



NORFOLK
CONSTABULARY

Our Priority is You



NORFOLK POLICE AUTHORITY

Ensuring an Efficient and Effective Police Service

Financial Regulations

Issued: May 2010

CONTENTS

Page

Introduction

Overview
Status
Delegated Limits
Definitions

Section A - Financial Management Framework

A1 Introduction
A2 The Role of the Police Authority
A3 The Role of Statutory Officers
A4 Financial Management Standards
A5 Accounting Records and Returns
A6 The Annual Statement of Accounts

Section B – Financial Planning and Control

B1 Financial Planning
B2 Budgetary Control
B3 Capital Programme
B4 Maintenance of Balances and Reserves

Section C – Management of Risk and Resources

C1 Risk Management
C2 Internal Controls
C3 Audit Requirements
C4 Preventing Fraud and Corruption
C5 Money Laundering and Proceeds of Crime
C6 Assets
C7 Treasury Management and Banking Arrangements
C8 Staffing
C9 Custody of Unofficial Funds and Private Property

Section D – Systems and Procedures

D1 General
D2 Income
D3 Ordering of Goods and Services
D4 Payments for Goods and Services
D5 Payments to Employees and Members
D6 Taxation
D7 Ex Gratia Payments

Section E - External Arrangements

E1 Partnerships
E2 External Funding
E3 Work for Third Parties
E4 Private Finance Initiative

Section F – Delegated Financial Limits

INTRODUCTION

OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:
 - The Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Accounts and Audit Regulations 2003 and 2006
2. In addition, the Home Office has issued a Code of Practice under section 39 of the Police Act 1996 which deals specifically with the financial management of police authorities. It is the intention of these Financial Regulations to reflect the principles of the Home Office Financial Management Code Of Practice.
3. To conduct its business effectively, the Authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up in such a way as to ensure that the financial matters of the Authority are conducted properly and in compliance with all necessary requirements.
4. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Authority, the Constabulary and its officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on its behalf.
5. The Authority should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

STATUS

6. Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of governance, codes of conduct for members and officers, schemes of delegation and contract standing orders.

7. All members and staff have a general responsibility for taking 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.
8. The Police Authority is responsible for approving or amending Financial Regulations. Responsibilities for reviewing Financial Regulations and submitting any additions or amendments to the Police Authority, rest jointly with the Treasurer, Chief Executive and Chief Constable.
9. The Chief Constable is responsible for ensuring that all staff, contractors and agents are aware of the existence and content of the Authority's Financial Regulations and that they are complied with (this applies equally to the Chief Executive and Treasurer for staff under their direct supervision). An adequate number of copies must be available for staff to reference.
10. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings. Such cases shall be reported to the Treasurer who shall determine, after consulting with the Chief Executive and Chief Constable, whether the matter shall be reported to the Police Authority.

DELEGATED LIMITS

11. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. The value limits are contained in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are requested. Section F contains the appropriate cross-reference to the regulation in question.

DEFINITIONS WITHIN THE REGULATIONS

12. The 'Police Authority' or 'Authority' when used as a generic term shall refer to:
 - Members
 - The Chief Executive and Treasurer of the Authority and staff under their direction
 - The Constabulary
13. The 'Police Authority' or 'Authority' when used as a body for approving policy decisions shall refer to Members.

14. The 'Constabulary' shall refer to the Chief Constable, police officers, the special constabulary and police staff under his / her direction.
15. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or Treasurer, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Treasurer.
16. The terms Chief Constable, Chief Executive and Treasurer include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
17. Actions which fall to the Chief Constable in the Financial Regulations normally will be carried out by the Assistant Chief Officer (Resources) acting on behalf of the Chief Constable, unless directed otherwise.

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 INTRODUCTION

- 1.1 The Home Office advises on the roles and responsibilities of the Police Authority, the Constabulary and statutory officers. The Treasurer has certain statutory obligations and the Chief Executive a specific monitoring role.
- 1.2 As far as possible financial management should be delegated to the Chief Constable. The Police Authority should actively encourage devolution of financial budgets within the Constabulary, provided that the financial information used to support this devolution is; reliable, accurate, timely and complete.
- 1.3 Devolved budget monitoring responsibilities will ensure greater accountability within the Constabulary.
- 1.4 Since the Police Authority has ultimate responsibility for all funds spent by the Constabulary, there is no distinction in law between the financial responsibilities of the Police Authority and the financial responsibilities of the Constabulary. Within the framework of delegated financial management, the Chief Constable is accountable to the Police Authority.

A2 THE ROLE OF THE POLICE AUTHORITY

- 2.1 The role and responsibilities of the Police Authority are to:
 - Agree a budget requirement and capital programme and set the precept, on the advice of the Treasurer.
 - Approve the Chief Constable's proposed allocation of resources in accordance with the Policing Plan and/or other strategies.
 - Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans.
 - Identify and agree the long term financial strategy of the Authority and any long term spending commitments.
 - Participate in inspections and audits of the Constabulary and the Authority.

- Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
- Approve Financial Regulations and any amendments to them, as drawn up jointly between the Chief Executive, Treasurer and Chief Constable.
- Ensure that the internal control environment meets proper requirements and recommendations from internal and external audit are actioned.
- Be responsible for the ownership of property and contracts
- Delegate financial management to the Chief Constable so that the Chief Constable should have as much day to day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.

A3 THE ROLE OF STATUTORY OFFICERS

Treasurer

3.1 The Treasurer as the Statutory Finance Officer has overall responsibility for the financial administration and stewardship of the Authority. The role has the statutory responsibilities specified by:

- Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the Authority's financial affairs.
- Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the Authority, if the Authority or one of its officers:
 - has made, or is about to make, a decision which involves incurring unlawful expenditure,
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority,
 - is about to make an unlawful entry in Authority's accounts.

3.2 The role and responsibilities of the Treasurer, which are undertaken in consultation with the Chief Constable and Chief Executive, are to:

- Ensure the proper administration of the Authority's financial affairs.
- Provide financial advice to the Authority on all aspects of its activity including the strategic planning and policy making process.

- Ensure that accounting standards, financial regulations and all other related policies and procedures are observed, kept up to date and applied consistently across the Authority and Constabulary.
- Ensure that accurate, complete and timely financial management information is provided to the Authority and Chief Constable.
- Assist the Authority to agree a budget requirement and capital programme and to set the precept and advise on the robustness of the estimates and the adequacy of financial reserves.
- Arrange for the determination, issue and transfer of the precept.
- Assist the Authority to monitor the revenue and capital budgets.
- Advise the Authority on issues associated with Value for Money, Activity Based Costing and Efficiency Planning.
- Secure the provision of an effective internal audit service. Assist in the provision of safe and efficient financial arrangements ensuring there is a system of effective internal control.
- Oversee the production of the Authority's Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, and the Accounts and Audit Regulations.
- Report both to the Authority and to the external auditor any unlawful, or potentially unlawful, expenditure or other financial transactions by the members or officers of the Authority or Constabulary.
- Report both to the Authority and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure.
- Advise on the safeguarding of assets including risk management and insurance issues.
- Secure and monitor treasury management including loans and investments and ensure compliance with the Prudential Code and Treasury Management Code, including regular reports to Police Authority.
- Be responsible for all banking arrangements and authorise the creation and closure of any account.

