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## Part B

### Joint Financial & Contract Regulations

#### *Police and Crime Commissioner & Chief Constable West Mercia*

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# **1. INTRODUCTION**

## **1.1. OVERVIEW**

- 1.1.1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds. In addition, the Home Office has issued a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners and Chief Constables.
- 1.1.2. Each Police and Crime Commissioner and their respective Chief Constable is established in law as a corporation sole within the 2011 Act. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the Police and Crime Commissioner are accountable to the directly elected holder of that office.
- 1.1.3. The Police and Crime Commissioner and the Chief Constable are both required to appoint Chief Finance Officers.
- 1.1.4. To conduct their business effectively, the Police and Crime Commissioner and Chief Constable need to ensure that they have 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 Police and Crime Commissioner and the Chief Constable are conducted properly and in compliance with all necessary requirements.
- 1.1.5. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Police and Crime Commissioner, the Chief Constable and their officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf, however under the terms of the Police reform and Social responsibility Act the Police and Crime Commissioner cannot delegate to a Constable and these regulations reflect this key issue.
- 1.1.6. Every member of staff and police officer is expected to read and understand the Financial and Contract Regulations and any related documents. They are expected to seek clarification on any areas they do not understand with either their line manager or other relevant person.
- 1.1.7. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

## **1.2. STATUS**

- 1.2.1. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the Policing Protocol, codes of conduct and the rest of the Corporate Governance framework.
- 1.2.2. The Police and Crime Commissioner, Chief Constable and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
- 1.2.3. Financial Regulations explain the working financial relationship between the Police and Crime Commissioner and the Chief Constable and their respective chief financial officers, having regard also to the role played by the Commissioner's Chief Executive.
- 1.2.4. The Police and Crime Commissioner is responsible for approving or amending Financial Regulations after consultation with the Chief Constable. The Treasurer and Director of Commercial Services are jointly responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Police and Crime Commissioner and Chief Constable, after consulting with the Chief Executive.
- 1.2.5. More detailed financial instructions to supplement these Regulations, shall be issued by the Director of Commercial Services after consultation with the Treasurer and Chief Executive.
- 1.2.6. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
- 1.2.7. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Treasurer and/or Director of Commercial Services who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the Police and Crime Commissioner and/or Chief Constable.
- 1.2.8. The Police and Crime Commissioner, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
- 1.2.9. These regulations will be reviewed on a regular basis by the Treasurer and Director of Commercial services to ensure they are up to date.

## **1.3. CONTENT**

1.3.1. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority. These are also summarised in Section 11.

- Section 2 Financial Management
- Section 3 Financial Planning
- Section 4 Management of Risk & Resources
- Section 5 Management of Assets & Liabilities
- Section 6 Systems and Procedures
- Section 7 Contract Regulations
- Section 8 Joint Working Arrangements
- Section 9 External Funding
- Section 10 Work for External Bodies
- Section 11 Summary of Delegated Limits

#### **1.4. DEFINITIONS WITHIN THE REGULATIONS**

1.4.1. The Commissioner's chief finance officer is the Treasurer.

1.4.2. The Chief Constable's chief finance officer is the Director of Commercial Services.

1.4.3. The Chief Executive also fulfils the monitoring officer role.

1.4.4. The 'OPCC' shall refer to the Police and Crime Commissioner, Deputy Police and Crime Commissioner and all members of staff reporting directly to the Police and Crime Commissioner.

1.4.5. The 'Force' shall refer to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his /her direction and control.

1.4.6. Chief Officers when referred to as a generic term within the Financial Regulations shall mean the Chief Executive, Treasurer, Chief Constable, Director of Commercial Services and all other members of the Chief Constables Executive Team.

1.4.7. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other contractors or agents.

1.4.8. The expression 'authorised officer' refers to employees authorised through the scheme of delegation.

- 1.4.9. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the Police and Crime Commissioner, the Force or their affiliated bodies.
- 1.4.10. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
- 1.4.11. Within these Regulations, references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with the staff, in particular the Director of Commercial Services, under the direction and control of 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.
- 1.4.12. The terms Chief Constable, Director of Commercial Services, 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.

## **2. FINANCIAL MANAGEMENT**

### **2.1. FINANCIAL MANAGEMENT**

#### **The Police and Crime Commissioner**

- 2.1.1. The Police and Crime Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The Police and Crime Commissioner is the recipient of all funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Police and Crime Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Police and Crime Commissioner will provide professional advice and recommendations.
- 2.1.2. The Police and Crime Commissioner shall appoint a Chief Financial Officer (the Treasurer) to be responsible for the proper administration of the Police and Crime Commissioner's financial affairs. They shall also appoint a Chief Executive who will act as the Police and Crime Commissioner's monitoring officer.
- 2.1.3. The Police and Crime Commissioner is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. They are responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes, but not limited to:
- The Police and Crime Plan
  - Medium Term Financial Plan
  - Annual revenue budget
  - Capital programme
  - Treasury management strategy, including the annual investment strategy
  - Reserves Strategy
  - Asset management strategies
  - Risk management strategy
  - Governance policies
- 2.1.4. The Police and Crime Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 2.1.5. The Police and Crime Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.



- 2.1.6. The Police and Crime Commissioner shall provide the Treasurer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.

### **The Chief Constable**

- 2.1.7. The Chief Constable is responsible for maintaining the Queen's Peace and to the public. The Chief Constable holds office under the Crown but is appointed by the PCC. The Chief Constable is accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the police force.
- 2.1.8. To help ensure the effective delivery of policing services the Chief Constable has day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation, delegation and consent issued by the Police and Crime Commissioner.
- 2.1.9. The Chief Constable must ensure that the financial management of the Force's allocated budget remains consistent with the objectives and conditions set by the Police and Crime Commissioner and will be held to account for the effective financial management of the force. The Chief Constable will discharge this through the Director of Commercial Services who will lead for the force on financial management.
- 2.1.10. When the Chief Constable intends to make changes of policy with financial implications or seeks to move significant sums of their budget then the approval of the Police and Crime Commissioner should be sought in line with the agreed Scheme of Consent.
- 2.1.11. The Chief Constable shall hold the Director of Commercial Services to account in ensuring that all financial processes are appropriately documented and communicated.

### **The Joint Independent Audit and Standards Committee**

- 2.1.12. The Home Office Financial Management Code of Practice states that the Police and Crime Commissioner and Chief Constable should establish a joint independent audit committee. This should be a combined body which will consider the internal and external audit reports of both the Police and Crime Commissioner and the Chief Constable. This committee will advise the Police and Crime Commissioner and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing a Joint Audit Committee the Police and Crime Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.

- 2.1.13. The Police and Crime Commissioner and Chief Constable have determined that they will establish a committee which has responsibility for both Audit and Standards. The committee will be known as the Joint Audit and Standards Committee (JASC).
- 2.1.14. The joint Audit and Standards Committee shall comprise between three and six members who are independent of the Police and Crime Commissioner and the Force.
- 2.1.15. The joint Audit and Standards Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis.
- 2.1.16. The S.151 officers for the Police and Crime Commissioner and Chief Constable will attend the meeting.
- 2.1.17. The Police and Crime Commissioner and Chief Constable shall be further represented at all meetings of the joint Audit and Standards Committee.

### **The Treasurer**

- 2.1.18. The Treasurer is the Police and Crime Commissioner's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 2.1.19. The Treasurer's statutory responsibilities are set out in:
- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
  - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
  - The Accounts and Audit Regulations 2011
- 2.1.20. The Treasurer is the Police and Crime Commissioner's professional adviser on financial matters and shall be responsible for:
- ensuring that the financial affairs of the Police and Crime Commissioner are properly administered and that financial regulations are observed and kept up to date;
  - ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
  - ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
  - reporting to the Police and Crime Commissioner, the Police and Crime Panel and to the external auditor;
    - any unlawful, or potentially unlawful, expenditure by the Police and Crime Commissioner or officers of the Police and Crime Commissioner;

- when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- advising the Police and Crime Commissioner on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statements of account, in conjunction with the Chief Finance Officer
- ensuring the provision of an effective internal audit service, in conjunction with the Chief Finance Officer;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance
- arranging for the determination and issue of the precept;
- liaising with the external auditor; and
- advising the Police and Crime Commissioner on the application of value for money principles by the Force to support the Police and Crime Commissioner in holding the Chief Constable to account for efficient and effective financial management.

2.1.21. The Treasurer, in consultation with the Chief Executive, Director of Commercial Services and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances.

