional Standards Concerns and Protected Disclosure Policy).

Joint Responsibilities of the Chief Executive and Monitoring Officer, PCCCFO and Chief Constable

- C4.11 To prepare an effective counter fraud and corruption policy and fraud response plan for approval by the PCC and Chief Constable.
- C4.12 To adhere to appropriate legislation.
- C4.13 To arrange for any suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Director of Standards and Ethics,

the PCCCFO, the CCCFO and the Head of Audit and for these to be unrestricted in line with the agreed counter fraud and corruption policy and fraud response plan.

C5 ASSETS

- C5.1 Assets are held in the form of land, property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management which provides information about assets so that they are:
- Accurately recorded and classified;
 - Safeguarded against loss;
 - Used efficiently and effectively;
 - Adequately maintained; and
 - Valued in accordance with statutory and management requirements.
- C5.2 The PCC owns and funds all assets regardless of whether they are used by the PCC, by the Chief Constable or by both bodies.
- C5.3 The Chief Constable is responsible for the direction and control of the Police Force and therefore has day-to-day management of all assets used by the Police Force.
- C5.4 The PCC will consult the Chief Constable in planning the budget and developing a LTFP. Both these processes should involve a full assessment of the assets required to meet operational requirements, including human resources, infrastructure, land, property and equipment.

Joint Responsibilities of the PCC and Chief Constable

- C5.5 To ensure that:
- a) assets are only used for the purposes of the Chief Constable and the PCC and are available for use when required and are properly accounted for;
 - b) an asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
 - c) assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
 - d) lessees and other prospective occupiers of land owned by the PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
 - e) title deeds to PCC property are held securely;
 - f) no PCC asset is subject to personal use by an employee without proper authority;
 - g) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the PCC;
 - h) all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;
 - i) assets no longer required are disposed of in accordance with the law and these financial regulations; and
 - j) all employees are aware of their responsibilities with regard to safeguarding the security of Police Force and OPCC ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

Valuation

Responsibilities of the Chief Constable

- C5.6 To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section G, in a form approved by the PCCCFO.
- C5.7 To ensure that assets are recorded when they are acquired and shall remain on the asset register until disposal and valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the PCCCFO.

Inventories

Responsibilities of the Chief Constable

- C5.8 To ensure that inventories are maintained for the Chief Constable in a format approved by the PCCCFO and CCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable.

Responsibilities of the PCC

- C5.9 To ensure that inventories are maintained for the PCC's office in a format approved by the PCCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable.

Stocks and Stores

Responsibilities of the Chief Constable

- C5.10 To make arrangements for the care, custody and control of the stocks and stores and maintain stores accounts in a form approved by the PCCCFO.
- C5.11 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.
- C5.12 Discrepancies between the actual level of stock and the book value of stock may be written-off up to the limit shown in Section G, in consultation with the PCCCFO.
- C5.13 To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above this value must be referred to the PCCCFO for approval supported by a written report.

Responsibilities of the PCCCFO

- C5.14 To approve the arrangements for accounting for stores.

Responsibilities of the PCC

C5.15 To consider and approve applications for write offs in excess of the limits set out in Section G.

Intellectual Property

Overview

C5.16 Intellectual property is a generic term that includes inventions and writing.

C5.17 If any intellectual property is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Police Force, by the PCC and within the OPCC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.

C5.18 In the event that the Chief Constable or PCC decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive and Monitoring Officer.

Responsibilities of the Chief Constable/Chief Executive and Monitoring Officer

C5.19 To ensure that employees are aware of these procedures.

C5.20 To prepare guidance on intellectual property procedures and ensure that employees are aware of these procedures.

Joint Responsibilities of the Chief Constable and PCC

C5.21 To approve the intellectual property policy.

Asset Disposal

C5.22 Assets shall be disposed of when in the best interests of the Chief Constable and the PCC and at the most advantageous price. Where this is not the highest offer, a report must be prepared for the PCC outlining the reasons.

Responsibilities of the Chief Constable

C5.23 To dispose of surplus land and buildings only with prior written authority of the Police and Crime Commissioner

C5.24 To dispose of vehicles and items of equipment up to the estimated value shown in Section G.

C5.25 To record all asset disposals in the asset register or inventory as appropriate.

Joint Responsibilities of the PCCCFO and CCCFO

C5.26 To ensure that income is received and accounted for.

C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Treasury Management

Overview

- C6.1. It is important that monies held by the PCC and the Chief Constable are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the capital sums involved.
- C6.2. The PCC has adopted the CIPFA Code of Practice on Treasury Management. The primary requirements of the Code are:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Approved Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
 - Approval of the annual Treasury Management Strategy (TMS) including the annual investment strategies and MRP policy. An annual report and as a minimum a Mid Term Review report covering Treasury Management activities.

Responsibilities of the PCC

- C6.3. To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
- C6.4. To approve the annual TMS including the annual investment strategy and MRP policy.
- C6.5. To receive and approve an annual report on treasury management activity and as a minimum a Mid Term Review report.

Responsibilities of the PCCCFO

- C6.6. To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
- C6.7. To prepare reports on the Police and Crime Commissioner's treasury management policies, practices and activities, including, as a minimum, an annual TMS, including annual investment strategy and MRP policy, and a capital strategy.
- C6.8. To execute and administer treasury management in accordance with the CIPFA Code and the PCC's policy.
- C6.9. To arrange borrowing and investments, in compliance with the CIPFA Code.
- C6.10. To ensure that all investments and borrowings are made in the name of the PCC for Cleveland.

Banking Arrangements

- C6.11. A consistent and secure approach to banking services is essential in order to achieve optimum performance from our bankers and the best possible value for money.

Responsibilities of the PCCCFO

C6.12. To have overall responsibility for the banking arrangements for the PCC.

C6.13. To authorise the opening and closing of all bank accounts. No other employee shall open a bank account.

C6.14. To arrange for bank reconciliations to be undertaken on a timely and accurate basis.

C6.15. To determine signatories on all PCC bank accounts

Imprest Accounts/Petty Cash

C6.16. Cash advances may be made to an individual in a department / establishment in order that relatively small incidental payments may be made quickly. A record of disbursements from the account shall be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the accounts and correctly reimbursed to the account holder.

Responsibilities of the Chief Constable

C6.17. To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the Chief Constable and PCC. The Chief Constable shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

Responsibilities of the CCCFO

C6.18. To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the PCCCFO, and these shall be issued to all appropriate employees.

Responsibilities of the PCCCFO

C6.19. To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the PCC.

C6.20. 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.

Money Laundering

C6.21. The Chief Constable and Police and Crime Commissioner are alert to the possibility that they may become the subject of an attempt to involve it in a transaction involving the laundering of money.

C6.22. Suspicious cash deposits in any currency in excess of the figure specified in Section G should be reported to the relevant investigative agency.

C6.23. Internal control procedures will be monitored to ensure they are reliable and robust.

Joint Responsibilities of the PCCCFO and CCCFO

C6.24. To be the nominated Money Laundering Reporting Officer (MLRO) for the PCC and Chief Constable as appropriate.

C6.25. To consider, in the light of all information, whether a disclosure gives rise to such knowledge or suspicion.

C6.26. To disclose relevant information to national investigative agencies.

Responsibilities of Chief Officers

C6.27. To undertake appropriate checks to ensure that all new suppliers and counterparties are bona fide.

Responsibilities of employees

C6.28. To notify the PCCCFO or CCCFO as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.

C6.29. Cash bankings from a single source over the figure specified in Section G should be reported to the PCCCFO or CCCFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

C7 STAFFING

Overview

C7.1. Staffing costs form the largest element of the annual policing budget. The Chief Constable is responsible for approving an overall HR strategy in consultation with the PCC.

Responsibilities of the Chief Constable

C7.2. To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC and that there is a proper use of the evaluation or other agreed systems for determining the remuneration of an employee's post.

C7.3. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.

C7.4. To adjust the staffing numbers to meet the approved budget provision, and vary the provision as necessary within policy constraints in order to meet changing operational needs.

C7.5. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.

C7.6. To approve, in consultation with the PCCCFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Chief Executive and Monitoring Officer

C7.7. To have the same responsibilities as above for staff employed by the PCC and working within his/her office.

C11 GIFTS, LOANS AND SPONSORSHIP

(NB This does not include the receipt of hospitality and gifts)

Overview

C11.1. 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.

Context

C11.2. Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.

C11.3. 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 its name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.

C11.4. The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the PCC's annual budget.

Responsibilities of the PCC

C11.5. To approve the policy on gifts, loans and sponsorship

Joint Responsibilities of the Chief Constable and Chief Executive and Monitoring Officer

C11.6. To accept gifts, loans or sponsorship within agreed policy guidelines.

C11.7. To refer all gifts, loans and sponsorship above the limit identified in Section G to the PCC for approval before they are accepted.

Joint Responsibilities of the CCCFO and PCCCFO

C11.8. To present an annual report to the PCC listing all gifts, loans and sponsorship.

C11.9. To maintain a central register, in a format agreed by the PCCCFO, 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 PCCCFO, shall satisfy him/herself that it provides a suitable account of the extent to which such additional resources have been received.

C11.10. To bank cash from sponsorship activity in accordance with normal income procedures.