The Treasurer, in consultation with the Chief Executive and the Chief Constable, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the Authority.

Chief Constable

3.3 The role and responsibilities of the Chief Constable are to:

- Ensure overall financial management of the Constabulary and report financial management issues and implications to the Police Authority.
- Comply with financial policies and procedures for use by the Constabulary including the Scheme of Delegation, ensuring that staff comply with them and with these Financial Regulations.
- Draw up financial policies and financial instructions in consultation with the Treasurer, who must be satisfied that they provide for effective managerial control and review.
- Exercise delegated financial responsibilities and assume, with his/her staff, as much day-to-day responsibility for financial management of the Constabulary as possible within the framework of the agreed budget and rules of virement.
- Ensure the provision of professional advice to the Authority for areas under their control, in order that members may carry out their statutory obligations.
- Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
- Administer property and contracts, subject to agreement of the Treasurer and Chief Executive.
- Advise the Authority on financial propriety for areas under their control.

Assistant Chief Officer (Resources)

3.4 The role and responsibilities of the Assistant Chief Officer (Resources) are to:

- Fulfil the role of 'Finance Director' as defined in the Financial Management Code of Practice under the Police Act 1996.
- Be responsible to the Chief Constable for all financial activities undertaken within the Constabulary or contracted out under the supervision of the Constabulary.
- Direct the preparation of financial policies and strategies that optimise resources along with corporate management of the Constabulary both at an operational and strategic level. Ensure efficient and effective use of resources.
- Ensure adequate awareness and comprehension of financial policies / strategies and their continued development within the Constabulary.
- Draft a medium term financial strategy and an annual budget in consultation with the Treasurer. Submit these draft proposals to the Chief Constable and Police Authority for approval.
- Liaise with Police Authority, Chief Constable and Treasurer to co-ordinate the preparation of Police Authority reports.
- Manage the allocation of the budget, devolution to Responsible Budget Officers and in year virement for and on behalf of the Chief Constable. Monitor expenditure and provide regular reports to the Chief Constable and Police Authority.
- Ensure the management of revenue and capital resources to maximise effective use of funding and achieve value for money.
- Ensure the completion of all statutory returns including Home Office directives.

Chief Executive

3.5 The role and responsibilities of the Chief Executive are to;

- Enable the Police Authority to fulfil its statutory responsibilities.
- Ensure that procedures for recording and reporting key decisions are operating effectively.
- Advise all members and officers about who has authority to take a particular decision.
- Advise the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- Ensure the Authority meets its obligations in relation to statutory publications; (Policing Plan, Annual Report, Council Tax Leaflet and Performance Indicators).
- Develop a strong partnership with the Chief Constable and the Authority ensuring the provision of effective and efficient policing is fulfilled.
- Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration in the business of the Authority.
- Undertake the role of Money Laundering Officer.

A4 FINANCIAL MANAGEMENT STANDARDS

Overview & Control

- 4.1 All members and staff 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.
- 4.2 Members shall receive updates on the financial performance of the Authority by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and Audit Commission reports.

Requirements

- 4.3 The Chief Constable shall ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 4.4 All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- 4.5 The Chief Constable shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.

A5 ACCOUNTING RECORDS AND RETURNS

Overview and Control

- 5.1 The Treasurer is responsible for determining the accounting policies for the Authority, in accordance with recognised accounting practices, and for approving the strategic accounting systems and procedures employed by the Chief Constable. All staff are to operate within the required accounting policies and published timetables.
- 5.2 The financial systems of the Authority are used to record the financial transactions of the Authority. With possible minor exceptions, these are computerised systems. Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources.
- 5.3 The following rules should be followed as a general principle:
 - staff with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions;
 - the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them.

Requirements

- 5.4 The Chief Constable shall:
 - obtain the approval of the Treasurer before making any fundamental changes to accounting records and procedures or accounting systems.

- ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
 - maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
 - ensure that reconciliation procedures are carried out on recognised control accounts on a timetable agreed with the Treasurer to ensure transactions are correctly recorded.
- 5.5 Prime documents are to be retained in accordance with legislative requirements and the internal needs of the Authority (Financial Instructions provide details of retention periods). The format of such documents shall satisfy the requirements of internal and external audit. The Treasurer, Chief Executive and Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate staff.

A6 THE ANNUAL STATEMENT OF ACCOUNTS

Overview and Control

- 6.1 The Authority has a statutory responsibility to prepare accounts to present fairly its operations during the year. The Treasurer is responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP)* and with the Accounts and Audit Regulations 2003 and 2006. The Police Authority is responsible for approving these annual accounts.
- 6.2 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.

Requirements

- 6.3 The Treasurer shall:
- ensure that there is a timetable for final accounts preparation, in consultation with the Chief Constable and external auditor.
 - select suitable accounting policies and apply them consistently.
 - make judgements and estimates that are reasonable and prudent.

- comply with the SORP.
- prepare, sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure.
- publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable.
- if desired, allow the preparation of the accounts to be delegated to the Chief Constable.

6.4 The Chief Constable shall comply with accounting guidance provided by the Treasurer and supply the Treasurer with appropriate information upon request within a reasonable timescale.

6.5 The Police Authority shall consider for approval the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview and Control

- 1.1 The Authority is a complex organisation responsible for delivering a range of policing activities. It needs to develop systems to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if an organisation is to function effectively.
- 1.2 The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
- 1.3 The planning process will be continuous and the planning period will cover at least three years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the Authority and Constabulary to plan, monitor and manage the way funds are allocated and spent. This should be used also to support the Policing Plan which aligns business and financial planning.
- 1.4 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

Medium Term Financial Planning

Requirements

- 1.5 The Treasurer is responsible for ensuring that a medium term financial plan looking ahead 3 years is prepared in consultation with the Chief Constable. The Plan should be submitted to the annual budget meeting. This should be subject to review by the Authority during the financial year. The Plan should cover:
 - policy requirements approved by the Police Authority as part of the policy framework
 - the risk management policy ensuring that risk appraisals are embedded throughout the forecast
 - unavoidable future commitments, including legislative requirements
 - initiatives already underway

- spending patterns and pressures revealed through the budget monitoring process
 - efficiency requirements
 - proposed service developments and plans
 - revenue consequences of capital spending proposals
 - taxation or other constraints
 - public and partner consultation
- 1.6 The Chief Constable and Treasurer shall prepare at least a three year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
- 1.7 A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the Chief Constable to enable the Police Authority to make the best informed judgements as to future funding levels and planning the use of resources.
- 1.8 The Chief Constable shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non financial performance measures.