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

2.1.23. The Treasurer is the Police and Crime Commissioner's professional adviser on financial matters. To enable the fulfilment of these duties and to ensure the Police and Crime Commissioner is provided with adequate financial advice the Treasurer:

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

- must ensure that the finance function is resourced to be fit for purpose.

## **The Director of Commercial Services**

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

2.1.25. The Director of Commercial Services is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.

2.1.26. The Head of Commercial Service's responsibilities are set out in:

- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011
- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit Regulations 2011

2.1.27. The Director of Commercial Services is responsible for:

- ensuring that the financial affairs of the Force are properly administered and that these financial regulations are observed and kept up to date;
- reporting to the Chief Constable, the Police and Crime Commissioner, the Treasurer and to the external auditor:
  - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
  - when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure;
- advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
- advising the Chief Constable on the soundness of the Force budget;
- liaising with the external auditor;
- working with the Treasurer and their staff to produce the statements of accounts.

2.1.28. The Director of Commercial Services has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and preparing each year, in accordance with proper practices, a statement of the Chief Constable's accounts. The Chief Finance Officer will need to observe the locally agreed timetable for the compilation of the group accounts by the Treasurer.

2.1.29. The Director of Commercial Services is the Chief Constable's professional adviser on financial matters. To enable them to fulfil these duties the Director of Commercial Services:

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

2.1.30. It must be recognised that financial regulations cannot foresee every eventuality. The Chief Finance Officer, where relevant in consultation with the Treasurer, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

### **The Chief Executive**

2.1.31. The Chief Executive is responsible for the leadership and general administration of the Police and Crime Commissioner's office and is the designated Head of Paid Service.

2.1.32. The Chief Executive is also the Police and Crime Commissioner's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

2.1.33. The monitoring officer is responsible for:

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

## **2.2. FINANCIAL MANAGEMENT STANDARDS**

**Why is this important?**

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

### **Responsibilities of the Treasurer and Director of Commercial Services**

- 2.2.2. The Treasurer & Director of Commercial Services are jointly responsible to:

- ensure the proper administration of the financial affairs of West Mercia Police Services.
- ensure that proper practices are adhered to.
- advise on the key strategic controls necessary to secure sound financial management.
- ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators. A schedule of the financial information expected to be provided is included within Section 11.
- ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

## **2.3. ACCOUNTING RECORDS AND RETURNS**

### **Why is this important?**

- 2.3.1. Maintaining proper accounting records is one of the ways in which the Police and Crime Commissioner and Chief Constable will discharge their responsibility for stewardship of public resources. The Police and Crime Commissioner and Chief Constable have a statutory responsibility to prepare their own annual accounts to present fairly their operations during the year. These are subject to external audit. This audit provides assurance that the separate sets of accounts have been prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

### **Joint Responsibilities of the Treasurer and Director of Commercial Services**

- 2.3.2. To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures. All employees shall operate within the required accounting policies and published timetables.

- 2.3.3. To make proper arrangements for the audit of the Police and Crime Commissioner's, the Force's and Group accounts in accordance with the Accounts and Audit Regulations 2011.
- 2.3.4. To ensure that all claims for funds including grants are made by the due date.
- 2.3.5. To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
- 2.3.6. To prepare and publish the audited accounts in accordance with the statutory timetable.

#### **Director of Commercial Services**

- 2.3.7. To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- 2.3.8. To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.

### **2.4. THE ANNUAL STATEMENT OF ACCOUNTS**

#### **Why is this important?**

- 2.4.1. The Police and Crime Commissioner and Chief Constable have a statutory responsibility to prepare their own accounts to present fairly their operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the Police and Crime Commissioner, Chief Constable as well as group accounts covering both entities.
- 2.4.2. The Police and Crime Commissioner and Chief Constable are responsible for approving their own annual accounts and the Group accounts.
- 2.4.3. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

#### **Joint Responsibilities of the Police and Crime Commissioner and Chief Constable**

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

### **Joint Responsibilities of the Treasurer and Director of Commercial Services**

- 2.4.5. To select suitable accounting policies and apply them consistently.
- 2.4.6. To make judgements and estimates that are reasonable and prudent.
- 2.4.7. To comply with the Code of Practice on Local Authority Accounting.
- 2.4.8. To prepare, sign and date the separate statement of accounts, stating that they present fairly the financial position of the Police and Crime Commissioner, Force and Group at the accounting date and their income and expenditure for the financial year just ended.
- 2.4.9. To publish the approved audited accounts each year, in accordance with the statutory timetable.
- 2.4.10. To produce summary accounts for publication on the website.

### **Responsibilities of the Director of Commercial Services**

- 2.4.11. To agree with the Treasurer and publish the timetable for final accounts preparation, in consultation with the external auditor and to share this with the appropriate employees.
- 2.4.12. To prepare on behalf of the Treasurer all accounts for West Mercia Police Services, including Group Accounts.
- 2.4.13. To ensure adequate resources are available, directly to the Treasurer, to provide professional advice on the disclosures required in the Statement of Accounts, and are available to complete the requirements of external audit



### **3. FINANCIAL PLANNING**

#### **3.1. FINANCIAL PLANNING**

##### **Why is this important?**

- 3.1.1. The Office of the Police and Crime Commissioner and the Force are complex organisations, responsible for delivering a range of policing and community safety related activities. They need to develop systems to enable resources to be allocated in accordance with priorities. Financial planning is essential if they are to function effectively.
- 3.1.2. The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- 3.1.3. The planning process should be continuous and the planning period should cover at least 5 years. The process should include a more detailed annual plan - the budget, covering the forthcoming financial year. This allows the Police and Crime Commissioner and Force to plan, monitor and manage the way funds are allocated and spent.
- 3.1.4. It is recognised that the impact of financial planning in the police service will be constrained by the quality of information made available by central government on resource allocation.
- 3.1.5. Appropriate budget delegation will enable effective management of resources and protect the public purse.

##### **Medium Term Financial Planning**

- 3.1.6. The Police and Crime Commissioner and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term (4-5 years) financial plan and capital programme referred to as the Medium Term Financial Strategy
- 3.1.7. The Medium Term Financial Strategy explains how the Police and Crime Commissioner and Chief Constable will structure and manage their finances to support delivery of the aims and objectives of the service, as set out in the Police and Crime Commissioner's Police and Crime Plan, and to ensure sound financial management and good stewardship of public money.

##### **Responsibilities of the Police and Crime Commissioner**

- 3.1.8. To agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial plan (MTFP) which includes funding and spending plans for both revenue and capital.

3.1.9. When agreeing the MTFP the Police and Crime Commissioner shall have due regard to:

- the Police and Crime Plan
- policy requirements approved by the Police and Crime Commissioner as part of the policy framework
- the strategic policing requirement
- Other relevant PCC and Force strategies

### **Responsibilities of the Treasurer and Director of Commercial Services**

3.1.10. To determine the format and timing of the medium term financial plans to be presented to the Chief Constable and the Police and Crime Commissioner. The format is to comply with all legal requirements.

3.1.11. To prepare a medium term financial strategy in consultation with the Police and Crime Commissioner, the Chief Constable, and other stakeholders and Partners

3.1.12. To prepare and monitor a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and assumptions about future levels of government funding. The MTFS should have due regard to:-

- unavoidable future commitments, including legislative requirements
- initiatives already underway
- revenue implications of the capital programme and CIPFA's Prudential Code for Capital Finance in Local authorities
- proposed service developments and plans which reflect public consultation
- the need to deliver efficiency and/or productivity savings
- affordability
- impact on multiple years
- government grant allocations
- risk management and the use of reserves
- potential implications for local taxpayers

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

### **Annual Revenue Budget**

- 3.1.14. The revenue budget provides an estimate of the annual funding and net expenditure requirements for the police service and sets out the financial implications of the Police and Crime Commissioner's strategic policies. It provides officers with delegated authority from the Police and Crime Commissioner to incur expenditure and a basis on which to monitor the financial performance of both the Police and Crime Commissioner and the Force.
- 3.1.15. The Police and Crime Commissioner will consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service and community safety against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
- 3.1.16. The annual budget should be prepared within the context of the medium term financial strategy, representing the first year of that plan. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.

### **Responsibilities of the Police and Crime Commissioner**

- 3.1.17. To agree the planning timetable with the Chief Constable.
- 3.1.18. To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.
- 3.1.19. To present the proposed budget and council tax recommendations to the Police and Crime Panel.
- 3.1.20. To approve the annual revenue budget including any contribution to or from reserves.
- 3.1.21. To determine if required the establishment of annual ring fenced or cash limited revenue budgets for specific purposes such as for one or more departments, services, local policing areas or specific projects.