SECTION D

SYSTEMS & PROCEDURES

D1 GENERAL

Overview

- D1.1. There are many systems and procedures relating to the control of PCC and policing assets, including purchasing, costing and management systems. The Police Force and the OPCC are reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
- D1.2. The PCCCFO and CCCFO both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

Joint Responsibilities of the PCCCFO and CCCFO

- D1.3. To make arrangements for the proper administration of the financial affairs, including to:
- issue advice, guidance and procedures for officers and staff of the Police Force and the PCC acting on their behalf
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for the audit of the financial affairs of the Chief Constable and the PCC
 - approve any new financial systems to be introduced
 - approve any changes to existing financial systems.
- D1.4. To ensure, in respect of systems and processes, that:
- systems are secure, adequate internal controls exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely and that duties are appropriately segregated to minimise the risk of error, fraud or other malpractice;
 - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
 - a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
 - systems are documented and staff trained in operations.
- D1.5. To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
- D1.6. To establish a scheme of delegation, identifying staff authorised to act upon the Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

D2 INCOME

Overview

D2.1. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

Context

D2.2. The PCC and Chief Constable should adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.

D2.3. The PCC should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the PCC 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.

D2.4. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt ACPO charging policies in respect of mutual aid.

Joint Responsibilities of the Chief Constable and PCC

D2.5. To adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to review scales of fees and charges at least annually.

Joint Responsibilities of the CCCFO and PCCCFO

D2.6. To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT

D2.7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.

D2.8. To ensure that all income is paid fully and promptly into the designated bank account. Appropriate details should be recorded to provide an audit trail and money collected and deposited reconciled on a monthly basis.

D2.9. To approve the write off of bad debts up to the level shown in Section G. Amounts for write off above this value must be referred to the PCC for approval, supported by a written report explaining the reason for the write off.

D2.10. To ensure income is not used to cash personal cheques or make other payments.

Responsibilities of the CCCFO

D2.11. To operate effective debt collection procedures.

D2.12. To initiate, in consultation with the Chief Executive and Monitoring Officer and/or PCCCFO, appropriate debt recovery procedures, including legal action where necessary.

D2.13. To prepare detailed financial instructions for dealing with income, to be agreed with the PCCCFO, and to issue them to all appropriate employees.

D3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Overview

D3.1. The PCC and the Chief Constable have a statutory duty to ensure financial probity and best value. 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 Standing Orders Relating to Contracts in Section F.

Responsibilities of the CCCFO

D3.2. To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all payments are made in accordance with this policy.

D3.3. To issue official orders for all work, goods or services to be supplied to the Force except for exceptions approved by the PCCCFO. Orders must be in a form approved by the PCCCFO.

D3.4. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Chief Constable and PCC contracts.

D3.5. Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.

D3.6. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.

D3.7. To ensure that payments are made to the correct person, for the correct amount, on time and are recorded properly, regardless of the method of payment.

D3.8. To ensure that VAT is recovered where appropriate.

D3.9. To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.

D3.10. To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, detailed in Section F.

D3.11. To prepare, in consultation with the PCCCFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

Responsibilities of the Chief Officers

D3.12. To ensure that every member and employee declares any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the PCC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

D4 PAYMENTS TO EMPLOYEES

Overview

D4.1. Employee costs are the largest item of expenditure for most police and crime commissioners. It is therefore important that there are controls in place to ensure accurate, timely and valid payments are made in accordance with individuals' conditions of employment.

Responsibilities of the Chief Constable and Chief Executive and Monitoring Officer

D4.2. To ensure, in consultation with the PCCCFO, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.

D4.3. To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.

D4.4. To pay all valid travel and subsistence claims or financial loss allowance.

D4.5. To pay salaries, wages, pensions and reimbursements by the most economical means.

D4.6. To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements.

D4.7. To ensure that full records are maintained of the payment of benefits in kind and properly accounted for in any returns to the HMRC.

Responsibilities of the CCCFO

D4.8. To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the PCCCFO, and these shall be issued to all appropriate employees.

D5 TAXATION

Overview

D5.1. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.

Joint Responsibilities of the PCCCFO and CCCFO

D5.2. To ensure that arrangements are in place for the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.

D5.3. To ensure that arrangements are in place for the timely completion and submission of VAT claims to HMRC.

D5.4. To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.

D5.5. To provide details to the HMRC regarding the construction industry tax deduction scheme.

D5.6. To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

D6 CORPORATE CREDIT CARDS

Overview

D6.1. Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

Responsibilities of the CCCFO

D6.2. In conjunction with the PCCCFO to provide Financial Instructions to all cardholders.

D6.3. To authorise and maintain control over the issue of cards.

Responsibilities of credit card holders

D6.4. To ensure that purchases are in accordance with approved policies.

D6.5. To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

D7 PURCHASING CARDS

Overview

D7.1. Purchase cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices.

Responsibilities of the CCCFO

D7.2. To provide detailed financial instructions to card holders.

D7.3. To authorise and maintain control over the issue of cards.

D7.4. To reconcile the purchase card account to the ledger on a monthly basis.

Responsibilities of Purchasing Card Holders

D7.5. To be responsible for ordering and paying for goods and services in accordance with the procurement policy, guidance and contract standing orders and all procedures laid down by the CCCFO.

D8 VOLUNTARY PAYMENTS

Overview

D8.1. Voluntary payments are payments made where no legal obligation has been established, nor court or tribunal proceedings issued. An example may be recompense to a police officer for damage to personal property in the execution of duty, or to a member of the public for providing assistance to a police officer in the execution of duty.

Responsibilities of the Chief Executive and Monitoring Officer

D8.2. To make voluntary payments to members of the public in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of any act or omission by staff or officers where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC or the Chief Constable, up to the limits set out in section G.

D8.3. To make voluntary payments to officers and staff of the Office of the Police and Crime Commissioner in any individual instance, for damage or loss to property or for personal injury or costs incurred because property was known to belong to officers or staff, no order for compensation has been made by a court of law, and the circumstances are not covered by police regulations, up to the limits set out in section G.

D8.4. To maintain details of such payments in a register.

Responsibilities of the Chief Constable

D8.5. To make voluntary payments to officers and staff of the Police Force in any individual instance, for damage or loss to property or for personal injury or costs incurred because property was known to belong to officers or staff, no order for compensation has been made by a court of law, and the circumstances are not covered by police regulations, up to the limits set out in section G.

D8.6. To maintain details of such payments in a register.

SECTION E

EXTERNAL ARRANGEMENTS

E1 EXTERNAL FUNDING

Overview

- E1.1. 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 PCC and Chief Constable. Funds from external agencies provide additional resources to enable policing objectives to be delivered.
- E1.2. The main sources of such funding will tend to be specific Government grants, additional contributions from local authorities and donations from third parties.

Responsibilities of Chief Officers

- E1.3. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the Chief Constable and PCC.

Joint Responsibilities of the Chief Constable and the PCC

- E1.4. To ensure that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that LTFP forecasts reflect these requirements.

Joint Responsibilities of the PCCCFO and CCCFO

- E1.5. To ensure that all funding notified by external bodies is received and properly accounted for, and that all claims for funds are made by the due date and that any audit requirements specified in the funding agreement are met.

Responsibilities of the Chief Constable

- E1.6. To ensure that funds are acquired only to meet policing needs and objectives.
- E1.7. To ensure that key conditions of funding and any statutory requirements are complied with and that the requirements of the donor are clearly understood.
- E1.8. To ensure that any conditions placed on the PCC and the Police Force in relation to external funding are in accordance with the approved policies. If there is a conflict, this needs to be taken to the PCC for resolution.

E2 WORKING FOR THIRD PARTIES

Overview

E2.1. The Police Force provides services to other bodies outside of its normal obligations, for which charges are made. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

Responsibilities of the Chief Constable

E2.2. To ensure that proposals for assistance are costed, that no contract is subsidised by the Chief Constable or the PCC and that, where possible, payment is received in advance of the delivery of the service so that the Chief Constable and the PCC are not put at risk from any liabilities such as bad debts.

E2.3. To ensure that appropriate insurance arrangements are in place.

E2.4. To ensure that all contracts are properly documented.

E2.5. To ensure that such contracts do not impact adversely on the services provided by the Chief Constable and the PCC.

E3 JOINT WORKING ARRANGEMENTS

E3.1. Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.

E3.2. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These can be grouped under the following headings:

- Partnerships;
- Consortia;
- Regional Working;
- Collaboration.

E3.3. Partners engaged in joint working arrangements have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
- to be open about any conflicts that might arise;
- to encourage joint working and promote the sharing of information, resources and skills;
- to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
- to promote the project.

E3.4. In all joint working arrangements the following key principles must apply:

- before entering into the agreement, a risk assessment has been prepared;
- such agreements do not impact adversely upon the services provided by the Chief Constable and PCC;
- 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 Chief Constable and PCC elements of all joint working arrangements must comply with these Financial Regulations.

Partnerships

Overview

E3.5. 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.

E3.6. The number of partnerships, both locally and nationally, is expanding in response to central Government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:

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

E3.7. Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

Statutory based

E3.8. These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs).

Strategic

E3.9. These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.

Ad-hoc

E3.10. These are typically locally based informal arrangements agreed by local commanders.

Context

E3.11. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCC, in exercising his functions, must have regard to the relevant priorities of each responsible 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.