Annual Revenue Budget Preparation

Requirements

- 1.9 The Treasurer shall advise the Police Authority on the format of the annual budget plan, in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 1.10 The Chief Constable shall prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Treasurer. This will identify the base budget, inflation and other commitments, budget changes, risk assessments, efficiency savings and service development proposals. Budget preparation should take account of legal requirements, Government guidelines, accounting standards, the Treasury Management Code and the Prudential Code and reflect medium term financial planning requirements.
- 1.11 The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown in Section F.

- 1.12 The Chief Constable shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 1.13 The results of the appraisal shall provide evidence as to the scheme's viability and inclusion in the proposed revenue budget, including a recommended solution resulting from consideration of the business case and option appraisal.
- 1.14 The Treasurer shall advise on the adequacy of all reserves and provisions, transfers to or from general balances, earmarked reserves or provisions and ensure that the overall budget is balanced.
- 1.15 The Chief Executive shall ensure that the Police Authority meet to consider formally the budget proposals and that the Police Authority acts in accordance with any legal requirements in respect of budget resolutions and the timely setting of the budget.
- 1.16 The Treasurer and Chief Constable shall submit estimates in the agreed format to the Police Authority budget meeting for approval, including details of council tax implications and precept requirements.
- 1.17 Upon approval of the annual budget and capital programme, the Treasurer shall submit the Budget Requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 1.18 The Chief Constable shall seek to identify opportunities to improve economy, efficiency and effectiveness, and value for money during the preparation of the budget and on a continuous basis throughout the year.

B2 BUDGETARY CONTROL

Overview and Control

- 2.1 Budget management ensures that once the Police Authority has approved the budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 2.2 Budget managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.

- 2.3 Management of budgets must not be seen in isolation. It should be measured in conjunction with service outcomes and performance measures.
- 2.4 For strategic monitoring and management purposes, the budget shall identify operational policing (that is spending within the control of the Chief Constable), Police Authority, financing items and transfers to and from general balances and earmarked reserves.

Revenue Budget and Capital Programme Monitoring

Overview and Control

- 2.5 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity.
- 2.6 To ensure that the Authority in total does not overspend, each budget holder is required to manage expenditure within their budget allocation. All budget officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

Requirements

- 2.7 The Chief Constable is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- 2.8 The Chief Constable shall ensure that each element of income or expenditure has a nominated budget holder 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. The Chief Constable shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.
- 2.9 The Chief Executive is responsible for the Police Authority delegated budget.
- 2.10 It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Constable. Detailed budget monitoring is to be undertaken by budget holders at least monthly and reported to the Chief Constable, including any variances within their own areas. Budget holders will also take any action necessary to avoid exceeding their budget allocation and alert the Chief Constable to any problems.

- 2.11 The Chief Constable shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.
- 2.12 The Chief Constable shall ensure as best as possible that total spending for operational policing remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure is likely to exceed the total allocation of resources, the Treasurer shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the Chief Executive for the Police Authority delegated budget.
- 2.13 The Chief Constable shall submit a budget monitoring report to each Police Authority meeting, containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations. No report need be presented until after the first quarter of the financial year. The reports shall be in a format agreed by the Treasurer and Chief Constable, and approved by the Police Authority. The format of the reports shall ensure that the Authority is apprised of changes of financial and non financial indicators, actual and projected staffing numbers, progress on ICT developments and other major projects, partnerships and other identified requirements.

Virement

Overview and Control

- 2.14 A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is considered to be a line in the approved budget report. The scheme of virement is intended to enable the Chief Constable to manage the budget with a degree of flexibility within the overall policy framework determined by the Police Authority and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
- 2.15 The overall budget is agreed by the Police Authority and budget holders are expected to incur expenditure in accordance with the estimates that make up the budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement does not create additional overall budget liability. The Chief Constable is expected to exercise discretion in managing budgets responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the Police Authority.

- 2.16 Overall, the rules on virement are designed to allow the Chief Constable greater flexibility to meet operational requirements and to facilitate the decision making process. The Chief Constable shall still be held to account by the Police Authority for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.

Requirements

- 2.17 No virement shall be permitted to and from the Authority's balances without the prior approval of the Police Authority.
- 2.18 No restriction shall apply on virement between budget headings within operational policing unless authorised by the Chief Constable.
- 2.19 Each budget monitoring report reported to the Authority shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget.
- 2.20 The Chief Constable can delegate authority to Officers in accordance with these arrangements.

Treatment of Year End Balances

Overview and Control

- 2.21 A year end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified down to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year. Regardless of any specific approval within these regulations, all carry forwards will be reported to the Police Authority as part of the final outturn process.
- 2.22 As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.
- 2.23 There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances.

Requirements

- 2.24 Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the Chief Constable.
- 2.25 Budget holders who underspend their budget in any financial year may have their devolved budget increased for the following financial year, subject to the determination of the Chief Constable and the limits indicated in Section F. In the first instance, this will be earmarked against any known future service requirements. The Police Authority may withdraw this provision in any financial year dependent upon the overall financial position of the Authority.
- 2.26 The overall net level of underspend that can be carried forward in any one year without prior Police Authority approval shall be subject to the limit indicated in Section F. The Police Authority may withdraw this provision in any financial year dependent upon the overall financial position of the Authority.
- 2.27 All carry forwards outside of the parameters stipulated in these Regulations require the prior approval of the Police Authority.

Financial Guarantees

- 2.28 The Chief Constable must inform the Treasurer of any proposal that may require a financial guarantee prior to its implementation.

B3 CAPITAL PROGRAMME

Overview and Control

- 3.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, 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 for the future in the form of financing costs and revenue running costs.
- 3.2 Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.3 The capital programme should be linked to a capital strategy and an asset management plan.

- 3.4 A report should be addressed to the Police Authority annually to formally report the Authority's performance against prudential indicators agreed by the Authority and in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year on compliance with the prudential indicators, this to be reported to each meeting of the Police Authority, in the financial monitoring report of the Chief Constable.