### **Responsibilities of the Treasurer**

- 3.1.22. To determine the format of the revenue budget to be presented to the Police and Crime Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

- 3.1.23. To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations.
- 3.1.24. To advise the Police and Crime Commissioner on the appropriate level of general balances, earmarked reserves and provisions to be held.
- 3.1.25. To submit a report to the Police and Crime Commissioner on the robustness of the estimates and the adequacy of reserves. This report will form part of the annual revenue budget report to be approved by the Police and Crime Commissioner.
- 3.1.26. To submit a report to the Police and Crime Commissioner on a suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the Police and Crime Commissioner. This report will be published on the Police and Crime Commissioner's website.
- 3.1.27. Upon approval of the annual budget, to submit the council tax requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 3.1.28. To produce and publish on the website, in accordance with statutory requirements and best practice, council tax information.

### **Responsibilities of the Director of Commercial Services**

- 3.1.29. To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Treasurer. This will include capital programme budget.
- 3.1.30. To submit draft budget proposals to the Chief Constable's Management Team to obtain approval from the Chief Constable.
- 3.1.31. To submit estimates in the agreed format to the Police and Crime Commissioner for approval.
- 3.1.32. To put in place the delegation of force budgets as directed by the Chief Constable
- 3.1.33. To ensure that resources are sufficient to prepare all financial information for the West Mercia Police Services budget, and to prepare the associated annual strategies and prudential indicators required by the treasurer.

## **3.2. BUDGETARY CONTROL**

### **Why is this important?**

- 3.2.1. Budget management ensures that once the Police and Crime Commissioner has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Force and the Police and Crime Commissioner to review and adjust their budgets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 3.2.2. The key controls for managing and controlling the revenue budget is that there is a nominated budget manager for each cost centre heading who is accountable for all employees, assets, spending, income and contracts associated with the budgets under his direct control; and the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.
- 3.2.3. By continuously identifying and explaining variances against budgets, the organisation can identify changes in trends and resource requirements at the earliest opportunity. The Police and Crime Commissioner, and Chief Constable through the Director of Commercial Services, will operate within an overall approved budget.

#### **Responsibilities of the Director of Commercial Services**

- 3.2.4. To provide appropriate financial information on an accurate and timely basis to enable budgets to be monitored effectively.
- 3.2.5. To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure.
- 3.2.6. To ensure that total spending remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable and the Director of Commercial Services, both the Treasurer and Police and Crime Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Police and Crime Commissioner. The same responsibilities apply to the Chief Executive and the Treasurer for any budgets under their control.
- 3.2.7. To ensure that relevant spending remains within any annual ring fenced or cash limited revenue budgets that the Police and Crime Commissioner has established.

#### **Responsibility of Budget Holders**

- 3.2.8. To ensure they are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 3.2.9. To ensure that total spending remains within the overall allocation of resources they have received and take corrective action where significant variations are forecast.
- 3.2.10. To ensure that relevant spending remains within any annual ring fenced or cash limited revenue budget which they are responsible and accountable for.

### **3.3. FINANCIAL MONITORING AND REPORTING**

#### **Why is this important?**

- 3.3.1. The accurate and timely monitoring and reporting is essential to ensure actions can be taken to address potential overspends and to reallocate underspends to ensure resources are used to best effect in support of the Police and Crime Plan and force priorities.
- 3.3.2. Budget reports should ensure that it provides a clear overview of the financial position of West Mercia, highlighting the significant issues. The reports to West Mercia Governance Board should ensure that all budget variances over £20,000 should be explained. Any small variances can be included if they are politically sensitive or deemed to be of significant interest to the Police and Crime Commissioner / Chief Constable.

#### **Responsibilities of the Director of Commercial Services**

- 3.3.3. To agree and publish a timetable for reporting to the Executive Board and West Mercia Governance Board.
- 3.3.4. To ensure the process and resources are in place to deliver accurate and timely reports.
- 3.3.5. To provide reports to the Chief Officers and Executive Board in respect of force expenditure.
- 3.3.6. To prepare consolidated reports, in consultation with the Treasurer, providing projections to the relevant boards in respect of group expenditure, to enable the Treasurer to report on the financial implications for the Police Fund.
- 3.3.7. To provide a regular report to West Mercia Governance Board on all virements that have been actioned.

#### **Responsibilities of the Treasurer**

- 3.3.8. To prepare reports to the PCC in respect of OPCC, Commissioning and Estate expenditure.
- 3.3.9. To prepare report content, in consultation with the Director of Commercial Services, to the relevant boards in respect of the revenue implications on the Police Fund and on the group balance sheet position.

### **Responsibilities of Budget Holders**

- 3.3.10. To provide explanations for any budget variances in accordance with the format and schedule at 11.12.

### **Virement**

#### **Why is this important?**

- 3.3.11. A virement is an approved reallocation of resources between budgets or heads of expenditure. A budget head is a line in approved budget monitoring reports at each level in the organisation. The scheme of virement is intended to enable proper financial management at service and organisational level with a degree of flexibility within the overall policy framework and Scheme of Consent determined by the Police and Crime Commissioner and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
- 3.3.12. The Chief Constable must seek the approval of the Police and Crime Commissioner:
- Where a virement might create a significant additional future year or continuing commitment. Revenue expenditure can only be funded from revenue funding;
  - Where a change in policy would create an additional financial liability beyond the level of the current budget;
  - Where a virement changes a public facing or politically sensitive element of the service;
  - Where a virement is undertaken for the purpose of commissioning a service from another organisation.
- 3.3.13. Key controls for the scheme of virement are:
- It is administered by the Treasurer / Director of Commercial Services in accordance with the limits set out within Financial Regulations.
  - The overall budget is agreed by the Police and Crime Commissioner.
  - Virement does not create an additional overall budget liability.
  - The Treasurer / Director of Commercial Services shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.
  - Virements from revenue to capital financing (RCCO) are permissible subject to the conditions listed above.

- No virements are permissible from capital to revenue or from revenue to capital.
- Virements to annual ring fenced or earmarked revenue budgets can only be agreed by the Police and Crime Commissioner, other than those prescribed in the Scheme of Consent.

3.3.14. Any variation from the Scheme of Consent and the controls listed above requires the approval of the Police and Crime Commissioner

### **Responsibilities of the Director of Commercial Services**

3.3.15. Maintain a register of all virements and an audit trail for approvals. The register will be shared with the Treasurer. The Register will be reported alongside the quarterly financial monitoring report to West Mercia Governance Board

## **3.4. MEDIUM TERM CAPITAL PROGRAMME AND ANNUAL CAPITAL BUDGET**

### **Why is this important?**

- 3.4.1. Capital expenditure involves acquiring, enhancing or disposing of assets with a long-term value such as land, buildings, and major items of plant, equipment or vehicles. Capital planning supports the way services are delivered in the long term and may create long term financial commitments in the form of financing costs and revenue running costs.
- 3.4.2. The organisation is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential code sets out the framework under which the Police and Crime Commissioner will consider their spending plans.
- 3.4.3. The capital programme is part of the approved medium term financial plan.

### **Responsibilities of the Police and Crime Commissioner**

- 3.4.4. To approve the asset management strategy.
- 3.4.5. To approve the annual capital budget and medium-term capital programme and how it is to be financed.

### **Responsibility of the Chief Executive**

- 3.4.6. To develop asset management plans for land and building and significant building components.

### **Responsibilities of the Chief Constable**



- 3.4.7. To develop asset management plans for all assets other than land and buildings and significant building components.
- 3.4.8. Ensure accountability of budget managers for capital spend under their control.

#### **Responsibilities of the Treasurer and Director of Commercial Services**

- 3.4.9. To prepare a financial plan, which confirms the financial viability of the asset strategy and proposed capital programme for consideration and approval by the Police and Crime Commissioner in consultation with the Chief Constable and having due regard to the overall financial management as set out in 2.1.

#### **Medium Term Capital Programme**

#### **Responsibilities of the Police and Crime Commissioner**

- 3.4.10. To approve a fully funded medium term capital plan and annual capital budget.
- 3.4.11. Approval of all release of capital funding to fund Capital Business Cases

#### **Responsibilities of the Chief Constable**

- 3.4.12. To prepare/support the estates service with a business case for all new capital schemes for submission to the Police and Crime Commissioner for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

#### **Responsibilities of the Chief Executive**

- 3.4.13. To ensure the suitability of the estate for provision of Policing Services by the Force. To make recommendations to the Police and Crime Commissioner in respect of business case for all new capital schemes relating to land and buildings and significant building components.
- 3.4.14. Approval of the estates capital programme budget by the Police and Crime Commissioner in February each year authorises the Chief Executive to seek planning permissions, incur professional fees and preliminary expenses as appropriate, commit expenditure against approved schemes.