E3.12. When the PCC acts as a commissioner of services, he/she will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The PCC is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

Responsibilities of the PCC

- E3.13. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.
- E3.14. To make appropriate arrangements to commission services from either the Police Force or external providers.
- E3.15. To make crime and disorder grants.

Responsibilities of Chief Officers

- E3.16. To follow the Financial Instructions for local partnerships, as published on the Police Force intranet.
- E3.17. To consult, as early as possible, the CCCFO and the PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.
- E3.18. 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 and Monitoring Officer.

Commissioning

- E3.19. The Chief Constable and the officers and staff under the Chief Constable's direction and control may not commission or jointly commission any services or make arrangements for outcomes from any other partners, agencies, public bodies, community safety organisations or other organisations dealing with community safety, victims, offenders, drugs, youth offending, criminal justice or other areas unless agreed in writing and in advance by the Commissioner.
- E3.20. The Commissioner will decide what services are commissioned from which organisations as part of a commissioning framework for Cleveland. The Commissioner will also hold the Chief Constable to account for delivery against key performance indicators in order to achieve the outcomes set out in the Police and Crime Plan.
- E3.21. The Commissioner may commission services from other organisations as well as the Police Force in order to achieve the best outcomes at best value for the people of Cleveland.
- E3.22. The Commissioner may delegate to the Chief Constable the power to commission services from partners but only after approval of prior submitted business case and business plan.
- E3.23. The Chief Constable may not issue any funds to third party partners or other entities without the prior written approval of the Commissioner. The Commissioner may approve an annual plan of funding by the Chief Constable for partners that is consistent with the Commissioner's Police and Crime Plan and where there is a clear business case for any such spend with measurable outcomes.
- E3.24. If the Commissioner does delegate and approve any funding of third parties to be administered by the Chief Constable then the Chief Constable will produce regular reports of what money has been issued to which third parties and what outcomes have been achieved from this activity.

Consortium Arrangements

Overview

E3.25. A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC.

Responsibilities of Chief Officers

E3.26. To contact the Chief Executive and Monitoring Officer before entering into a formal consortium agreement, to establish the correct legal framework.

E3.27. To consult, as early as possible, the CCCFO and the PCCCFO to ensure the correct treatment of taxation and other accounting arrangements.

E3.28. To produce a business case to show the full economic benefits to be obtained from participation in the consortium.

E3.29. 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 and Monitoring Officer.

Responsibilities of the PCC

E3.30. To approve the Chief Constable and PCC participation in the consortium arrangement.

Regional Working

Overview

E3.31. Cleveland PCC and Police Force contribution towards working with the other PCCs and Forces will be contained in the annual budget and LTFP.

Joint Responsibilities of the PCC and the Chief Constable

E3.32. To approve Police Force participation in regional working.

Joint Responsibilities of the PCCCFO and the CCCFO

E3.33. To monitor the financial contributions to/from regional partners to ensure that they are in accordance with agreed procedures.

SECTION F

CONTRACT STANDING ORDERS

F1 INTRODUCTION

- F1.1 Effective contract and procurement management is essential in order to become best in class in a business process that involves all aspects of police operation and support. It has a significant impact on the delivery of value for money; therefore it is vital that all procurement activities are managed effectively and that procurement personnel and local buyers are well trained and highly professional.
- F1.2 This document has been developed to provide all staff of the Office of the Police and Crime Commissioner for Cleveland (OPCC) and those under the direction and control of the Chief Constable of Cleveland Police who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the PCC and the Force. In addition to the Contract Standing Orders this document contains procurement principles that set out guidance to assist in the delivery of a first class procurement operation.
- F1.3 These Contract Standing Orders are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with these Contract Standing Orders. The procedures will be updated from time to time to stay at the forefront of best practice and respond to business needs.
- F1.4 These Contract Standing Orders relate principally to the procurement process considering the competitive process, selection and management of suppliers and contract award.

F2 EMPOWERING REGULATIONS

- F2.1 These Contract Standing Orders are the standing orders to be made under Section 135 of the Local Government Act 1972 and all other powers enabling the Police and Crime Commissioner for Cleveland.
- F2.2 These Contract Standing Orders cover and comply with the provisions of the Public Procurement Regulations 2015, Audit Commission Competitive Procurement 2001, Equalities Act 2010, Section 16 Local Government Act 1999, Byatt Report 1999, Competition Act 1998, GATT Agreement on Government Procurement 1996 and section 2 of the European Communities Act 1992, Freedom of Information Act 2002, Data Protection Act 2018, Sir Peter Gershon's Independent Review of Public Sector Efficiency 2004, Sir Ronnie Flanagan's Review of Policing 2008 and the relevant provision in the Police and Justice Act 2016.
- F2.3 These Contract Standing Orders are designed to support the OPCC's and Force's policies relating to diversity and counter fraud & corruption.
- F2.4 They are also designed to support the principles and concepts of good governance.

F3 APPLICATION OF CONTRACT STANDING ORDERS

Application

- F3.1 These Contract Standing Orders cover all contracting and procurement activities within the Office for the Police and Crime Commissioner for Cleveland (OPCCC). This includes supply, hire, new contract, extension of contract and renewal of contract and / or disposal, with the exception of contracts for the purchase of land, and contracts of employment.
- F3.2 The Contract Standing Orders detailed apply to all staff of the OPCCC including those under the direction and control of the Chief Constable of Cleveland Police and must be adhered to at all times.
- F3.3 Where an outsourcing agent is responsible for the management and supply of goods and services to or for the PCC, these Standing Orders shall apply, unless the PCC agrees to the contrary.
- F3.4 Where the outsourcing agent has budgets to manage, the outsourcing agent will submit annual expenditure plans to the Force and in turn the PCC. The outsourcing agent will only have authority to authorise orders and budgetary expenditure against those budgets where such approval has been granted by the PCC and the Force.
- F3.5 Any orders and contracts to be placed with the outsourced provider are to be authorised in accordance with Section F6 'Award of Contract'.
- F3.6 Where the PCC is acting as an agent for another body, these Standing Orders shall apply unless the principal directs to the contrary.
- F3.7 Any person who is not an Officer of the PCC or the Force engaged to manage a contract on behalf of the PCC shall fully comply with these Contract Standing Orders.
- F3.8 All business areas, (this means all local policing commands, departments and the Office of the PCC), will designate a manager accountable for implementation and monitoring the effectiveness of procurement activity for that business area. This manager will report on a regular basis to the business area lead and liaise with the Head of Procurement and Fleet.
- F3.9 These Standing Orders aim to achieve a full audit trail and full accountability of those involved, requiring them to identify and record the contract decision-making process for all commitments.
- F3.10 These Standing Orders provide the means of deciding which procedure is to be used for a given requirement.
- F3.11 These Standing Orders cannot be changed nor departures from them made without the agreement of PCC.
- F3.12 These revised Standing Orders apply from the point at which that are formally approved by the PCC.

Role and Duties of Procurement

Role of Procurement

F3.13 The role of procurement can be expressed simply as:

“To obtain the best overall value for each pound spent when acquiring works, goods and services, working with business areas to ensure that value is maximised during life and at disposal.”

Procurement Principle

The enhanced role of procurement is achieved when the following are recognised:

- Procurement influences more than 95% of external expenditure with suppliers.
- Procurement continually develops as a centre of expertise for business areas.
- Procurement works jointly with business areas to add value through the provision of services and support.

Procurement is to assist with and, where appropriate, carry out, the sourcing of products and associated negotiations on behalf of business areas.

Role of the Head of Procurement and Fleet

F3.14 The Role of the Head of Procurement and Fleet within these Contract Standing Orders is to:

- Manage the Contract Standing Orders and procurement procedures to ensure that they are maintained in line with good procurement practice and deliver value for money;
- Advise and make proposals to the Chief Financial Officers (Of the PCC and Chief Constable) and the PCC when it is necessary to update the Contract Standing Orders and review the Procurement Strategy;
- Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to best practice in procurement and contracts. Develop and agree procurement strategies with senior management in line with National Guidance or mandation;
- Take responsibility for the procurement process, although much of the actual purchasing activity will be devolved to the outsource contractor and the business areas, as appropriate;
- Ensure that knowledge is being disseminated throughout the organisation to ensure procurement staff and business areas are aware of the procedures they should follow, and the suppliers they should use;
- Set and monitor key performance indicators for procurement and contractors, and ensure that they are met. Report to the Chief Financial Officer(CFO) of the CC and through them update the CFO of the PCC and the PCC on a regular basis;
- Generate and maintain effective business relationships that give the PCC constant, easy access to capable, efficient and highly motivated suppliers;

- Develop and manage the PCC's purchase arrangements for supplies jointly sourced with other PCC's and with other emergency services through national and regional framework and consortia arrangements.

Role of Procurement Team including Head of Procurement and Fleet and Procurement Transactional Team

F3.15 The role of Head of Procurement and Fleet supported by the Procurement Transactional Team within these Contract Standing Orders is to:

- Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to procurement and contracts for all members of the team directly involved in the contract / tender process;
- Develop and agree a procurement strategy for major contracts with the PCC, the Head of Procurement and Fleet and the business areas, as appropriate;
- Ensure that procurement is carried out in a professional and ethical manner that is consistent with PCC's policies and that the PCC's and Force's aggregated requirements are bought in line with the Public Procurement Regulations;
- Ensure contracts are formed detailing clear specification of requirements (that includes maintenance and consumables as appropriate) and terms and conditions appropriate to the requirement;
- To assess whole life costs as appropriate to the requirement to determine value for money;
- Ensure that an appropriate audit trail is maintained;
- Ensure contract data is recorded on a contract register following award.