Requirements

- 3.5 Capital expenditure on land and buildings should be in accordance with the requirements of the approved estates strategy and with regard to the asset management plan.
- 3.6 The Chief Constable shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 3.7 The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case / option appraisal. Routine vehicle, ICT and estate replacement programmes shall be excluded from this requirement, although a report justifying the level of programme will be required.
- 3.8 The Chief Constable, in consultation with the Treasurer, shall prepare at least a three year rolling programme of proposed capital expenditure for submission to the Capital Assets Committee. This shall cover the forthcoming financial year and the following two years. Each scheme shall identify the total capital cost of the project and any additional revenue commitments. The Capital Assets Committee will recommend a proposed Capital Programme to the annual budget meeting of the Police Authority.
- 3.9 Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the Capital Assets Committee in accordance with the limits shown in Section F.
- 3.10 The Treasurer, in consultation with the Chief Constable, shall identify funding for the capital programme. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
- 3.11 A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the Chief Constable to enable the Police Authority to make the best informed judgements as to future funding levels and planning the use of resources.

- 3.12 No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the Police Authority or subsequently modified in accordance with the delegated powers of the Capital Assets Committee. In this respect, the vehicle replacement programme and ICT replacement programme shall be regarded each as one scheme.
- 3.13 Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the Police Authority 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 in Section F.
- 3.14 A capital contingency shall be established equivalent to 1% of the original approved programme to manage minor variations between budget and spend.
- 3.15 Arrangements covering variations in contract conditions and prices are covered within Contract Standing Orders.
- 3.16 Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the Chief Constable and Treasurer and sufficient revenue resources must be available to meet the repayments.
- 3.17 The Chief Constable shall submit capital monitoring reports to each meeting of the Capital Assets Committee and the Police Authority, containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. No report need be presented until after the first quarter of the financial year. The reports shall be in a format agreed by the Treasurer and Chief Constable, and approved by the Police Authority.
- 3.18 It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the Chief Constable. Detailed budget monitoring is to be undertaken by Budget Holders at least monthly and reported to the Chief Constable including any variances within their own areas. Budget Holders also take any action necessary to avoid exceeding their budget allocation and alert the Chief Constable to any problems.
- 3.19 The Capital Assets Committee should review at each meeting the Committees projections of spending on individual capital projects and reasons for significant (10%+) changes to the Programme including spending slipping between financial years.

- 3.20 The Chief Constable shall report capital expenditure for the year and cumulative expenditure on individual schemes to the Police Authority as part of the closure of accounts arrangements.
- 3.21 The Chief Constable shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.

B4 MAINTENANCE OF BALANCES AND RESERVES

Control and Overview

- 4.1 General balances are maintained as a matter of prudence. They enable the Authority to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future.

Requirements

- 4.2 The Treasurer shall advise the Police Authority on reasonable levels of general balances and earmarked reserves and take account of professional best practice.
- 4.3 When the annual budget and capital programme are submitted to the Authority for approval, the Treasurer is required to advise on the adequacy of the Authority's balances and reserves.
- 4.4 The Police Authority shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT

Overview and Control

- 1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial well being of the organisation. In essence it is, therefore, an integral part of good business practice.
- 1.3 Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

Requirements

- 1.4 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing the Authority's Risk Management Strategy. They are responsible for promoting a culture of risk management awareness throughout the Authority, reviewing risk management as an ongoing process and reporting to the Scrutiny and Audit Committee on a half yearly basis, a corporate risk register and risk embedment action plan.
- 1.5 The Treasurer and Chief Constable are responsible for advising the Police Authority 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.

- 1.6 The Police Authority is responsible for approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.
- 1.7 The Chief Constable shall;
- ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate
 - ensure that claims made by the Constabulary against insurance policies are made promptly
 - negotiate all claims in consultation with other officers where necessary
 - notify the Treasurer promptly of all new risks that require insurance and of any alterations affecting existing insurance
 - make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives
 - be responsible for risk management
 - ensure that there are regular reviews of risk across the service
 - ensure that staff, or anyone covered by the Authority's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim
 - ensure all appropriate staff are aware of their responsibilities to notify the Chief Constable immediately of any loss, liability or damage that may lead to a claim against the Authority, together with the information required
 - approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the Authority chooses to provide insurance cover itself.
- 1.8 The Chief Constable shall be authorised to settle insurance liability claims up to the value shown in Section F. Beyond this value, claims must be referred to the Treasurer, in consultation with the Chairman of the appropriate committee, for approval.
- 1.9 The Chief Constable shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown in Section F. Beyond this value, claims must be referred to the Treasurer, in consultation with the Chairman of the appropriate committee, for approval.
- 1.10 The Chief Constable shall present an annual written claims report to the appropriate committee summarising activity for the year.
- 1.11 The Chief Executive shall evaluate and authorise any terms of indemnity that the Authority is requested to give by external parties.

C2 INTERNAL CONTROLS

Overview and Control

- 2.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- 2.2 The Authority requires internal controls to manage and monitor progress towards strategic objectives. The Authority has statutory obligations and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.
- 2.3 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management.

Requirements

- 2.4 The Chief Constable is responsible for implementing effective systems of internal control and the Treasurer for advising on such. 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.
- 2.5 The Chief Constable shall ensure that internal controls exist for 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 systems is to promote ownership of the control environment by defining roles and responsibilities.

- 2.6 The Chief Constable shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
- 2.7 The Chairman of the Authority, Chief Constable and Chief Executive shall agree and sign an Annual Governance Statement following a review of systems of internal control, as part of the annual accounts requiring approval by the Police Authority.

The Accounts and Audit Regulations 2003 and 2006 require the Authority to review Internal Audit arrangements at least annually. The Scrutiny and Audit Committee is required to consider the findings of this review as part of its consideration of internal control for the Authority.

- 2.8 The Police Authority has a Scrutiny and Audit Committee which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee include the following key requirements:

- to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management throughout the Authority and Constabulary.
- to be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised;
- to examine and consider a draft Annual Governance Statement, and to make any recommendations to the Authority in this respect.

- 2.9 The Audit Commission is responsible for appointing external auditors to the Authority. The duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

- 2.10 The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC and HM Revenue and Customs, who have statutory rights of access.

- 2.11 Police Use of Resources Assessment (PURE), which will be replaced by the Comprehensive Area Assessment (CAA), is a framework used to assist auditors in reaching consistent judgements about all aspects of the Authority's performance. The Authority is responsible for ensuring that the highest assessment is secured consistent with the Authority's judgement on the cost benefit of undertaking particular improvement action points.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview and Control

- 3.1 The requirement for an internal audit function for local authorities is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2003 more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems”.
- 3.2 Internal audit is an independent and objective appraisal function established by an authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 3.3 Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
- 3.4 The work of the Internal Audit function provides overall assurances to External Audit on internal control systems within the Authority and external auditors may use the work of the internal audit when carrying out their functions.