#### **Joint Responsibilities of the Director of Commercial Services and the Treasurer**

- 3.4.15. To develop a strategy for the development of a rolling programme of proposed capital expenditure based on project appraisals for all proposed capital schemes. The Project appraisal shall identify the total capital cost of the projects and any additional revenue commitments covering the whole life cycle of projects. This capital projects plan will be prepared on the basis

of categorising capital projects according to the stage at which they are in the typical life-cycle of a project. This life-cycle varies depending on the nature of the capital asset being created.

- 3.4.16. Prepare an annual capital budget which will be a subset of the capital projects plan. Projects should be included in the published capital budget when it has passed a particular stage in the lifecycle. For internal management purposes, all stages should be part of the capital projects plan.
- 3.4.17. Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress, ensuring completion of the scheme and post implementation review.
- 3.4.18. In order to approve a capital project a business case must be presented to the PCC which follows the Governments 'The Green Book'.
- 3.4.19. For projects that are under £100k a shorter business case can be presented which sets out reasons for the project, benefits, the Return on Investment and options considered.

#### **Responsibilities of the Director of Commercial Services**

- 3.4.20. A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the Police and Crime Commissioner to make informed judgements as to which schemes should be included in the capital programme budget, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- 3.4.21. All schemes within the capital projects plan should incorporate realistic estimates of future price inflation.
- 3.4.22. To ensure that no finance leases or other credit arrangements are entered into without the prior approval of the Treasurer.

#### **Responsibilities of the Treasurer**

- 3.4.23. To identify, and consider the application of available sources of funding for the capital programme, including the identification of potential capital receipts from disposal of property.
- 3.4.24. To make recommendations to the Police and Crime Commissioner on the most appropriate level of revenue support, application of reserves, and appropriate levels of borrowing under the Prudential Code, and other funding, to support the capital budget.
- 3.4.25. Review and recommend for approval of Capital Business Cases

- 3.4.26. Projects of a cyclical nature (eg laptop replacement / planned estates programme) and those over multi years can be delegated to officers for approval of the individual schemes. Projects with delegated authority will be highlighted as part of the approval of the annual capital programme.

### **Monitoring of Capital Expenditure**

#### **Responsibilities of the Chief Executive**

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

#### **Joint Responsibilities of the Treasurer and Director of Commercial Services**

- 3.4.28. To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.
- 3.4.29. As part of the medium term financial planning process to review the funding proposals for the capital programme to take account of the current economic circumstances and if necessary make revised funding proposals to the Police and Crime Commissioner.
- 3.4.30. To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as necessary, containing the most recently available financial information in a format agreed with the Director of Commercial Services.

#### **Responsibilities of the Director of Commercial Services**

- 3.4.31. To ensure processes are in place to monitor expenditure throughout the year against the approved budget.
- 3.4.32. To submit capital monitoring reports to both the Chief Constable's Executive Team and the Police and Crime Commissioner on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The reports shall be in a format agreed by the Police and Crime Commissioner and Treasurer.

### **3.5. MAINTENANCE OF BALANCES, RESERVES AND PROVISIONS**

#### **Why is this important?**

- 3.5.1. The Police and Crime Commissioner must decide the level of reserves and provisions they wish to retain before they can decide the level of council tax. Reserves and provisions are maintained as a matter of prudence, and all are owned by the Police and Crime Commissioner. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves and provisions for specific purposes may also be maintained where it is likely that a spending requirement will occur in a future period.
- 3.5.2. The proposed use of reserves and provisions will be specified in the budget and should form part of regular budget monitoring reports.

#### **Responsibilities of the Police and Crime Commissioner**

- 3.5.3. To approve a policy on balances, reserves and provisions.
- 3.5.4. To approve the creation of each earmarked reserve or provision. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
- 3.5.5. To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

#### **Responsibilities of the Treasurer**

- 3.5.6. To advise the Police and Crime Commissioner on appropriate levels of balances, reserves and provisions to reflect long term financial risks faced.
- 3.5.7. To report to the Police and Crime Commissioner on the adequacy of balances, reserves and provisions before they approve the annual budget and council tax.
- 3.5.8. To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

#### **Responsibilities for the Director of Commercial Services**

- 3.5.9. To ensure in consultation with the Chief Constable that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.
- 3.5.10. To present business cases to the Treasurer and Police and Crime Commissioner for one-off expenditure items to be funded from earmarked and/or general reserves.

## **4. MANAGEMENT OF RISK & RESOURCES**

### **4.1. RISK MANAGEMENT AND BUSINESS CONTINUITY**

#### **Why is this important?**

- 4.1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks. This should include the proactive participation of all those associated with planning and delivering services.
- 4.1.2. 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 its continued corporate and financial well-being. In essence it is, therefore, an integral part of good business practice.

#### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

- 4.1.3. The Police and Crime Commissioner and Chief Constable will approve a risk management strategy for each corporate sole

#### **Responsibilities of Chief Officers**

- 4.1.4. To promote a culture of risk management awareness and reviewing risk as an ongoing process.
- 4.1.5. To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.
- 4.1.6. To update ensure that designated risk owners are updating the risk registers on a regular basis
- 4.1.7. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.

#### **Responsibilities of the Chief Constable & Chief Executive**

- 4.1.8. To ensure that claims made by or against West Mercia Police Services insurance policies are managed promptly.

- 4.1.9. To make all appropriate employees aware of their responsibilities for managing relevant risks.
- 4.1.10. To ensure that employees, or anyone covered by our 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.

#### **Responsibilities of the Chief Executive**

- 4.1.11. To evaluate and authorise any terms of indemnity that we are requested to give by external parties.

#### **Responsibilities of the Treasurer and Director of Commercial Services**

- 4.1.12. To advise the Police and Crime Commissioner and Chief Constable on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
- 4.1.13. To arrange for a regular independent review of the self-insurance fund and, following that review, to recommend to the Chief Constable and Police and Crime Commissioner a course of action to ensure that, over the medium term, the fund is able to meet all known liabilities.
- 4.1.14. To ensure that appropriate insurance cover is provided.
- 4.1.15. To arrange for the payment of settlement of legal claims against West Mercia in line with the delegated authority shown in Section 11
- 4.1.16. To ensure that a comprehensive risk register is produced for both the Office of the Police and Crime Commissioner and the Force and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.
- 4.1.17. To regularly report the risk register to the Joint Audit and Standards Committee.
- 4.1.18. To regularly review the risk management process and risk register.

#### **Responsibilities of Chief Officers**

- 4.1.19. Senior Officers must promptly notify the S.151 Officer of all new risks or assets to be insured and of any alterations affecting existing insurances. All insurances premiums are renewed on an annual basis. The S.151 Officer will nominate an Officer in the finance team to lead on this and to provide a timetable to meet the renewal requirements.

4.1.20. Senior Officers must ensure that they can provide details of all insurance risks to meet the requirements for completing the annual renewal.

4.1.21. In the event of any insurance claim or occurrence Senior Officers must:-

- not admit liability where this may prejudice the outcome of any settlement.
- promptly notify the S.151 Officer, of any loss, liability, damage or any event likely to lead to a claim; and
- inform the Police in the case of loss or malicious damage to Council property.

4.1.22. Senior Officers must consult the S.151 Officer and the Monitoring Officer as to the terms of any indemnity the Council is required to give. The S.151 Officer will determine the extent of insurance cover which must be provided for in any external contract for the supply of goods, works or services. The S.151 Officer, in consultation with the Chief Officers and Heads of Service, may reduce the cover requirements in respect of specific contracts

## **4.2. INTERNAL CONTROL SYSTEM**

### **Why is this important?**

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

4.2.2. The organisation requires an internal control framework to manage and monitor progress towards strategic objectives. The organisation has statutory obligations, and, therefore, requires a system of internal control to identify, meet and monitor compliance with these obligations.