The role of local procurement

F3.16 The role of a local procurement is to:

- Support Contract Standing Orders and procurement procedures and communicate any conflict between the local approach and these Contract Standing Orders to the Head of Procurement and Fleet;
- Promote the use of Procurement Cards, where appropriate, for local purchases;
- Swiftly process requests from within business areas;
- Ensure that the competitive process is maintained in line with expenditure thresholds;
- Ensure that an appropriate audit trail is maintained;
- Utilise and apply the Standard Terms of Contract for procurement;
- Involve Procurement where a purchase is complex, requires special terms of contract, or contract extension, except when the requirement is within the buyer's delegated procurement authority.

F4 AUTHORITIES & CONTROLS

Procurement Principle

The review of monetary values for contract thresholds should be made in line with the review of Public Procurement Regulations thresholds on a biennial basis.

Expenditure Authority

- F4.1 Expenditure authority rests with the budget holder and/or the person with delegated budget authority.
- F4.2 All expenditure must have prior budgetary approval and the commitment will not make the budget overspent.

Procurement Authority

- F4.3 This authority is delegated by the PCC to CFO of the CC who ensures that an appropriate audit trail is maintained.
- F4.4 This authority is in turn delegated by the CFO of the CC to the Head of Procurement and Fleet to make contractual commitments, as appropriate.
- F4.5 This authority may be further delegated to the outsourced Procurement Team and/or business areas.
- F4.6 Procurement commitments cannot be made without prior budget approval.
- F4.7 No person is permitted to make commitments to suppliers unless they have direct or delegated procurement authority.
- F4.8 The Finance Team will retain a register of people with delegated procurement authority, a copy of which is retained with specimen signatures and reviewed and agreed by the CFO of the CC.

Segregation of Duties

- F4.9 The authorities relating to the contracting and procurement process are segregated between the following phases:
- Requisition;
 - Commitment (Contract Signatory);
 - Receipt;
 - Payment.
- F4.10 No one individual can have the authority to control more than two consecutive stages in the segregation of duties.

Disaggregation

- F4.11 Disaggregation, which is defined as the separation of a purchase into several smaller requisitions or contracts to avoid thresholds and competitive procedures, is not permitted.

F5 PROCUREMENT PROCESS

Procurement Involvement

- F5.1 Business areas will utilise the Procurement Team where a purchase is complicated and /or involves high expenditure and/or commercial risk (defined in Procurement Procedures).
- F5.2 A Force Procurement Strategy will be developed and adopted in line with recognised best practice.
- F5.3 Procurement activities will reflect the fact that suppliers are dealt with in an impartial, legal and ethical manner.

Procurement Principle

If the Procurement Team is to be effective, it must regularly communicate with business areas.

Acquiring items of a high value and/or a critical nature will always be a joint effort between Procurement and business areas, ensuring compliance with Public Procurement Regulations as appropriate.

Procurement staff will need to take part in all stages of the process to ensure that business area identifies a need. Business areas are encouraged to hold discussions with Procurement at this early stage, as the process of placing a contract can be time consuming.

Business areas must utilise PCC Contracts where they already exist.

Utilisation of Contractual Arrangements

- F5.4 Where Home Office, Crown Commercial Services (or successor body), and other national, regional or local collaborative contracts exist, the PCC should support those arrangements. In the exceptional circumstances where better value can be obtained from sources alternative to these, prior approval to use those alternatives must be obtained from the Head of Procurement and Fleet. These circumstances and details of contracts must be reported annually to the PCC by the CFO of the CC.
- F5.5 Contracts should not be sought by business areas that compete with an existing contract for similar requirements without the express prior approval of the Head of Procurement and Fleet.

Procurement Principle

When the organisation enters a contract with a supplier it is intended to commence a business relationship that adds value to both organisations as price is not the only consideration taken into account when a contract is awarded.

It is recognised that the contracted cost of goods and services will be challenged by other suppliers in the market who will attempt to offer alternative arrangements, spot prices or special priced offers to business areas.

If a business area is made aware of or invited to buy these goods or services “Outside” of the awarded contract they should advise the Head of Procurement and Fleet so that the alternative can be assessed for value for money.

Using such suppliers could compromise an existing contract by breaching the contractual commitment, thus damaging relations with the contractor, and/or reduce the overall value obtained.

Supplier Relationship Management

- F5.6 Supplier selection is to be based on sound business principles that recognise the quality of products and services, financial stability, equality and the ability to fulfil contracts on time.
- F5.7 Suppliers and tenderers are normally selected from an advertisement response and suppliers already known and who have a proven track record of supply. Any company can make an application to tender. In these instances the Head of Procurement and Fleet must correctly evaluate the companies as to their suitability.
- F5.8 At the Head of Procurement and Fleet’s discretion other companies may be invited as potential suppliers as they could be more competitive or provide a more technically advanced solution than suppliers already known.
- F5.9 Contracts are awarded through the appropriate competitive process to suppliers who offer the value for money combination of commercial and technical terms that meet business needs.
- F5.10 Auditable records should be retained supporting all decisions made during the supplier selection process.

Procurement Principle

The natural dynamics of the supply market means that supply relationships will be different depending upon supplier importance and need. Relationships will range from arms-length to close collaboration depending upon the risk in the supply market, number of sources available and business requirements.

When a supply relationship develops with key suppliers of high value critical products, a strategic alliance may be created to help develop a mutually advantageous commercial relationship within defined parameters.

The preference is for suppliers who demonstrate a commitment to the achievement of world class standards and who are committed to providing continuous improvement and exceptional service.

The importance of small to medium sized enterprises (SME's) and social enterprises within the supply market is recognised. In keeping with Government guidance equal consideration will be given to such organisations in the achievement of value for money objectives during the competitive process.

In seeking value for money, buyers need to be mindful of the extra benefits of long term associations with ethical and reliable suppliers, and take care to ensure that these arrangements remain mutually beneficial.

Staff within the Office of the PCC and those under the direction and control of the Chief Constable will be in contact with supplier visitors and may on occasions visit suppliers. This creates a potential risk that commercially sensitive information will be released.

All staff should at all times demonstrate an ethical, professional approach to the supply market, demonstrably operating according to the highest standards of business practice.

The aim is that the PCC and Force are perceived by key suppliers as a preferred customer, and is seen as an organisation that behaves faultlessly by those who regulate or otherwise constrain commercial activity.

F6 COMPETITIVE PROCESS

- F6.1 A complete audit trail is to be retained for each contract, providing a record and full file detail of tender documents, detailed analyses, negotiation, clarification and subsequent decisions.
- F6.2 Contract and tender documentation must be retained as per the retention policy under the Freedom of Information Act.
- F6.3 The preferred method of tendering for all levels of requirement is the E-tendering package contained in the Blue Light system.
- F6.4 In exceptional circumstances a paper process can be utilised following prior approval by Head of Procurement and Fleet. Reasons for using this approach must be recorded in the tender file. In such circumstances the procedure detailed in the Procurement Procedures document must be followed.
- F6.5 All tenders and contracts must be recorded on a Contract Register

Specification Development

- F6.6 The specification should be developed as a generic performance, output and outcome based specification as the normal approach to business. This form of specification increases the ability of suppliers to compete and aids the delivery of value for money.
- F6.7 Specifications should be framed so that, as far as possible, the resulting offers can be judged against objective criteria.
- F6.8 Proprietary product specifications should only be used in exceptional circumstances (Section F9). When this event occurs the Head of Procurement and Fleet must record the reasons in the contract file stating why a restricted competitive approach has been selected.

Procurement Principle

Specifications should be output and outcome based rather than developed in such a way as to focus on a proprietary product or single consultancy offering.

By developing generic specifications the competitive process is enhanced, enabling more organisations to compete for the business on offer.

Specification Changes

- F6.9 If a specification is changed for any reason during the tender process, the updated specification must be communicated promptly to all tenderers, giving additional time to respond, as appropriate, to the change.
- F6.10 If a specification is changed for any reason after receipt of tenders, the updated specification must be communicated to all tenderers. They must be given adequate

time to respond to the change in specification and to prepare revised tenders. The process will follow the tender process.

Equal Treatment

- F6.11 Equal treatment will be given to all potential suppliers, including access to the same information and adequate time to respond to enquiries and tenders.
- F6.12 Buyers should ensure that all potential suppliers are not disadvantaged and are capable of meeting the requirement.
- F6.13 The tenders solicited remain confidential before and after the business is placed, subject to the terms of the Freedom of Information Act.
- F6.14 It is made clear to tenderers that their tenders will only be considered if they are submitted on time and in the proper format.

Procurement Process Thresholds, based on the full life of the tender

- F6.15 Requirements below £10,000 value are Low Value Procurements.
- F6.16 Requirements above £10,000 and below £50,000 value are Medium Value Procurements.
- F6.17 Requirements above £50,000 value are subject to the tender process and potentially subject to Public Procurement Regulations depending on the ultimate contract value.