Requirements

- 3.5 The Treasurer shall ensure the provision of an effective internal audit service.
- 3.6 Internal audit shall have direct access to the Chief Executive, Treasurer and Chief Constable, all levels of management and directly to members of the Police Authority, where necessary.

- 3.7 The Chief Constable shall ensure that internal auditors have the authority to;
- access Authority premises at all reasonable times
 - access all assets, records, documents, correspondence, control systems and appropriate personnel
 - receive any information and explanation considered necessary concerning any matter under consideration
 - require any staff of the Authority to account for cash, stores or any other Authority asset under their control
 - access records belonging to third parties, such as contractors, when required.
- 3.8 Any instances where the Chief Constable considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the Treasurer and Chief Executive.
- 3.9 The Treasurer, taking advice from internal audit and after consulting with the Chief Constable and external auditor, is responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.
- 3.10 The Treasurer shall submit the annual internal audit plan to the Scrutiny and Audit Committee for approval prior to the start of the forthcoming financial year.
- 3.11 The Chief Constable shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 3.12 The Chief Constable shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and internal audit prior to implementation.
- 3.13 Internal audit shall provide an annual report to the Scrutiny and Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.
- 3.14 Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.

External Audit

Overview and Control

3.15 The Audit Commission is responsible for appointing external auditors to each Police Authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:

- the audited body's financial statements and its statement on internal control
- whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

3.16 The Authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

Requirements

3.17 The Treasurer shall liaise with the external auditor and advise the Police Authority on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

3.18 The Chief Constable shall ensure that the external auditors are given the same levels of access as determined for internal audit above for the purposes of their work.

Other Inspection Bodies

3.19 The Authority may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC or HM Revenue & Customs.

C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

- 4.1 The Authority will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the Authority.
- 4.2 The Authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3 The Authority also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud or corruption.

Requirements

- 4.4 All members and staff shall act with integrity and lead by example.
- 4.5 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
- 4.6 The Police Authority is responsible for approving an effective anti-fraud and anti-corruption policy.
- 4.7 Appropriate legislation, including the Public Interest Disclosure Act 1998, shall be adhered to.
- 4.8 The Chief Executive, in consultation with the Chief Constable, shall prepare a policy for the registering of interests and the receipt of hospitality and gifts covering both members and staff. The Police Authority shall adopt such a policy. A register of interests and a register of hospitality and gifts shall be maintained for members and staff in a manner to be determined by the Chief Executive, in consultation with the Chief Constable.

- 4.9 The Chief Executive, in consultation with the Chief Constable, shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. The Police Authority shall adopt such a policy. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all staff are aware of any approved whistle blowing policy.
- 4.10 The Chief Constable and the Chief Executive shall notify the Treasurer immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the Chief Constable, the Chief Executive and Treasurer shall agree any further investigative process. Pending investigation and reporting, the Chief Constable and Chief Executive shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 4.11 The Chief Constable and Chief Executive may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

C5 MONEY LAUNDERING AND PROCEEDS OF CRIME

- 5.1 The Authority has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.
- 5.2 The Authority has nominated the Chief Executive to perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.
- 5.3 The Chief Constable is responsible for ensuring that:
- All staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the Constabulary and themselves by the legislation.
 - Those staff considered most likely to encounter money laundering are given appropriate training. Legal Services can provide relevant in-house training.

- Procedures are established to help forestall and prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.
- Periodic and regular assessments are undertaken of the risks of money laundering.

C6 ASSETS

Overview and Control

6.1 The Authority holds assets 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. The function of the asset register or an asset management plan is to provide the Authority with information about fixed assets so that they are:

- safeguarded
- used efficiently and effectively
- adequately maintained
- valued in accordance with statutory and management requirements.

6.2 Intellectual property is a generic term that includes inventions and writing. If these are created by staff during the course of employment, then, as a general rule, they belong to the Authority, not the member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Authority may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.

Requirements

Security

- 6.3 Resources are only to be used for the purposes of the Authority, are to be available for use when required and are to be properly accounted for.
- 6.4 The Chief Constable shall ensure that 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.
- 6.5 Attractive and portable items such as computers, cameras and recording devices should be identified with security markings as belonging to the Authority.
- 6.6 The Chief Constable shall ensure that all staff are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- 6.7 The Chief Constable shall ensure that title deeds to the Authority's property are held securely.
- 6.8 Lessees and other prospective occupiers of Police Authority land are not allowed to take possession of the land until a lease or agreement in a form approved by the Chief Constable is in place.

Valuation

- 6.9 The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown in Section F, in a form approved by the Treasurer. Assets are to be recorded when they are acquired by the Authority and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued:
- in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice
 - for insurance purpose
- 6.10 Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.

- 6.11 The Chief Constable shall arrange for the valuation of assets for accounting purposes.

Inventories

- 6.12 The Chief Constable shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section F.
- 6.13 There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.

Stocks and Stores

- 6.14 The Chief Constable shall make arrangements for the care, custody and control of the stocks and stores of the Authority and maintain detailed stores accounts in a form approved by the Treasurer. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
- 6.15 A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
- 6.16 Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
- 6.17 Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the level shown in Section F. Amounts for write off above this value must be referred to the appropriate committee for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.
- 6.18 Obsolete stock may be written off by the Chief Constable up to the level shown in Section F. Amounts for write off above this value must be referred to the appropriate committee for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

Intellectual Property

- 6.19 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.
- 6.20 The Police Authority is responsible for approving the intellectual property policy.

Asset Disposal

- 6.21 Assets shall be disposed of when in the best interests of the Authority and at the most advantageous price. Where this is not the highest offer, the Chief Constable shall prepare a report for the next meeting of the appropriate committee outlining the reasons. The Chief Constable may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F. Disposals above this value are to be reported to the appropriate committee for prior approval.
- 6.22 Items above the estimated value shown in Section F generally shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the Authority.
- 6.23 All asset disposals shall be recorded in the asset register or inventory as appropriate.
- 6.24 The Chief Constable shall inform the Treasurer of any disposals that may have a significant impact upon the balance sheet of the Authority.

C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Control and Overview

- 7.1 The Authority is a large organisation, it is important that the Authority's money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the Authority's monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

Requirements

- 7.2 The Police Authority shall adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 of that Code.

7.3 Accordingly, the Authority shall create and maintain, as the cornerstone for effective treasury management,

- a treasury management policy statement, stating the policies and objectives of its treasury management activities
- suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the Police Authority. Such amendments will not result in the Authority deviating materially from the Code's key recommendations.

7.4 The Authority shall receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of this year, a mid year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the Authority, as part of the financial monitoring information reported to each meeting of the Authority.