4.2.3. The organisation faces a wide range of risks, both from internal and external factors, which threaten the achievement of its objectives. A system of internal control is necessary to manage these risks. The system of internal control is established in order to provide achievement of:

- efficient and effective operations
- reliable financial information and reporting
- compliance with laws and regulations
- risk management

### **Responsibility of the Chief Executive**

4.2.4. To produce a Joint Annual Governance Statement for consideration and approval by the Police and Crime Commissioner & Chief Constable. Following approval, the Annual Governance Statement should be signed by the

- Police and Crime Commissioner
- Chief Constable
- Chief Executive
- Treasurer
- Director of Commercial Services

## **Responsibilities of the Treasurer and Director of Commercial Services**

4.2.5. To design a system of internal control

## **Responsibilities of Chief Officers**

4.2.6. To implement effective systems of internal control, in accordance with advice from the Treasurer and Director of Commercial Services. 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.

4.2.7. To ensure that effective key controls are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.

4.2.8. To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

## **4.3. AUDIT REQUIREMENTS**

### **Internal Audit**

#### **Why is this important?**

4.3.1. Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.



- 4.3.2. The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities “make arrangements for the proper administration of their financial affairs”. In the Police Service the Police and Crime Commissioner and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a “relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the Public Sector Internal Audit Standards and associated Local Government Application note.
- 4.3.3. In fulfilling this requirement the Police and Crime Commissioner and Chief Constable should have regard to the Public Sector Internal Audit Standards and associated Local Government Application Note. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.
- 4.3.4. In addition to enabling the Police and Crime Commissioner and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal Audit is needed:
- to satisfy the Police and Crime Commissioner and the Chief Constable that effective internal control systems are in place; and
  - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

#### **Responsibilities of the Police and Crime Commissioner & Chief Constable.**

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

#### **Responsibilities of Director of Commercial Services & Treasurer**

- 4.3.6. To ensure that internal auditors, having been security cleared, have the authority to:
- access premises at reasonable times;
  - access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
  - receive any information and explanation considered necessary concerning any matter under consideration;

- require any employee to account for cash, stores or any other asset under their control;
- access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

4.3.7. Internal Audit shall have direct access to all appropriate officers, managers and staff.

### **Responsibilities of the Head of Internal Audit**

- 4.3.8. To prepare - in consultation with all stakeholders an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Joint Audit and Standard Committee.
- 4.3.9. To attend meetings of the Joint Audit and Standards Committee and to present to each Committee a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
- 4.3.10. To present an annual report to the Joint Audit and Standards Committee, including an opinion on the effectiveness of the internal control environment.

### **Responsibilities of all service managers**

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

### **Responsibilities of the Director of Commercial Services**

- 4.3.12. To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and internal audit prior to implementation.
- 4.3.13. To notify the Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, the Director of Commercial Services should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with the Head of Internal Audit as appropriate and keep him informed of progress. At the conclusion of the investigation the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised. The operation of this Regulation shall be in accordance with the agreed protocol between the Head of Professional Standards, the Director of Commercial Services and the Head of Internal Audit.

## **Joint Independent Audit and Standards Committee**

### **Why is this important?**

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

### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

4.3.15. To recruit and appoint 3-6 members of the Committee. These members should be independent of both the Police and Crime Commissioner and the Force.

4.3.16. To establish the Committee's Terms of Reference.

4.3.17. To review and sign annual letters of representation and submit to the external auditor.

4.3.18. To receive and act upon the annual assurance statement from the Committee.

4.3.19. To review and present the Internal Audit Strategy to the Joint Audit and Standards Committee for approval.

### **Responsibilities of the Joint Audit and Standards Committee**

4.3.20. To approve the terms of reference within which internal audit operates. In terms of internal audit the terms of reference will include the following key activities and responsibilities:

- advising the Police and Crime Commissioner and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
- approving (but not directing) the internal audit annual programme;
- overseeing and giving assurance to the Police and Crime Commissioner and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk;
- considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the Police and Crime Commissioner and Force; ensuring appropriate action is taken to address any areas for improvement.

- reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption;
- scrutinising the draft statement of accounts and annual governance statements prior to publication.

4.3.21. To approve the internal audit strategy, which sets out:

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

### **External Audit**

#### **Why is this important?**

4.3.22. The basic duties of the external auditor are governed by a code of audit practice, which will, in future, be produced by the National Audit Office. The code of audit practice sets out the auditor's objectives to review and report upon:

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

4.3.23. In auditing the annual accounts the external auditor must satisfy themselves that:

- the accounts are prepared in accordance with the relevant regulations;
- they comply with the requirements of all other statutory provisions applicable to the accounts;
- proper practices have been observed in the compilation of the accounts; and
- the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

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

### **Responsibilities of the Joint Audit and Standards Committee**

4.3.25. To approve the annual work plan and fee.

4.3.26. To receive and respond to the audit results report.

4.3.27. To receive the annual audit letter.

#### **Joint Responsibilities of the Treasurer and Director of Commercial Services**

4.3.28. To liaise with the external auditor and advise the Police and Crime Commissioner and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

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

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

#### **4.4. PREVENTING FRAUD AND CORRUPTION**

##### **Why is this important?**

4.4.1. The organisation will not tolerate fraud or corruption in the administration of its responsibilities, whether from internal or external sources.

4.4.2. The Police and Crime Commissioner, Chief Constable and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

4.4.3. The organisation also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity.

##### **Responsibilities of the Police and Crime Commissioner and Chief Constable**

4.4.4. To approve and adopt relevant policies to ensuring that there is an effective framework to prevent fraud and corruption.

#### **Joint Responsibilities of the Treasurer and Director of Commercial Services**

4.4.5. To maintain an effective anti-fraud, anti-corruption and anti-money laundering policy.

4.4.6. To ensure that adequate and effective internal control arrangements are in place.

- 4.4.7. To maintain a policy and register for the registering of interests and the receipt of hospitality and gifts including the Police and Crime Commissioner, police officers and police staff including where gifts and hospitality have been declined.
- 4.4.8. To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The Police and Crime Commissioner and Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- 4.4.9. To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all elected or appointed representatives and employees.

## **5. MANAGEMENT OF ASSETS & LIABILITIES**

### **5.1. ASSETS**

#### **Security**

##### **Why is this important?**

- 5.1.1. We hold assets in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

##### **Context**

- 5.1.2. The Police and Crime Commissioner will own and fund all assets regardless of whether they are used by the Police and Crime Commissioner, by the Force or by both bodies.
- 5.1.3. The Chief Constable is responsible for the direction and control of the Force and will therefore have day-to-day direction and control of these assets other than land, buildings and significant building components.
- 5.1.4. The Chief Constable cannot have an interest in land therefore management of land, buildings and significant building components falls under the responsibility of the Chief Executive.
- 5.1.5. The Police and Crime Commissioner will consult the Chief Constable in planning the budget and developing a medium term financial plan. Both these processes will involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

##### **Responsibilities of the Police and Crime Commissioner**

- 5.1.6. To approve an estates strategy.

##### **Responsibilities of the Chief Executive**

- 5.1.7. To ensure that an estates strategy is produced and presented to the Police and Crime Commissioner for approval. This will form part of the development of the capital programme and annual budget process.
- 5.1.8. To 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;
- assets no longer required are disposed of in accordance with the law and the regulations of the organisation;
- lessees and other prospective occupiers of our land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
- The property portfolio is managed in accordance with the agreed estates strategy and within budgetary provisions, in consultation with the Treasurer.

### **Responsibilities of the Treasurer**

5.1.9. To ensure that an annual process for the valuation of Land and Buildings is in place to meet the requirements of the Code of Audit Practice.

### **Responsibilities of the Director of Commercial Services**

5.1.10. To ensure that:

- asset registers are maintained to provide information about assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
- lessees and other prospective occupiers of our land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
- title deeds to property are held securely;
- no asset is subject to personal use by an employee without proper authority;
- valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the organisation;
- all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;
- assets, other than land & buildings no longer required are disposed of in accordance with the law and the regulations of the organisation;
- A fleet strategy is produced and presented to the Police and Crime Commissioner for approval. This will form part of the development of the capital programme and annual budget process
- To ensure that the fleet is managed in line with the Scheme of Consent and Delegations.
- all employees are aware of their responsibilities with regard to safeguarding the security of ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.



- An ICT strategy is produced and presented to the Police and Crime Commissioner for consideration and endorsement. This will form part of the development of the capital programme and annual budget process.

## **Valuation**

### **Responsibilities of the Director of Commercial Services**

- 5.1.11. To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section 11, in a form approved by the Treasurer. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal. Arrange for the asset register to be updated annually for assets that have been valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* and the requirements specified by the Treasurer.