Low Value Procurement (those below £10,000)

- F6.18 Low value procurement will be managed through a competitive process appropriate to the value goods or service required. Full details are contained in the Procurement Procedures.
- F6.19 Where the requirement is of low value and not covered by an existing contract, the order can be placed directly with a selected supplier. The preferred method of obtaining such supplies is by Procurement Card or an e-procurement process.
- F6.20 The Government Procurement Card (GPC) or other smart payment processes should be used with specific contracts or suppliers that will accept the process of ordering and for ad hoc requirements.
- F6.21 The user controls are agreed between Procurement, Finance and local management for each user, setting expenditure limits per month and per transaction.
- F6.22 All procurement card users will receive specific training prior to being issued with their personal procurement card.

Medium Value Procurement (those above £10,000 but below £50,000)

- F6.23 Medium value procurement will be managed through a competitive process appropriate to the value goods or service required this process will require the test of value for money to be applied to all requirements.

- F6.24 Considering the value and potential supply risk of the requirement offers will be required from multiple suppliers to enable value for money to be determined. Full details are contained in the Procurement Procedures.
- F6.25 Business areas should engage with the Head of Procurement and Fleet appropriate to the requirement where supply risk or complexity is identified for the requirement to ensure the appropriate safeguards and procurement planning is in place for the procurement.
- F6.26 The medium value competitive process can be managed utilising the Blue Light E-tendering software which apply the secure principles of the tendering process.

Tendering Process

- F6.27 The tender process will be managed utilising the Blue Light E-tendering software with the following principles applied. Paper based tender processes will be used as an exception and only following prior approval by the Head of Procurement and Fleet.
- Contracts above £50,000 value and Public Procurement Regulations threshold will be subject to the tendering process.
 - The Force method of tendering requirements of all values is to utilise the “Blue Light” e-tendering system. This enables the full process to be completed electronically in support of the electronic document provision within the Public Procurement Regulations.
 - Pre-qualified/select lists may be utilised within the Procurement Process following a business case outlining the business benefits. The pre-qualified list will not be used to negate the requirement to tender, but to short-list suppliers to take forward to be assessed against technical and price criteria. The business benefits The Procurement Lead Business Partner may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation and will not have a negative effect on the market.
 - The Procurement and Fleet Lead Business may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation, meets the principles of transparency and will not have a negative effect on the market. The key requirements of the business case should include benefits to both supplier and buyer and demonstrate that the use of the pre-qualified/select list will deliver value for money.
 - The Buyer must consult with the Head of Procurement and Fleet as to whether a bond or guarantee is required.
 - The Head of Procurement and Fleet will utilise Standard Terms and Conditions of Contract and determine if any additional special terms and conditions are appropriate to the requirement.

Public Procurement Regulations Procedures

- F6.28 Requirements above the Public Procurement Regulations threshold will be subject to the full Public Procurement Regulations process.
- F6.29 The Head of Procurement and Fleet will advise on the most appropriate procedure. There are five procedures that can be used as appropriate to award of contract under Public Procurement Regulations
- **Open Procedure** ~ any company who replies to an advertisement in Find a Tender Portal and Contracts Finder can tender.

- **Restricted Procedure** ~ companies express an interest in tendering in response to an advertisement, and after a preliminary vetting procedure (limited to financial & technical capability), a shortlist of companies are invited to tender.
- **Competitive Procedure with Negotiation** ~ indicate minimum requirements and award criteria, negotiation with suppliers before submission of final tender. Reasons for using this method must be documented in the procurement plan because the scope for proceeding by negotiation is limited under Public Procurement Regulations.
- **Competitive Dialogue** ~ are used when developing a requirement that is long term, complex and cannot be procured through another Public Procurement Regulations procedure as described above. This approach may be utilised to develop and negotiate the agreement.
- **Innovation Partnerships** ~ encourages suppliers to develop works, supplies or services not currently in the market through long term partnerships. Appoint suppliers using Competitive Procedure with Negotiation and must disclose selection information, minimum requirements and award criteria.

F6.30 The below processes can be used in conjunction with the above procedures:

- **Dynamic Procurement Systems ~ utilising** dynamic methods of procurement to improve the competitive process and assist delivery of value for money. E-Auctions will normally be used as part of the collaborative process working with other Forces on a regional or national basis.
- **Framework Agreements** ~ are a process of award of contract and is made as an agreement between one or more contracting authorities and one or more contractors.

Tender Receipt & Opening

F6.31 Tenders will be completed via the Blue Light E-tendering systems and locked by the system until the closing date of the Tender.

- Paper sealed tenders are registered when received, and left unopened until the due time and date. (This is automatic with the e-tendering system).
- The paper tender documents are signed, dated and witnessed at time of opening by all present. (This is automatic with the e-tendering system).
- Particulars of tenders received and those accepted shall be recorded. (this is automatic with the e-tendering system).

Late tenders

F6.32 Tenders received after the closing date and time will automatically be prevented by the 'E'-tendering system from being accepted.

Errors in Tender Submissions

F6.33 Advantage should not be taken of genuine inadvertent errors made by tenderers.

F6.34 When the Head of Procurement and Fleet finds an error in a tender, the tenderer will be advised that an error may exist in their offer and be given the opportunity to:

- Confirm that the tender stands in its current form;
- Withdraw the tender;
- Correct that part of the tender that is in error within a specified time frame.

F6.35 No request by a supplier to amend a tender after the time fixed for receipt shall be accepted.

Negotiation & Clarification

F6.36 Negotiation can be used when deemed advantageous to the competitive process by the Head of Procurement and Fleet. Negotiation will not be utilised on all occasions.

F6.37 When negotiation is employed it should be conducted with short-listed tenderers and a record of each negotiation maintained in the tender file.

F6.38 Negotiation focusing only on price will not be used during the tender process. During the Public Procurement Regulations procedure the Head of Procurement and Fleet can enter into “Clarification” discussions to understand technical and operational issues of the offer that may result in a change to the cost of the contract.

F6.39 During the negotiation and clarification process the Head of Procurement and Fleet must ensure impartiality to all tenderers invited to negotiate.

F6.40 Negotiation will be utilised by trained buyers and will be used to enhance better value of goods and services.

F6.41 It is unethical in negotiation practice for tenderers commercial information to be used as a lever to reduce other offers.

Procurement Principle

When employing negotiation, buyers need to be aware of the power they have in the supply market and use ethical business approaches in the planning, preparation and execution of the negotiation.

Award of Contract

F6.42 Tender analysis should be completed using criteria determined prior to issue of tender documentation.

F6.43 The Head of Procurement and Fleet must record the reasons and whole life cost analysis that led to the acceptance of a value for money offer. Where the accepted bid is not the lowest cost option the reasons for acceptance need to be reported in line with para 4 below prior to contract award.

F6.44 Suppliers may submit a European Single Procurement Document (ESPD) to self-declare meeting the mandatory requirements of the tender document, however any supplier that misrepresents on their ESPD submission will be excluded from future procurement exercises for a period of 12 months.

F6.45 The Head of Procurement and Fleet is empowered to recommend the acceptance of tenders.

- F6.46 Tenders received shall only be accepted in the case of:
- i. Those not exceeding £200,000 - by the Chief Constable delegated to the Head of Procurement and Fleet, CFO of CC or PCC or Chief Executive and Monitoring Officer;
 - ii. Those exceeding £200,00 but not exceeding £500,000 - by the CFO of CC or PCC;
 - iii. Those exceeding £500,000 but not exceeding £2m – by Chief Executive and Monitoring Officer;
 - iv. Those exceeding £2m - by the PCC.
- F6.47 A minimum period of ten working days must be allowed as a standstill period between the notification of an award decision and contract commencement for all Public Procurement Regulations value contracts unless a framework is utilised. This is good practice and should be applied to all contracts where possible.
- F6.48 All unsuccessful tenderers have the right to a formal debrief promptly or within 15 days of a written request to be debriefed following award of contract.
- F6.49 All details of the awarded contract must be entered in the contract register held by the Procurement Department.

Procurement Principle

Subjective comparisons can play a part in tender analysis. The Head of Procurement and Fleet should avoid focusing the decision making process on them.

Courtesy and good business practice compels the PCC to explain through a formal debrief process to unsuccessful bidders why they were not selected for major / high value projects. Through this process suppliers learn how they need to improve to serve future requirements. The key is to explain objectively without divulging any technical, commercially sensitive or competitive information.

F7 SIGNING OF CONTRACTS

F7.1 All contracts exceeding £10,000 in value shall be in writing and signed in the case of:

- i. Those not exceeding £150,000 – by the Chief Constable, delegated to the Head of Procurement and Fleet, CFO of CC or PCC or Chief Executive and Monitoring Officer;
- ii. Those exceeding £150,000 – by the Chief Executive and Monitoring Officer or the PCC CFO.

F8 SIGNING OF CONTRACT CHANGES/STATEMENT OF WORKS

- F8.1 All contract changes/statement of works must be agreed by the person having Expenditure Authority and the relevant contract owner.
- F8.2 All contract changes/statement of works must be progressed in accordance with the terms of the contract that it applies to and in accordance with any relevant legislation, policies and guidelines.
- F8.3 All contract changes/statement of works relating to contracts that have a Total Contract Value of over £10,000 shall be in writing and signed or executed on behalf of the PCC. Where:
- i. Specification and/or operational changes with no financial value - by the Strategic Contracts Manager or the Head of Procurement and Fleet (where a conflict of interest does not exist i.e. contracts with the outsourced provider);
 - ii. Those changes with a Total Change Value of less than £150,000 - by the Strategic Contracts Manager or the Head of Procurement and Fleet (where a conflict of interest does not exist i.e. contracts with the outsourced provider);
 - iii. The value exceeds £150,000 - by the Chief Executive and Monitoring Officer or the PCC CFO.