7.5 The Authority is responsible for the implementation of its treasury management policies and practices and delegates responsibility for the execution and administration of treasury management decisions to the Treasurer, who will act in accordance with the organisation's policy statement and TMPs and, if a CIPFA member, CIPFA's *Standard of Professional Practice on Treasury Management*.

7.6 The Authority nominates the Scrutiny and Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

7.7 The Authority shall adopt the following Treasury Management Policy Statement:

- Norfolk Police Authority defines its treasury management activities as “the management of the Authority's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- Norfolk Police Authority regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the authority.
 - Norfolk Police Authority acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.
- 7.8 All investments shall be in the name of the Police Authority.
- 7.9 The Treasurer may delegate aspects of the treasury management function to the Chief Constable where this is deemed more appropriate.
- 7.10 The Treasurer shall have overall responsibility for banking arrangements. The Treasurer, in consultation with the Chief Constable, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the Police Authority unless authorised by the Treasurer and Chief Executive. The Chief Constable has authority to open or close imprest accounts in the name of the Police Authority or covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the Treasurer.
- 7.11 The Chief Constable shall provide appropriate staff of the Authority with cash or bank imprests to meet minor expenditure on behalf of the Authority. 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.
- 7.12 The Chief Constable shall prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued to all appropriate staff.
- 7.13 The use of purchase cards shall be allowed for undertaking Police Authority business. The Treasurer, in consultation with the Chief Constable, shall determine a policy for the secure operation of such purchase cards.
- 7.14 All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved list by two signatories.

- 7.15 The Chief Constable shall comply with the requirements of the Money Laundering Regulations 2003.

C8 STAFFING

Overview and Control

- 8.1 Staffing costs form a significant element of the annual revenue budget of the Police Authority. In order to provide the highest level of service and ensure effective use of resources, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level.
- 8.2 The Chief Constable is responsible for providing overall management of staff within the Constabulary and ensuring that there is a proper use of the evaluation or other agreed systems for determining the remuneration of a job.

Requirements

- 8.3 The Chief Constable shall ensure that the staffing budget provides an accurate forecast of staffing levels, that it accords with the approved staffing policies of the Police Authority and shall advise the Police Authority on the budget provision necessary to cover estimated staffing levels.
- 8.4 The Chief Constable shall ensure that staff are appointed and employed in accordance with the agreed personnel policies of the Authority and that service records are properly maintained.

C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY

Voluntary Unofficial Funds

Overview and Control

- 9.1 These are deemed to be funds, other than those of the Authority, which are controlled wholly or partly by staff of the Authority by reason of their employment e.g. Dependant's Benevolent Fund.
- 9.2 These funds should be kept separate from all Police Authority transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

Requirements

- 9.3 Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the Chief Constable, and arrange for the annual audited accounts to be received by the appropriate management body.
- 9.4 The Chief Constable shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.
- 9.5 The Chief Constable shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

Custody of Private Property

Overview and Control

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

Requirements

- 9.7 The Chief Constable is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.
- 9.8 The Chief Constable is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.
- 9.9 The Chief Constable shall be informed without delay in the case of loss or diminution in value of such private property.
- 9.10 The Chief Constable shall comply with the requirements of the Proceeds of Crime Act 2002.

SECTION D

SYSTEMS AND PROCEDURES

D1 GENERAL

Overview and Control

- 1.1 There are many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. The Authority is 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.
- 1.2 It is imperative that operating systems and procedures are secure and that basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

Requirements

- 1.3 The Chief Constable and Treasurer are responsible for determining the accounting systems, procedures and supporting financial records and issuing guidance and procedures for staff acting on the Authority's behalf.
- 1.4 The Chief Constable shall ensure, in respect of systems and processes, that
- systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice
 - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously
 - a complete audit trail is to be 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.
- 1.5 The Chief Constable shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.

- 1.6 The Chief Constable shall ensure compliance with copyright legislation around software being used by the Authority.
- 1.7 The Chief Constable shall ensure that there is a documented and tested business continuity plan to allow 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.
- 1.8 The Chief Constable shall 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. A schedule of staff, their specimen signatures and the delegated limits of their authority shall be maintained.

D2 INCOME

Overview and Control

- 2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, received and banked properly.
- 2.2 The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received

Requirements

- 2.3 The Authority shall determine and review annually a policy for all fees and charges.
- 2.4 The Chief Constable shall make arrangements for the collection of all income due to the Authority, including the appropriate and correct charging of VAT.
- 2.5 The Chief Constable shall review scales of fees and charges at least annually. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the Police Authority.
- 2.6 The Chief Constable shall order and supply to appropriate staff all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.

- 2.7 Income is to be paid fully and promptly into the Authority in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis by the Chief Constable. Income must not be used to cash personal cheques or other payments.
- 2.8 Sponsorship Income shall be entered into a Sponsorship Register in accordance with the approved policy. The total value of gifts and sponsorship in any financial year should not exceed 1% of the Authority's net revenue budget. Where the monetary value of a sponsorship proposal is over the limits shown in section F or is perceived to be of a sensitive or controversial nature, this must be approved by the Police Authority before acceptance.
- 2.9 The Chief Constable shall establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid in accordance with the Authority's terms and conditions.
- 2.10 Income due to the Authority shall not be written off until the Chief Constable is satisfied that all reasonable steps have been taken for its recovery. Individual amounts may be written off by the Chief Constable up to the level shown in Section F. Amounts for write off above this value must be referred to the appropriate committee for approval, supported by a written report explaining the reasons for the write off. A record must be kept of all sums written off up to the approved limit.
- 2.11 The Chief Constable shall prepare detailed Financial Instructions for dealing with income, to be agreed with the Treasurer, and these shall be issued to all appropriate staff.

D3 ORDERING OF GOODS AND SERVICES

Overview and Control

- 3.1 Public money should be spent with demonstrable probity and in accordance with the Authority's policies. Authorities have a statutory duty to achieve best value, in part through economy and efficiency. The Authority's procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

Requirements

- 3.2 The Chief Constable is responsible for preparing a procurement policy covering the principles to be followed for the purchase of goods and services. The Police Authority is responsible for approving the procurement policy.
- 3.3 All members and staff of the Authority have a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority.
- 3.4 All orders issued shall be in accordance with the Authority's approved procurement policy or detailed Financial Instructions. Official orders must be issued for all work, goods or services to be supplied to the Authority, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Treasurer. Orders must be in a form approved by the Treasurer.
- 3.5 Authorisation of requisitions / orders shall be in accordance with the limits shown in section F. Only authorised officers can raise requisitions / orders and therefore an authorised signatory list will be maintained.
- 3.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority contracts.
- 3.7 Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
- 3.8 Written quotations shall be obtained wherever possible from at least three suppliers or contractors before expenditure exceeding the amount shown in Section F is incurred. Quotations should be in writing and justification provided where the lowest quotation is not accepted. It is also good practice to obtain quotations where expenditure is likely to be less than the stipulated amount. Tenders should be sought before expenditure exceeding the amount shown in Section F is incurred, in accordance with the procedures set out in the Contract Standing Orders. This is subject to adherence with European legislation and guidelines.
- 3.9 Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
- 3.10 Where possible, a different person should authorise the payment from the person who signed the requisition / order.