## **Inventories**

### **Responsibilities of the Director of Commercial Services**

- 5.1.12. To ensure that inventories are maintained in a format approved, as appropriate, by the Treasurer and Director of Commercial Services that record an adequate description of items with a value in line with Section 11. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).
- 5.1.13. To undertake a complete stock check 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 shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- 5.1.14. Discrepancies between the actual level of stock and the book value of stock may be written-off, in line with the values agreed in the delegated limits as prescribed in Section 11.
- 5.1.15. To write-off obsolete stock, in consultation with the Treasurer.

## **Intellectual Property**

### **Why is this important?**

- 5.1.16. Intellectual property is a generic term that includes inventions and the written word.

- 5.1.17. It is policy that if any intellectual policy is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken may give rise to works that could attract intellectual property rights, for example, software.
- 5.1.18. In the event that the organisation decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an intellectual property policy. Matters should only proceed after legal advice.

### **Responsibilities of the Police and Crime Commissioner**

- 5.1.19. To approve the intellectual property policy

### **Responsibilities of the Director of Commercial Services**

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

### **Asset Disposal**

#### **Why is this important?**

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

### **Responsibilities of the Chief Executive**

- 5.1.23. To dispose of land and buildings at the appropriate time and at the most advantageous price. Where this is not the highest offer, this can only be done with the agreement of the Treasurer.

### **Responsibilities of the Director of Commercial Services**

- 5.1.24. To ensure that income received for the disposal of an asset is properly banked and accounted for.
- 5.1.25. To ensure that appropriate accounting entries are made to remove the value of disposed assets from the records and to include the sale proceed if appropriate.
- 5.1.26. All asset disposals shall be recorded in the asset register or inventory as appropriate.

## **5.2. TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### **Treasury Management**

#### **Why is this important?**

- 5.2.1. The Police and Crime Commissioner and the Force handle millions of pounds in each financial year. It is important that money is managed properly, in a way that balances risk with return, with the prime consideration being given to the security of invested monies.
- 5.2.2. The organisation will create and maintain, as the cornerstones for effective treasury management:
  - a treasury management strategy, stating the policies, objectives and approach to risk management of its treasury management activities;
  - suitable Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

#### **Responsibilities of the Police and Crime Commissioner**

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

#### **Responsibilities of the Treasurer**

- 5.2.6. To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance.
- 5.2.7. To prepare reports on the Police and Crime Commissioner's treasury management policies, practices and activities, including, as a minimum, an annual strategy, half yearly performance monitoring reports and an annual report.
- 5.2.8. To execute and administer treasury management in accordance with the CIPFA Code and the Police and Crime Commissioner's policy.
- 5.2.9. To ensure that borrowing and investments are compliant with the CIPFA Code.
- 5.2.10. To ensure that all investments and borrowings are made in the name of the Office of the Police and Crime Commissioner.

5.2.11. In line with the Scheme of Consent and where necessary to approve delegated authority for transactions to be managed.

### **Banking Arrangements**

#### **Why is this important?**

5.2.12. A consistent and secure approach to banking services is essential in order to achieve security of cash deposits and the best possible value for money. To minimise administration and costs the Police and Crime Commissioner and Chief Constable will share bank accounts.

#### **Responsibilities of the Treasurer**

5.2.13. To have overall responsibility for the banking arrangements.

5.2.14. To authorise the opening and closing of all bank accounts in the name of the Police and Crime Commissioner or Chief Constable.

5.2.15. To determine signatories on all bank accounts.

#### **Responsibilities of the Director of Commercial Services**

5.2.16. To authorise the opening and closing of bank accounts, for specific purposes, as agreed with the Treasurer.

5.2.17. To undertake bank reconciliations on a timely and accurate basis for these specific bank accounts.

5.2.18. To determine signatories on these specific bank accounts.

### **Imprest Accounts / Petty Cash**

#### **Why is this important?**

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

#### **Responsibilities of the Director of Commercial Services**

- 5.2.20. To provide appropriate employees with cash, bank imprests, pre-paid cash cards or procurement cards to meet minor expenditure on behalf of the organisation. The Director of Commercial Services 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.
- 5.2.21. To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

### **Money Laundering**

#### **Why is this important?**

- 5.2.22. The organisation is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.
- 5.2.23. The organisation will monitor its internal control procedures to ensure they are reliable and robust.

#### **Responsibilities of the Treasurer**

- 5.2.24. To be the nominated Money Laundering Reporting Officer (MLRO).
- 5.2.25. To ensure that a Money Laundering Policy is in place

#### **Responsibilities of Chief Officers**

- 5.2.26. To ensure all employees are aware of the Money Laundering Policy and that processes and procedures are followed.

### **5.3. TRUST FUNDS**

#### **Why is this important?**

- 5.3.1. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
- 5.3.2. The financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.
- 5.3.3. No employee shall open a trust fund without the specific approval of the Director of Commercial Services and Treasurer.

#### **Responsibilities of Trustees**

- 5.3.4. All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body and the Treasurer and/or Director of Commercial Services shall be entitled to verify that this has been done.

## **5.4. CRYPTO CURRENCY**

### **Why is this important?**

- 5.4.1. A consistent and secure approach to the use of Crypto Currency is essential in order to achieve security of digital deposits and to protect the organisation from volatility in digital currency markets.

### **Responsibilities of the Treasurer**

- 5.4.2. To have overall responsibility for the arrangements for access to digital deposits. To set a Policy for the organisation for the use of Crypto Currencies
- 5.4.3. To authorise the opening and closing of all digital accounts in the name of the Police and Crime Commissioner.
- 5.4.4. To determine signatories on all digital accounts.

### **Responsibilities of the Director of Commercial Services**

- 5.4.5. To authorise the opening and closing of digital accounts, for specific purposes, as agreed with the Treasurer.
- 5.4.6. To undertake reconciliations on a timely and accurate basis for these specific digital accounts.
- 5.4.7. To ensure the security of digital assets is maintained and that the risk of loss from theft, misuse or fluctuations in markets is managed.

## **5.5. STAFFING**

### **Why is this important?**

- 5.5.1. Staffing costs form the largest element of the annual policing budget. An appropriate workforce management strategy should exist, in which staffing requirements and budget allocations are matched. The Chief Constable is responsible for approving the overall strategy in consultation with the Police and Crime Commissioner.

### **Responsibilities of the Chief Constable and Chief Executive**

- 5.5.2. To ensure that their employees and those under their direction and control are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies.
- 5.5.3. To advise the Police and Crime Commissioner on the budget necessary in any given year to cover estimated staffing levels.
- 5.5.4. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.
- 5.5.5. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- 5.5.6. To approve policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for police staff.
- 5.6. ADMINISTRATION OF SEIZED AND FOUND (EVIDENTIAL & NON-EVIDENTIAL) PROPERTY**

**Why is this important?**

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

**Responsibilities of the Director of Commercial Services**

- 5.6.2. To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees and should ensure that there is an appropriate segregation of duties and regular inventory checks.
- 5.6.3. To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees, shall make specific reference to the need for insurance of valuable items and shall ensure that there is adequate segregation of duties and regular inventory checks.
- 5.6.4. To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act.
- 5.6.5. To ensure that annual reconciliation of all seized property is undertaken and that appropriate disclosures are made in the financial statements.

**Responsibilities of all employees**

- 5.6.6. To notify the Director of Commercial Services immediately in the case of loss or diminution in value of such private property.

## **5.7. GIFTS, LOANS AND SPONSORSHIP**

- 5.7.1. This does not include the receipt of hospitality and gifts – please see Section 7.4.

### **Why is this important?**

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

### **Context**

- 5.7.3. Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.
- 5.7.4. Gifts, loans and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.
- 5.7.5. The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the gross expenditure budget annually.

### **Responsibilities of the Police and Crime Commissioner**

- 5.7.6. To approve the policy on gifts, loans and sponsorship.

### **Responsibilities of the Director of Commercial Services**

- 5.7.7. To accept gifts, loans or sponsorship within agreed policy guidelines.
- 5.7.8. To refer gifts, loans and sponsorship to the Police and Crime Commissioner for approval before they are accepted, where they exceed £10,000, or market equivalent, or where there would be public sensitivity over acceptance of the gift, loan or sponsorship.



- 5.7.9. To present an annual report to the Police and Crime Commissioner listing all gifts, loans and sponsorship.
- 5.7.10. To maintain a central register, in a format agreed by the Treasurer, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the Treasurer, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.
- 5.7.11. To bank cash from sponsorship activity in accordance with normal income procedures.