F9 EXCEPTIONAL SITUATIONS

- F9.1 For requirements of an exceptional nature, advice and guidance must be obtained from the Head of Procurement and Fleet.
- F9.2 Exceptional Situations are those created by external actions and events over which the Force has no control but has an obligation to respond.
- F9.3 All instances deemed or proposed as exceptional should be fully documented on a pro forma to ensure that there is a full audit trail for all decisions.
- F9.4 Utilisation of Contract Standing Order 10 or an exemption to follow contract standing orders shall be reported by the CFO of the CC to the Audit Committee.
- F9.5 Exceptional Situations will only be considered in the following circumstances:
- a. Proprietary product/service
 - i. Technical or Artistic reasons or for reasons connected with the protection of exclusive rights, the contract may be awarded only to a particular third party;
 - ii. Extensions to existing contracts where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience;
 - iii. The contract has been classified as secret by a Chief officer making the particular contractor essential or a limited competition to a select list of contractors and the avoidance of advertising in the public domain.
 - b. Operational emergency
 - i. The contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises. However failure to take action within appropriate timescales does not constitute grounds for an emergency exception.
- F9.6 Exceptional situations shall only be accepted in the case of:
- i. Those not exceeding £150,000 – by the Chief Constable delegated to Head of Procurement and Fleet, CFO CC or PCC or Chief Executive and Monitoring Officer;
 - ii. Those exceeding £150,000 but not the Public Procurement Regulations Threshold – by the Chief Executive and Monitoring Officer.

Procurement Principle

For the majority of situations the tender process will be utilised and exceptional situations will be taken into consideration as appropriate to the requirement.

Specifications should normally be generic and output/outcome based rather than developed in such a way as to focus on a propriety product or single consultancy offering.

F10 SUBJECTS OF GENERAL APPLICATION

Terms and Conditions of Contract

- F10.1 All contracts or purchase orders will use PCC Standard Terms and Conditions of Procurement as appropriate for the specific commodity group unless otherwise agreed by the Head of Procurement and Fleet.
- F10.2 Specially written contracts should only be required where the work is of a non standard nature.
- F10.3 The contractor may be required to provide a bond or guarantee from a parent company in a specific form.
- F10.4 All significant software development contracts must include an escrow arrangement.

Procurement Principles

Purchase orders / contracts are placed on the Standard Terms and Conditions of Purchase, which are maintained and cover the majority of supply situations.

Letters of intent should only be used in special circumstances and on the rare occasions these are required they may only be issued to a supplier after agreement and authorisation by the Head of Procurement and Fleet.

Requirements for specially written contracts and / or contracts for any one piece of work should be referred to the Head of Procurement and Fleet who will engage appropriate legal support.

Terms of Payment

- F10.5 Suppliers will be paid on time and according to contract.

Procurement Principle

Sometimes suppliers ask for “stage payments”. This practice should be structured within the relevant contract, rigorously managed and appropriate payment retention applied for capital and construction projects. When they are made stage payments should be limited to the amount to cover work already performed. This keeps the risk as low as possible if a supplier’s business fails.

Legitimate payments should not be delayed, or terms of payment altered, without referring back to the Head of Procurement and Fleet.

If suppliers ask to be paid in a foreign currency, consideration must be given to the effects of fluctuating exchange rates. The exact cost should be fixed at the time of order placement. All such requests must be referred to Finance for advice and guidance.

Safeguarding Information

- F10.6 Information that is highly sensitive or has commercial value will be marked and securely controlled in accordance with the Protective Marking Scheme.
- F10.7 All documentation for a contract will be kept together securely in an easily accessible format.
- F10.8 Information and records must be retained in a format that complies with the Freedom of Information Act (2000) and General Data Protection Regulations (2018), and the requirements of these Standing Orders.
- F10.9 Disclosure of information under the Freedom of Information Act will only be given providing it does not damage commercial interest, breach confidentiality arrangements or threaten the public interest. Guidance for information requests relating to contracts, tenders and supplier information should be obtained from the Freedom of Information Officer.

Procurement Principle

Information that is shared with suppliers is carefully vetted. Where appropriate, suppliers will be asked to sign a confidentiality agreement.

Endorsements

Procurement Principle

All requests to quote either the PCC or Cleveland Police's name or to take photographs for promotional purposes are to be referred to the Media and Communications Manager.

Environmental & Ethical Trade Considerations

Procurement Principle

Procurement must maintain value for money. In doing so, consideration should be given to the medium and long-term environmental consequences as well as short-term commercial advantage.

In all decisions, consideration should be given to products whose manufacture, use and disposal do not have a detrimental environmental effect or exploit and contravene established ethical standards and work practices including the National Living Wage, Section 2&4 of the Modern Slavery Act 2015 and the College of Policing Barred List.

Reallocation or Disposal of Redundant Items or Equipment

- F10.10 The same competitive process will be employed at disposal if the goods have a commercial value.
- F10.11 The highest / value for money offer would be deemed acceptable.

Procurement Principle

When goods are originally received and paid for, they remain under the business area's control until they are no longer needed. The business area then obtains the authority to declare the goods redundant and ready for reallocation or disposal in consultation with Procurement. If there is no use for redundant equipment, then it is written off, disposed of and appropriate documentation amended accordingly by the business area in accordance with Standing Financial Instructions.

Ethical Procurement

- F10.12 The PCC's values dictate a consistent and fair approach by all towards our community, which includes suppliers. In general terms, all purchasers of goods and/or services should be independent and behave impartially and with integrity.
- F10.13 At all times, the PCC and Force must be, and must be seen to be, competent and ethical regardless of the size of the supplier and their past or current relationship.
- F10.14 These guidelines are to protect the PCC and Force and the individual member of staff. The distinction between the courtesies of a working relationship and the acceptance of benefit for which reciprocal favours will be expected can be narrow. If a member of staff is in doubt as to the propriety of accepting any gift, benefit or advantage, they must immediately consult their line manager or business area lead.
1. *Confidentiality:* Confidential information should only be sought where necessary and when obtained, should not be disclosed to third parties, particularly to other suppliers. Confidentiality agreements must be used and signed where appropriate.
 2. *Conflict of interest:* If a supplier representative is known socially or is related, or if a financial interest is held in the supplier, then this should be declared to an individual's line manager and that individual should not be involved professionally with the supplier unless senior management's approval in writing has been obtained. Involvement that may influence sourcing decisions is not permitted.
 3. *Equal Opportunities:* In common with the PCC's/Force's diversity policies, procurement decisions shall not be influenced by the gender, ethnicity, religion, sexual orientation, age or disability of suppliers, owners or representatives.
 4. *Fairness:* Equal opportunity should be extended to all suppliers competing for business (i.e. they should all be provided with the same information and given equal time to respond to requests/tenders, and tenders should not be invited only to make up the number, or as a strategy to bring down the price of the chosen supplier).
 5. *Gifts:* No gifts (other than advertising/ promotional material of modest value such as calculators or diaries) or other benefits should be accepted by a member of staff or close family from people or organisations with whom the member of staff has business dealings or contracts on behalf of the PCC. Any and all offers of either gifts or hospitality, whether accepted or not should be

recorded within the gifts and hospitality register in line with the policies of the organisation.

6. *Hospitality and entertainment:* Offers to a member of staff or close family of hospitality or entertainment of a frequency, type or scale that the PCC would not wish to reciprocate should not be accepted. Rigid definitions are not feasible however the policy on Gifts and Hospitality should be adhered to and, if they are in any doubt, decline an offer or refer to management. Even where an offer is declined it should be recorded in the gifts and hospitality register in line with the policies of the organisation.
7. *Seminar/Product launches:* These are permissible where strictly relevant to an individual's responsibilities and where the PCC pays all travel and accommodation costs.

Probity Register

F10.15 Any member of staff that is offered gifts, hospitality or entertainment must record the details in line with the gifts and hospitality policy whether the offer is accepted or not. Note that the PCC also records all authorised gifts and hospitality and the register is held by the Department of Standards and Ethics.