- 3.11 The Chief Constable shall prepare detailed Financial Instructions for dealing with ordering, to be agreed with the Treasurer, and these shall be issued to all appropriate staff.

D4 PAYMENTS FOR GOODS AND SERVICES

Requirements

- 4.1 All payments are to be made in accordance with the Authority's approved procurement policy or detailed Financial Instructions.
- 4.2 Payments are not to be made unless goods and services have been received by the Authority at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.
- 4.3 Two officers shall be involved in the processing of an invoice for payment. The first officer shall certify the accuracy and validity of the invoice. The second officer shall authorise the invoice for payment.
- 4.4 Authorisation of invoices shall be in accordance with the limits shown in section F.
- 4.5 Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.
- 4.6 Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
- 4.7 All payments should be processed promptly to comply with the Late Payment of Debt Act.
- 4.8 The Chief Constable shall prepare detailed Financial Instructions for dealing with payments, to be agreed with the Treasurer, and these shall be issued to all appropriate staff.

D5 PAYMENTS TO STAFF AND MEMBERS

Overview and Control

- 5.1 Staff costs are the largest item of expenditure for most authorities. Therefore, it is important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the Police Authority.
- 5.2 All overtime claims and other claims for remuneration, travel and expenses and members' allowances should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

Requirements

- 5.3 Proper authorisation procedures are to be in place for starters, leavers, variations to pay and enhancements to pay. Appointments are to be made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the form and to the timescales required.
- 5.4 The Chief Constable shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former staff. Adequate and effective systems are to be in place and procedures operated so that
- payments are only authorised to bona fide staff and pensioners
 - payments are only made where there is a valid entitlement
 - conditions and contracts of employment are applied correctly
 - staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

- 5.5 The Chief Constable shall make arrangements for the payment of all travel and expense claims. The Chief Executive shall make arrangements for the payment of all Authority travel and expenses claims and members' allowances. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly by the Authority, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with Financial Instructions.
- 5.6 All overtime payments are to be made on the basis of authorised timesheets or claims.
- 5.7 Payroll transactions are to be 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 and Customs requirements. The HM Revenue and Customs applies a tight definition of staff status, and in cases of doubt, advice should be sought.
- 5.8 The Chief Constable shall ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HM Revenue and Customs.
- 5.9 The Chief Constable shall comply with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of tax and national insurance. The Chief Constable shall also comply with regulations regarding the pay over of pension deductions and other statutory or voluntary deductions from pay. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self assessment system.
- 5.10 The Chief Constable shall prepare detailed Financial Instructions for dealing with payments to officers, to be agreed with the Treasurer, and these shall be issued to all appropriate staff.

D6 TAXATION

Overview and Control

- 6.1 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.
- 6.2 It is important that all relevant staff are kept up to date on tax issues and instructed on required record keeping.

Requirements

- 6.3 The Chief Constable shall ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
- 6.4 The Chief Constable shall ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HM Revenue and Customs regulations. The Chief Constable shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
- 6.5 Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The Chief Constable shall provide details to the HM Revenue and Customs regarding the construction industry tax deduction scheme.
- 6.6 The Chief Constable shall maintain up to date guidance for appropriate Authority staff on taxation issues in a readily accessible tax manual.

D7 EX GRATIA PAYMENTS

Overview and Control

- 7.1 An ex gratia payment is a payment made by the Authority where no legal obligation exists. 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.

Requirements

- 7.2 The Chief Constable may make ex gratia payments to members of the public up to the level shown in Annex F in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Authority. The Chief Constable shall maintain details of such payments in a register.
- 7.3 The Chief Constable may make ex gratia payments up the level shown in Annex F in any individual instance, for damage or loss of property or for personal injury to a police officer in the execution of duty or to a member of the public assisting the police. The Chief Constable shall maintain details of such payments in a register.
- 7.4 Amounts greater than those specified in Annex F must be referred to the appropriate committee for approval.

SECTION E

EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

Overview and Control

- 1.1 Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the well being of the area. A partner may be defined as:
- an organisation joining with the Authority to undertake, part fund or participate as a beneficiary in a joint project, or
 - a body whose nature or status give it a right or obligation to support a joint project
- 1.2 The main reasons for entering into a partnership with others are:
- to provide new and better ways of delivering services
 - to comply with statutory requirements
 - the ability to access new resources
 - the desire to find new ways to share risk
 - to forge new relationships
- 1.3 Partners undertaking a joint venture 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
- 1.4 The Police Authority should welcome the opportunity for forming partnerships with other local organisations to address local needs.

Requirements

- 1.5 The Chief Executive, in consultation with the Chief Constable and Treasurer, is responsible for preparing a policy statement on partnership arrangements. The Police Authority is responsible for approving the policy.
- 1.6 The Authority shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
- 1.7 The Chief Constable shall be responsible for undertaking the partnership funding arrangements, in accordance with the policies and approvals of the Police Authority. The Chief Constable shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.
- 1.8 The Chief Constable shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
- 1.9 The Treasurer should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
- 1.10 The Chief Constable, upon taking appropriate advice, shall ensure that:
 - before entering into the agreement, a risk management appraisal has been prepared
 - such agreements do not impact adversely upon the services provided by the Authority
 - 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, security and control requirements are satisfied
 - accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements
- 1.11 The Chief Executive shall maintain a register of all partnership arrangements.

- 1.12 The Chief Constable shall ensure that all staff involved in partnership arrangements are given access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the Police Authority following the agreement of the Treasurer and Chief Executive should be sought.

E2 EXTERNAL FUNDING

Overview and Control

- 2.1 External funding can be a very important source of income. The main source of such funding for this Authority is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The Authority should agree a fees and charges policy and review this on a regular basis.
- 2.2 Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

Requirements

- 2.3 The Chief Constable shall ensure that any conditions placed on the Constabulary in relation to external funding are in accordance with the approved policies of the Police Authority. In such cases, the Chief Constable shall comply with the key conditions determined by the funding body and any statutory requirements.
- 2.4 The Chief Constable shall pursue actively any opportunities for additional funding where this is considered to be in the interests of the Police Authority.
- 2.5 All bids for external funding and the proper recording of grant income shall be co-ordinated through the Chief Constable.
- 2.6 The Chief Constable shall ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts, that all claims for funds are made by the due date and that audit requirements are met.