## **6. SYSTEMS & PROCESSES**

### **6.1. INTRODUCTION**

#### **Why is this important?**

- 6.1.1. There are many systems and procedures relating to the control of assets, including purchasing, costing and management systems. The organisation 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.
- 6.1.2. The Treasurer and Director of Commercial Services both have a statutory responsibility to ensure that financial systems are sound and must therefore be notified of any proposed new developments or changes.

#### **Responsibilities of the Treasurer and Director of Commercial Services**

- 6.1.3. To ensure, in respect of systems and processes, that:
- systems are secure, adequate internal control exists and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice;
  - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
  - a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
  - systems are documented and staff trained in operations.
- 6.1.4. To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.
- 6.1.5. To establish separate schemes of delegation, from the Police and Crime Commissioner and the Chief Constable to their own staff identifying staff authorised to act on their behalf in respect of income collection, placing orders, making payments and employing staff.

### **6.2. INCOME**

#### **Why is this important?**

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

## **Context**

- 6.2.2. The NPCC national charging policies and national guidance should be adopted when setting and applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.
- 6.2.3. The Police and Crime Commissioner and Chief Constable should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the Police and Crime Commissioner and the Chief Constable should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.
- 6.2.4. When specifying resource requirements the annual budget plan and the MTFP will identify the expected income from charging. This should take account of NPCC charging policies in respect of mutual aid.

## **Responsibilities of the Director of Commercial Services and Treasurer**

- 6.2.5. To adopt the NPCC national charging policies and national guidance when setting and applying charges under section 25 of the Police Act 1996. Any divergence from the NPCC national charging policies and national guidance should be agreed by the Police and Crime Commissioner and the Chief Constable.
- 6.2.6. To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging and recording of VAT.
- 6.2.7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the Police and Crime Commissioner.
- 6.2.8. To ensure that all income is paid fully and promptly into the Income Bank Account. Appropriate details should be recorded to provide an audit trail.
- 6.2.9. To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
- 6.2.10. To operate effective debt collection procedures.

- 6.2.11. To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
- 6.2.12. To arrange the write-off of bad debts, in accordance with the limits outlined in Section 11. Proposals for write-offs should be supported by evidence proportionate to the value to be written off.

### **Responsibilities of the Director of Commercial Services**

- 6.2.13. To prepare detailed Financial Instructions for dealing with income, to be agreed with the Treasurer, and to issue them to all appropriate employees.

## **6.3. ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

### **Why is this required?**

- 6.3.1. Public money should be spent in accordance with the financial and regulatory framework and policies. The organisation has a statutory duty to ensure financial probity and best value. The Police and Crime Commissioner's and Chief Constable's joint financial regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the Contract Regulations in Section 7.

### **Joint Responsibilities of the Director of Commercial Services & Treasurer**

- 6.3.2. To prepare detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.
- 6.3.3. Maintain a system for raising Purchase Orders for all in the organisation
- 6.3.4. Ensure that there is an appropriate system for payment of goods and services. Payment by BACS is the preferred option.
- 6.3.5. Cheques will not be used as a form of payment unless there is exceptional circumstances. Requests for cheques to be raised must be made to the Director of Commercial Services or Treasurer in line with the delegated authority stated in Section 11.
- 6.3.6. To ensure that there is adequate segregation of duties between the raising and authorising of orders and the receipt of goods and services.
- 6.3.7. To ensure that there is clear process for budget holders to clarify VAT status of purchasing for budget holders to clarify when raising Purchase Orders.

### **Responsibilities of the Chief Officers**

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

#### **Responsibilities of Budget Holders (delegated authority)**

- 6.3.9. To request that a Purchase Order is raised for all work, goods or services to be supplied. Except for purchasing of goods/supply listed at 6.3.15.
- 6.3.10. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the organisation's contracts.
- 6.3.11. Goods and services ordered must be appropriate and there must be adequate budgetary provision.
- 6.3.12. To ensure that payments are made to the correct person, for the correct amount, on time, and are recorded properly, regardless of the method of payment.
- 6.3.13. To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- 6.3.14. To ensure that all purchases made follow the rules, regulations and procedures, as set out in this document, and any relevant organisational procedures including contract financial regulations.

#### **Purchase of other supplies**

- 6.3.15. The following purchases do not require Purchase Orders to be raised

- Utilities,
- periodic payments such as rent or rates,
- petty cash purchases,
- procurement card purchases (see section 6.6),
- other exceptions approved by the Treasurer.

- 6.3.16. Utilities/ rents / rates will be paid on receipt of invoice.

#### **Responsibilities of the Head of Business Services**

- 6.3.17. To ensure the timely and accurate processing of payment runs
- 6.3.18. To ensure that VAT Claims are processed

### **6.4. PAYMENTS TO EMPLOYEES**

#### **Why is this required?**

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

### **Responsibilities of the Director of Commercial Services**

- 6.4.2. To ensure, in consultation with the Treasurer, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
- 6.4.3. To ensure that tax, pension and other deductions are made correctly and paid over at the right time to the relevant bodies.
- 6.4.4. To pay all valid travel and subsistence claims or financial loss allowance.
- 6.4.5. To pay salaries, wages, pensions and reimbursements by the most economical means.
- 6.4.6. To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.
- 6.4.7. To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
- 6.4.8. To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

### **Termination of Employment**

#### **Responsibilities of the Chief Constable and Chief Executive**

- 6.4.9. Where there is a proposal for the termination of employment the decision lies with the Head of Paid Service (OPCC) and the Chief Constable as the statutory officers.
- 6.4.10. Decisions on termination of employment with a financial implication should balance the needs of the employer against the costs of continuing with the employment and the public interest. These decisions should be made in consultation with the Treasurer/ Director of Commercial Services respectively.
- 6.4.11. There is not a budget for termination of employment.

## **6.5. TAXATION**

### **Why is this important?**

- 6.5.1. The Police and Crime Commissioner and Chief Constable are legally required to properly account for taxation and to pay over to the relevant bodies.

### **Responsibilities of the Treasurer and Director of Commercial Services**

- 6.5.2. To ensure the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and National Insurance and that due payments are made in accordance with statutory requirements.
- 6.5.3. To ensure the timely completion and submission of VAT claims, inputs and outputs to HMRC.
- 6.5.4. To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
- 6.5.5. To provide details to the HMRC regarding the construction industry tax deduction scheme.
- 6.5.6. To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

## **6.6. PURCHASING CARDS AND CORPORATE CREDIT CARDS**

### **Why is this important?**

- 6.6.1. Purchase cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions.
- 6.6.2. Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

### **Responsibilities of the Director of Commercial Services**

- 6.6.3. To provide detailed financial instructions to card holders.
- 6.6.4. To authorise and maintain control over the issue of cards.
- 6.6.5. To reconcile the purchase card account to the ledger on a monthly basis.
- 6.6.6. To maintain a list of all purchase/ credit card holders.

## **Responsibilities of Card Holders**

- 6.6.7. Purchase Card holders are responsible for ordering and paying for goods and services in accordance with the Force contract financial regulations, section 7 of these financial regulations and all procedures laid down by the Chief Finance Officer.
- 6.6.8. To ensure that purchases are in accordance with approved policies.
- 6.6.9. To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

## **6.7. EX GRATIA PAYMENTS**

### **Why is this important?**

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

## **Responsibilities of the Director of Commercial Services**

- 6.7.2. To make ex gratia payments, on a timely basis, to members of the public up to the level shown in Section 11 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 organisations functions.
- 6.7.3. To maintain details of ex gratia payments in a register.
- 6.7.4. To make ex gratia payments, on a timely basis, up to the level shown in Section 11 in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty.



## **7. CONTRACT & PROCUREMENT REGULATIONS**

### **7.1. THE NEED FOR THESE REGULATIONS:**

- 7.1.1. The purpose of Financial and Contract Regulations is to set clear regulations for the procurement of goods, works and services, commissioned services and grant agreements for the West Mercia Commissioner and the Force which must be followed. These regulations promote good Procurement practice and ensure a system of openness, integrity and accountability where the probity and transparency of the process will be beyond reproach. In turn this leads to better value for money and gives confidence to all concerned that the West Mercia Commissioner and Chief Constable are fulfilling their fiduciary responsibilities.
- 7.1.2. These regulations cover all procurement undertaken by the West Mercia Commissioner or Chief Constable and within any partnership arrangements regardless of the source of funding. These lay down the minimum requirements particular contracts may require more stringent requirements.
- 7.1.3. Officers responsible for Procurement must comply with these Financial and Contract Regulations, the Public Contract Regulations and all UK and European Union (EU) legal requirements.