F11 DEFINITIONS

The following terms are used throughout the procurement documentation:

1. Bid ~ an offer made by a prospective supplier in the form of a tender, quotation or as part of the negotiation process;
2. Buyer / Procurement Transactional Team ~ the buyer is any individual employed by Cleveland Police who, through the use of professional procurement techniques, is authorised to make the commitment for the supply of goods or services to fulfil the business area's need;
3. Head of Procurement and Fleet ~ means a person appointed to fulfil the duties for delivery of the Procurement Strategy and drive compliance with these Contract Standing Orders;
4. Commitment ~ is the act of confirming a contract with third party suppliers and should be made by a contract or purchase order;
5. Conditions of Purchase/Contract ~ the specific conditions under which the PCC will enter into a contract or purchase order with a supplier;
6. Confirmation Order ~ an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked "confirmation order";
7. Contract ~ a legal agreement between the PCC and external suppliers for the supply of goods and services. For the purpose of these Contract Standing Orders this does not include contracts of employment for staff;
8. Contractor ~ an organisation that contracts with the PCC to supply works, goods and/or services to demand;
9. E-Auction ~ a dynamic procurement tool utilised after the tender process to enable contractors to compete on line. Normally this approach is used for high value requirements through collaborative procurement;
10. E-Procurement ~ utilisation of an electronic "procure to pay" process normally through a finance system to place orders directly with suppliers, receive invoices and pay electronically. Alternatively this process can be achieved through on line ordering systems;
11. E-Tendering ~ utilisation of an electronic tendering process that enables the full process from advert to assessment to be completed via computers, significantly reducing timescales for both the buyer and supplier;
12. Ethical Guidelines ~ the code of behaviour and conduct that governs the correct and professional manner in which to conduct business with third party suppliers;
13. Framework Agreements ~ an agreement between one or more contracting authorities (CCS, Police Forces, Consortiums) with one or more contractors to supply a range of works, goods or services;
14. Internal Supply Markets ~ these are "in house" markets operating within the financial framework delegated to the Force, requiring budget transfers rather than cash payments and operating to agreed service levels;
15. Legislation ~ includes subordinate legislation;

16. Letters of Intent & Heads of Agreement ~ a legally binding communication instructing the supplier to proceed with the supply of goods or services pending completion of contract documentation;
17. Outsourcing ~ an outsourcing project is one which delivers a function or service through, or in conjunction with, a third party external to the Force;
18. Pre-Qualified List ~ A list/register of suppliers for specific categories of works/services who have been pre-qualified to government standards, following the current understanding of Public Procurement Regulations and Local Government Act;
19. Procurement ~ the person or department who has the authority to contract with third party organisations for the supply of goods and services;
20. Procurement Cards ~ a charge card used by authorised cardholders to make direct purchases from suppliers. The cardholder can only make purchases within their personal usage expenditure limit and within the terms of a supply contract. This approach simplifies the procurement process;
21. Procurement Plan ~ the procurement plan is the record of the procurement strategy development for a particular purchase and forms the basis of future purchase planning for that requirement and an audit trail;
22. Procurement Teams ~ there are effectively two styles of procurement teams:
 - A Procurement Team that deals with strategy, high value / high risk and Public Procurement Regulations, and represent the Force at Regional and National Procurement levels, and provides support, advice and guidance to business areas;
 - Business area procurement (Local Procurement) which consists of locally trained staff that deal with local requirements within the scheme of delegated procurement authorities.
23. Proprietary Product ~ a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product;
24. Purchase Order ~ a serial numbered document raised by the buyer on a specific supplier for the supply of goods or services. This document is a formal legal agreement with specific conditions for the supply of goods;
25. Purchase Order Amendment ~ a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order this document is a formal legal agreement with specific conditions for the supply of goods;
26. Purchase Requisition ~ the formal request to obtain the supply of goods or services made by the internal client, authorised by the budget holder and passed to the relevant procurement team;
27. Quotation ~ a statement of price, delivery and specification against the specific enquiry provided by a specific supplier;
28. Business areas ~ the person, department, local policing command, or department who holds the financial budget, and has the authority to raise requests for goods and services. This also includes the PCC;
29. Services ~ including the provision of cleaning, consultancy, maintenance, agency staff and similar non-tangible requirements;

30. Specification ~ a clear statement of requirement for goods and/or services, normally detailed as a generic specification to enable competition and the delivery of Value for money;
31. Supplier ~ an organisation that contracts with the PCC or its outsourced contractor to supply goods and services to the PCC;
32. Tender ~ a formal offer from a supplier to supply specified goods or services at a stated cost or rate;
33. Tenderer ~ a supplier offering to buy or sell a product. This term applies prior to the formation of contract;
34. The PCC ~ refers to the Police and Crime Commissioner for Cleveland;
35. Total Contract Value ~ the total value of a requirement calculated as the value of a “single” purchase and or the value of the total contract period or four years whichever is the lesser value;
36. Total Change Value ~ the total value of a new or removed requirement to an existing contract, calculated as the value of a “single” additional/removed purchase and or the total value of the change for the period of the contract for which the change refers to;
37. Value for money ~ a combination of criteria that includes competitive price, quality, reliability, timeliness and whole life costs analysis. This is not always portrayed by the lowest priced offer.

SECTION G

DELEGATED LIMITS

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

Scheme of Corporate Governance

- 3.4.31 The Chief Executive and Monitoring Officer may approve payment to Officers of unpaid Compensation Orders awarded to any officer by an appropriate Court, subject to the value set out below:

£500

SECTION B

B1 Financial Planning

Annual Revenue Budget Preparation

- B1.24. The budget estimates shall identify all new major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below. A separate cost centre/budget code must be set up to enable the monitoring of expenditure:

£100,000

B2 Budgetary Control

Revenue Budget Monitoring

- B2.11 Major projects need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown below:

Cost of project varies from approved estimate by greater of 2.5% or £10,000.

Revenue Virement

- B2.20 Virements may be approved by the Chief Constable's Chief Finance Officer up to the value of:

£100,000

For amounts over £100,000 approval from the PCC is required. Virements to/from a specific budget line approved within these limits, but with a cumulative value exceeding £100,000, shall also need approval of the PCC.

B3 Capital Programme

B3.25. The CCCFO can approve the addition of schemes to the Capital Programme, up to the value of:

£25,000

B3.26. The CCCFO can approve the transfer of revenue funds, from the CC allocation, to the capital programme, up to the value of:

£25,000

SECTION C

C1 Risk Management

C1.19 The Chief Executive and Monitoring Officer shall be authorised to settle civil claims against the PCC up to the value shown below:

£40,000 including legal costs and disbursements

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

C1.20 The Head of Legal Services shall be authorised to settle civil claims against the Chief Constable up to the value shown below:

£40,000 including legal costs and disbursements

Claims in excess of this amount shall be approved by the Chief Constable and PCC.

C5 Assets

Valuation

C5.6 The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown below:

Land & Buildings - All values
Vehicles - All values
IT equipment - All values
Other Plant & Equipment - £5,000

Inventories

C5.8, C5.9 The Chief Constable and Chief Executive and Monitoring Officer shall maintain inventories that record an adequate description of portable and desirable items such as facsimile machines, mobile phones and photographic equipment above the value shown below:

£1000

Stocks and Stores

- C5.12 Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the value shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

Individual items £500
Overall annual limit on all stock £1,000

- C5.13 Obsolete stock, or equipment and materials surplus to requirements may be written off by the Chief Constable up to the value shown below. Amounts for write off above this value must be referred to the PCCCFO for approval.

Individual items £500
Overall annual limit on all stock £1,000

Asset Disposal

- C5.24 The Chief Constable may dispose of surplus vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

Equipment £10,000
Vehicles £20,000

C6 Money Laundering

- C6.22 Suspicious cash deposits in any currency in excess of the value shown below should be reported to the relevant investigative agency.

€15,000 or equivalent

- C6.29 Cash bankings from a single source in excess of the value shown below should be reported to the PCCCFO or CCCFO (excluding seizures and subsequent bankings under the Proceeds of Crime Act).

€15,000 or equivalent

SECTION D

D2 Income

- D2.9 Individual amounts may be written off by the CCCFO or PCCCFO up to the value shown below. Amounts for write off above this value must be referred to the PCC for approval.

£5,000

D8 Voluntary Payments

- D8.2, D8.4 The Chief Executive and Monitoring Officer and Chief Constable may make voluntary payments up to the value shown below.

£2,500

SECTION H

GUIDANCE NOTES ON BREACH OF STANDING ORDERS OR FINANCIAL REGULATIONS

- H1 These guidance notes are supplemental to the PCC and Chief Constable's Counter Fraud and Corruption Policy and Fraud Response Plan and should be read in conjunction with those documents.
- H2 The PCCCFO and the CCCFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or any employee or member of any collaborative body on which the PCC or the Chief Constable is represented:
- (a) has made, or is about to make a decision which involved or would involve the PCC or the Chief Constable incurring expenditure which is unlawful;
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the PCC or the Chief Constable; and
 - (c) is about to enter an item on account, the entry of which is unlawful.
- H3 It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the PCC with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or result in any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the PCCCFO and the CCCFO.
- H4 A copy of such a report shall be sent to the external auditor.
- H5 To provide for effective action to deal with any fraud and corruption and to assist the PCCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Police Force and the OPCC are properly conducted, the procedures described in Section I will be adhered to in the circumstances of any suspected or actual breach of financial regulations or standing orders.

SECTION I

COUNTER FRAUD AND CORRUPTION POLICY

I1 INTRODUCTION

- I1.1 Fraud and corruption can have a severe impact on the operation, status and reputation of an organisation, particularly the OPCC and police forces, and should be opposed at every opportunity.
- I1.2 In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the organisation or from within, the OPCC and the Force are committed to an effective fraud and corruption policy designed to:
- Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- I1.3 The expectation of the PCC and the Chief Constable on propriety and accountability is that staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.
- I1.4 The PCC and the Chief Constable also demand that individuals and organisations it comes into contact with will act towards the organisation with integrity and without thought or actions involving fraud or corruption.