E3 WORK FOR THIRD PARTIES

Overview and Control

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

Requirements

- 3.2 The Chief Constable shall ensure that proposals for assistance are costed, that contracts are drawn up where appropriate, that charges are made in accordance with the Authority's policy that, where possible, payment is received in advance of the delivery of the service and that the Authority is not put at risk from any bad debts.
- 3.3 The Chief Constable shall ensure that appropriate insurance arrangements are in place.

E4 PRIVATE FINANCE INITIATIVE

Overview and Control

- 4.1 A Private Finance Initiative is an alternative method of procuring assets or services for the Authority, whereby a scheme is designed, built, financed and operated by a private contractor in return for an annual payment by the Authority over the life of the contract. Schemes are supported by government grant for the capital element of the cost.
- 4.2 Such transactions tend to be complex, of a larger scale and with a fairly lengthy lead in time. The advantage of using PFI is to provide services that might otherwise be unaffordable or unavailable.

Requirements

- 4.3 A Private Finance Initiative shall be considered as a potential funding source during the option appraisal process of a project, where a scheme or group of schemes meet the current criteria for consideration of PFI support.
- 4.4 The Police Authority shall be responsible for approving progress of all PFI projects at key stages, including final sign off. Key stages are to be determined in advance of any potential scheme by the Chief Constable.

- 4.5 The Chief Constable shall ensure that appropriate specialist legal and financial advice is received at all stages of any potential PFI project, from initial preparation of the business case, through to procurement and operation of the contract and that sufficient fees are identified within the budget to procure such advice.
- 4.6 The Chief Constable shall inform the Police Authority of any matter that may lead to termination under an approved contract. The Police Authority shall be required to approve termination of a contract by use of the contractor default provisions.
- 4.7 The Treasurer is responsible for accounting for PFI arrangements in accordance with the relevant regulations and proper accounting practices.

SECTION F DELEGATED LIMITS

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

B1 Financial Planning

Annual Revenue Budget Preparation

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

£250,000

B2 Budgetary Control

Treatment of Year End Balances

- 2.25 Budget holders who underspend their budget in any financial year may have their budget increased for the following financial year, subject to the determination of the Chief Constable and the limits indicated below (and within the overall constraints shown in paragraph 2.26). The Police Authority may withdraw this provision in any financial year dependent upon the overall financial position of the Authority.

75% of level of underspend, subject to a maximum of £100,000

- 2.26 The overall net level of underspend that can be carried forward in any one year without prior Police Authority approval shall be subject to the limit indicated below. The Police Authority may withdraw this provision in any financial year dependent upon the overall financial position of the Authority.

£500,000

B3 Capital Programme

3.9 The Capital Assets Committee shall approve any in-year variations to the Capital Programme on the following basis:

- Chief Officer to have delegated authority to approve new or additional expenditure up to £100k on any discrete item, subject to remaining within the overall approved budget.
- Committee to have delegated authority to approve new or additional expenditure between £100k and £500k on any discrete item.
- Committee to review new or additional expenditure above these levels and, if agreed, recommend to the full Authority for ratification.

3.13 Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the Police Authority 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 scheme varies from approved estimate by lesser of 10% or £100,000, subject to a minimum variation of £25,000.

C1 Risk Management

1.8 The Chief Constable shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the Treasurer, in consultation with the Chairman of the appropriate committee, for approval.

£50,000

1.9 The Chief Constable shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the Treasurer, in consultation with the Chairman of the appropriate committee, for approval.

£50,000

C6 Assets

Valuation

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

<i>Land & Buildings</i>	<i>All values</i>
<i>Vehicles</i>	<i>All values</i>
<i>Computers</i>	<i>All values</i>
<i>Plant & Equipment</i>	<i>£20,000</i>

Inventories

- 6.12 The Chief Constable shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

£100

Stocks and Stores

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

<i>Individual items</i>	<i>£10,000</i>
<i>Cumulative for financial year</i>	<i>£25,000</i>

- 6.18 Obsolete stock may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the appropriate committee for approval.

<i>Individual items</i>	<i>£10,000</i>
<i>Cumulative for financial year</i>	<i>£25,000</i>

Asset Disposal

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

<i>Land & Buildings</i>	<i>£100,000</i>
<i>Equipment</i>	<i>£15,000</i>

- 6.22 Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the Authority.

<i>Land & Buildings</i>	<i>£50,000</i>
<i>Equipment</i>	<i>£15,000</i>

C7 Banking Arrangements

- 7.12 All imprest cheques shall be signed at an appropriate level in accordance with an approved list and up to the level shown below

<i>Up to £1,000</i>	<i>One signatory</i>
<i>Over £1,000</i>	<i>Two signatories</i>

D2 Income

- 2.8 Where the monetary value of a sponsorship proposal is over the limit shown below and is perceived to be of a sensitive and controversial nature, this must be approved by the Police Authority before approval.

£50,000

- 2.10 Individual amounts may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the appropriate committee for approval.

£10,000

D3 Ordering of Goods and Services

3.5 Authorisation of orders shall be in accordance with the limits shown below:

<i>Up to £20,000</i>	<i>Nominated authorised signatory</i>
<i>£20,001 - £50,000</i>	<i>Responsible budget officer</i>
<i>Over £50,000</i>	<i>Countersigned by ACO(R) or DFSA</i>

3.8 Written quotations shall be obtained wherever possible from at least three suppliers or contractors before expenditure exceeding the amount shown below is incurred. Tenders should be sought before expenditure exceeding the amount shown below is incurred. This is subject to adherence with European legislation and guidelines.

<i>Quotations - General</i>	<i>£10,000</i>
<i>Quotations - Building Related</i>	<i>£10,000</i>
<i>Tenders</i>	<i>£35,000</i>

D4 Payments for Goods and Services

4.4 Authorisation of invoices shall be in accordance with the limits shown below:

<i>Up to £20,000</i>	<i>Nominated authorised signatory</i>
<i>£20,001 - £50,000</i>	<i>Responsible budget officer</i>
<i>Over £50,000</i>	<i>Countersigned by ACO(R) or DFSA</i>

D7 Ex Gratia Payments

7.2 The Chief Constable may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Authority. Amounts greater than those specified must be referred to the appropriate committee for approval.

£10,000

- 7.3 The Chief Constable may make ex gratia payments up to the level shown below in any individual instance, for damage or loss of property or for personal injury to personnel in the execution of duty or to a member of the public assisting the police. Amounts greater than those specified must be referred to the appropriate committee for approval.

£10,000