I2 DEFINITION OF FRAUD AND CORRUPTION

- I2.1 For the purposes of this policy, fraud and corruption have been defined as follows:

Fraud: The intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain. This may include: falsifying travel and subsistence claims, falsifying overtime or flexi claims, and obtaining employment through false qualifications.

Corruption: The offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person. This may include: hospitality, computer misuse, pecuniary interests and disposal of assets. Corrupt acts may also be a criminal offence, as set out in the Bribery Act 2010 and section 26 of the Criminal Justice and Courts Act 2015.

I3 COUNTER FRAUD AND CORRUPTION POLICY

- I3.1 The Force and OPCC Counter Fraud and Corruption Policy is based on a series of comprehensive and inter-related procedures that provide a framework to counter fraudulent activity. These include:

- Culture;
- Prevention;

- Detection and investigation;
- Training.

13.2 There is also a high level of external scrutiny of organisational affairs by a variety of bodies including:

- Her Majesty's Inspector of Constabulary and Fire & Rescue Services (HMICFRS);
- External Audit;
- HM Revenue and Customs;
- Internal Audit;
- Local Communities;
- The Media.

13.3 This policy applies to all officers and members of staff acting under the direction and control of the PCC or the Chief Constable. The detection, prevention and reporting of fraud and corruption is the responsibility of all members of the OPCC and the Force. The OPCC and the Force adopt the position on reporting wrong doing as set out in the College of Policing's Reporting Concerns (2016) and anyone making a report of wrong doing can do so without fear of reprisal or victimisation.

I4 CULTURE

14.1 The PCC and Chief Constable are determined that the culture and tone of both organisations is one of honesty and opposition to fraud and corruption.

14.2 There is an expectation and requirement that all individuals and organisations associated in any way with the OPCC or the Force will act with integrity, and that OPCC and Force staff at all levels will lead by example in these matters. They are positively encouraged to raise any concerns they may have as it is often the alertness of such individuals that enables detection to occur and the appropriate action to be taken against fraud or corruption. Concerns may be about something that:

- Is unlawful;
- Amounts to a breach of standards of professional behaviour as set out in the College of Policing's Code of Ethics;
- Falls below established standards or practices;
- Results in waste or loss to the organisation;
- Amounts to improper conduct.

14.3 The Chief Executive and Monitoring Officer and Director of Standards and Ethics are responsible for following up any allegation or suspicion of fraud or corruption received and will do so through clearly defined procedures. These procedures are designed to:

- Deal promptly with the matter;
- Record all information and evidence received;
- Ensure that evidence is sound and adequately supported;
- Ensure security of all evidence collected;
- Notify relevant bodies;
- Investigate and implement disciplinary procedures where appropriate.

- I4.4 If necessary, a route other than a normal line manager may be used to raise such issues. Examples of such routes are:
- Chief Finance Officer & Monitoring Officer of Cleveland Police;
 - Chief Executive and Monitoring Officer & Monitoring Officer of the OPCC;
 - Directorate of Standards and Ethics;
 - Staff Associations.
- I4.5 There may be circumstances where a person may prefer to contact an external agency through the following contacts:
- The Force Auditors;
 - Action Fraud;
 - Public Concern at Work – independent charity offering free advice on fraud or other issues of malpractice;
 - Crimestoppers.
- I4.6 If a person decides to take the matter outside the organisation, they should ensure that they **do not** disclose ‘Official - Sensitive’ marked information.
- I4.7 The Public Interest Disclosure Act 1998 protects employees who report suspected fraud or corruption activities from any reprisals, as long as they meet the rules set out in the Act. Put simply, the rules for making a protected disclosure are:
- The information disclosed is made in good faith;
 - The person making the disclosure must believe it to be substantially true;
 - The person making the disclosure must not act maliciously or make false allegations;
 - The person making the allegation must not be seeking any personal gain.
- I4.8 Under the Act, the designated officer required to receive disclosures is the Chief Constable’s Chief Finance Officer and Monitoring Officer, and the Chief Executive and Monitoring Officer.
- I4.9 Members of the public are also encouraged to report concerns through any of the above avenues.
- I4.10 Allegations/concerns can be made anonymously; however, it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:
- The seriousness of issues raised;
 - Credibility of the concern;
 - Likelihood of confirming the allegation from attributable sources.
- I4.11 The OPCC and the Force can be expected to deal swiftly and thoroughly with any person(s) who attempts to defraud the organisation or who are corrupt and therefore should be considered as robust in dealing with financial malpractice.

I5 PREVENTION

- 15.1 A key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment vetting stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with vetting procedures laid down and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
- 15.2 OPCC and Force employees are expected to follow any Code of Ethics and standards of professional behaviour as well as any rules of conduct of any profession of which they are a member.
- 15.3 The Nolan Committee sets out the seven guiding principles that apply to people who serve the public. The OPCC will seek to develop its working behaviour around these principles. All such declarations will be recorded in a public register maintained by the Chief Executive and Monitoring Officer and made available to the public on request.
- 15.4 Similarly, the Police and Crime Commissioner, Deputy Police and Crime Commissioner and staff are also required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The register will be held by the Chief Executive and Monitoring Officer and made available to the public on request.
- 15.5 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on being responsive to audit recommendations.
- 15.6 Arrangements are in place to continue to develop and encourage the exchange of information between the OPCC, police force and other agencies on national and local fraud and corruption activity in relation to local policing bodies and police forces.

I6 DETECTION AND INVESTIGATION

- 16.1 The array of preventative systems, particularly internal control systems within the organisation, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.
- 16.2 It is the responsibility of all officers and staff to prevent and detect fraud and corruption. However, it is often the alertness of staff and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.
- 16.3 Despite the best efforts of managers, supervisors and auditors, many frauds are often discovered by chance or 'tip-off', and the OPCC and the Force have arrangements in place to enable such information to be properly dealt with.

- 16.4 Depending on the nature and anticipated extent of the allegations, the provider of the organisation's Internal Audit will normally work closely with the management and the investigating agency to ensure that all allegations, suspicions and evidence are properly investigated and reported upon.
- 16.5 The relevant misconduct/disciplinary procedure concerning the suspected individual will be initiated where the outcome of the Audit Investigation indicates improper behaviour. In addition, civil legal action may be taken for the recovery of money or property misappropriated from the organisation.
- 16.6 All managers and supervisors should ensure that controls are in place to prevent and detect fraud and error. There is a need to be aware of the possibility of fraud when reviewing or presented with, for example, claims, forms, and documentation. Issues that may give rise to suspicions or allegations are:
- Documents that have been altered, use of correction fluid, or different pens and different handwriting
 - Claims that cannot be checked, particularly if prior authorisation was not given
 - Confused, illegible text and missing details
 - Delays in documentation completion or submission
 - Lack of vouchers or receipts to support claims.

17 TRAINING

- 17.1 The organisation recognises that the continuing success of its Counter Fraud and Corruption Policy and its general credibility will depend largely on the effectiveness of programmed training and the responsiveness of the Police and Crime Commissioner, Chief Constable and of employees throughout the two organisations.
- 7.2 To facilitate this, the OPCC and Force support the concept of induction and training, particularly for staff involved in internal control systems, to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- 7.3 The possibility of disciplinary action against staff who ignore such training and guidance is made clear.

18 CONCLUSION

- 18.1 The OPCC and Force have in place a clear network of systems and procedures to assist in maintaining the high standards of conduct it has always achieved. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 18.2 To this end, the organisation maintains a continuous overview of such arrangements through, in particular, its Chief Finance Officers and Chief Executive and Monitoring Officer, through Standing Orders and Financial Regulations, Codes of Conduct and Accounting Instructions, and via Internal and External Audit arrangements.

I9 GUIDELINES FOR REPORTING IRREGULARITIES

I9.1 Individuals intending to report irregularities should normally give consideration to the following issues:

- Do not approach, interview or accuse anyone suspected of being involved;
- Assemble all the facts and documentation available from the sources immediately to hand;
- If the information has come from a member of the public by telephone, then information notified should be written down, date and time noted, and the name and address of the supplier of the information recorded, and if they are willing to make it available;
- Prepare a briefing note of the circumstances;
- Do not make further enquiries without authorisation.

I10 THE FRAUD RESPONSE PLAN

I10.1 In instances where an allegation of fraud or corruption is made:

1. The action taken by the organisation will depend on the seriousness of the concern. The matters will:
 - be investigated internally by an appropriate manager;
 - be referred to the police force if there is evidence of a criminal offence;
 - be referred to the External Auditor if there is evidence of financial impropriety; and
 - form the subject of an independent external or internal enquiry.
2. In order to protect individuals and the organisation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns and allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures.
3. Some concerns may be resolved by agreed action without the need for investigation.
4. Within 10 working days of the concern being received, the local policing body will respond by:
 - acknowledging that the information has been received;
 - indicating how it intends to deal with the matter;
 - giving an estimate of how long it will take to provide a final response;
 - telling the complainant whether any initial enquiries have been made; and
 - letting complainants know whether further investigation will take place and if not, why not.
5. If additional information is required from the complainant, they have the right to be accompanied by a professional association, trade union or a friend who is not involved in the area of work to which concern relates.
6. The organisation will take steps to minimise any difficulties which complainants may experience as a result of raising a concern.

7. Where there are no legal constraints and confidentiality issues, the complainant will receive information on the outcome of any investigation.