### **General Requirements**

- 7.1.4. Employees must follow the regulations set out in these Contract and Procurement Regulations when they procure goods, services or the carrying out of works.
- 7.1.5. Employees must take all necessary professional procurement, legal and financial advice.
- 7.1.6. Employees must declare to the Contracts & Procurement Manager any personal financial and non-financial interest in a Contract. Corruption is a criminal offence. Requisitioning officers need to comply with this requirement to prevent corruption and avoid other conflicts of interest.
- 7.1.7. Employees must conduct any value for money review and appraise the procurement need.
- 7.1.8. Employees must check whether there is any existing relevant Corporate Contract or Framework Agreements they can make use of before undergoing a competitive process or awarding work direct.
- 7.1.9. Employees must keep bids confidential.
- 7.1.10. Employees must not negotiate with Suppliers except where authorised to do so by the West Mercia Commissioner's Chief Exec. or the Treasurer, as appropriate.

- 7.1.11. Employees must complete a written Contract or Official Purchase Order before the supply of goods, services or carrying out of works begins.
- 7.1.12. Employees must where appropriately identify an officer with responsibility for ensuring the Contract delivers as intended.
- 7.1.13. Employees must keep records of dealings with Suppliers in accordance with the Force and West Mercia Commissioner's document retention policies.
- 7.1.14. Employees must assess each Contract throughout its terms and afterwards to see how well it meets/met the procurement need and Value for Money requirements.
- 7.1.15. The Contracts & Procurement shall keep records relating to this regulation (9.2) for all contracts above £10,000 (Intermediate Value) and Employees shall facilitate this by providing copies of relevant documentation to Contracts & Procurement. For all contracts below £10,000 the Employees shall keep all records.

Threshold and Type	Value	Quotation/Tender Process	Responsible for Procurement	Responsible for approving Outcome and evaluation setting criteria	Responsible for accepting tenders
Ultra low value Transactions	Up to £5k	Place order with supplier best able to provide value for money. Should be with a supplier already on purchasing system. Record of reasons for selection need to be retained.	Devolved	Devolved	Devolved
Low Value Transactions	£5,001 to £10,000	A written or electronic quotation. Must demonstrate value for money and the aggregated spend cannot exceed £10k	Devolved	Devolved	Devolved
Intermediate Value Transactions	£10,001 to £50,000	Sourcing through available frameworks or by quotation on Bluelight Supply portal.	Contracts & Procurement:	Contracts & Procurement:	Contracts & Procurement:
High Value Transactions	Above £50,000 and below threshold	Follow mini-competition or tender process	Contracts & Procurement	PCC	PCC
Over Threshold	Over	Follow mini-competition or tender process	Contracts & Procurement	PCC	PCC

- 7.1.16. Total Contract value is the value/estimated value over the life of the Contract and not just the annual amount. For any above Threshold contracts, Employees must seek advice from Contracts & procurement. As a minimum these contracts can take at least 6 months in addition to the Contract lead-in time – adequate planning is therefore imperative.

## 7.2. PROCUREMENT FLOW CHART

### Basic Principles

7.2.1. All Procurement procedures must:

7.2.1.1. Follow the Public Procurement Regulation principles by being open, fair, transparent and proportional.

7.2.1.2. Achieve value for money;

7.2.1.3. Be consistent with the highest standards of integrity;

7.2.1.4. Ensure fairness in allocating public contracts;

7.2.1.5. Comply with all legal requirements;

7.2.1.6. Ensure that non-commercial considerations do not influence any contracting decision;

7.2.1.7. Comply with the Commissioner's policies;

7.2.1.8. Comply with the Police and Crime Plan;

7.2.2. Further, all Procurement procedures must ensure that:

7.2.2.1. Grant money received is spent in line with these Financial and Contract Regulations unless the grant conditions state otherwise.

7.2.2.2. the procurement is legitimate, lawful and within the budget and policy framework.

7.2.2.3. all goods, services and the carrying out of works are ordered in accordance with Financial and Contract Regulations, Public Finance Regulations and with all UK and EU binding legal requirements.

7.2.2.4. The procurement is authorised by the appropriate person and correctly recorded;

7.2.2.5. Goods, services and the carrying out of works received meet the requirements of the authorised order;

7.2.2.6. Payments are only made for goods, services and the carrying out of works received at the correct price, quantity and quality standards;

7.2.2.7. Self-authorisation of payments is restricted in line with schemes of authorisation;

7.2.2.8. Processes are in place to maintain the security and integrity of data for transacting business electronically.

- 7.2.3. Financial and Contract Regulations must be strictly complied with. They are requirements. A more thorough procedure may be appropriate for a particular contract and Contract & Procurement Manager will advise if this is the case.

### **Interpretation**

- 7.2.4. In these Financial and Contract Regulations the words and phrases shall be interpreted as stated in 1.4.
- 7.2.5. All limits within these Contract and Procurement Regulations exclude any Value Added Tax (VAT) which may be payable at the prevailing rate.

### **Application**

- 7.2.6. Every Contract made relating to the execution of goods, works, services, or consultancy shall comply with these Financial and Contract Regulations and the West Mercia Commissioner's Financial Regulations. This includes Chief Constable's contract for agency staff.
- 7.2.7. All police officers, police staff, companies and individuals engaged to act in any capacity to manage or supervise a Contract, must comply with these Financial and Contract Regulations and the Public Finance Regulations, and the Chief Constable must ensure such compliance.
- 7.2.8. All police officers, police staff, companies and individuals engaged on the West Mercia Commissioner's or Chief Constable's behalf, must ensure that any conflicts of interest are avoided. The Contract and Procurement Manager should be notified in writing of any potential conflicts of interest immediately. Conflicts of interest may be either personal or indirect (e.g. through a relative or associate) or pecuniary (i.e. financial) or non-pecuniary (such as previous employment relationships).
- 7.2.9. In entering into any Contract on behalf of the West Mercia Commissioner, the relevant officer or member of staff must obtain value for money by ensuring that the market has been explored and where possible, tested competitively either by the West Mercia Commissioner or by a consortium on their behalf.
- 7.2.10. Collaborative Arrangements: - In order to secure value for money the West Mercia Commissioner may enter into collaborative procurement arrangements with a range of organisations including other police commissioners and police forces or commission services on a regional basis.

- 7.2.11. Any contracts entered into through collaboration with other police and crime commissioners or forces or other public bodies, where a competitive process has been followed that complies with the equivalent to these Financial and Contract Regulations of the leading Procurement organisation (but does not necessarily comply with these Regulations), will be deemed to comply with these Financial and Contract Regulations and no exception is required. However, advice may be sought from Contracts & Procurement Manager.
- 7.2.12. Subject to 9.9 and 9.10, no exception to these Financial and Contract Regulations can be made unless authorised by or approved by Contract and Procurement Manager, and the Director of Commercial Services for values of Contracts £10,000 to £50,000. For Contracts with values above £50,000 up to Threshold a signature is also required by the relevant ACC or Director.
- 7.2.13. Any police officer, staff member or agent of the West Mercia Commissioner, whilst acting on the West Mercia Commissioner's behalf in relation to any contractual matter directly or indirectly concerning the West Mercia Commissioner, shall conduct themselves in such a manner that the independence and integrity of the West Mercia Commissioner's procedures are at all times maintained and are seen to be maintained.
- 7.2.14. The engagement of consultants and other professional advisors must be in accordance with these Financial and Contract Regulations.
- 7.2.15. These Financial and Contract Regulations apply to Framework Arrangements so far as is practicable and the Contract & Procurement Manager must organise Framework Arrangements accordingly to reflect value for money.
- 7.2.16. These Financial and Contract Regulations do not apply to internal business where one part West Mercia Commissioners Office or the Force provides a service to another. Nevertheless, such internal arrangements should achieve value for money.
- 7.2.17. CONTRACT APPROVAL AND AWARD LEVELS OF AUTHORITY as detailed in Section 11 (Summary of Delegated Limits)
- 7.2.18. The West Mercia Commissioner is the contracting party for all Contracts unless with prior agreement of the West Mercia Commissioners Office

### **7.3. RESPONSIBILITIES**

#### **Police and Crime Commissioner**

- 7.3.1. To establish an agreed set of Contract Regulations.
- 7.3.2. To monitor contract outcomes and compliance with these Contract Regulations.

## **Chief Constable**

- 7.3.3. The Chief Constable is responsible for ensuring that procedures for procurement are sound and properly administered and for ensuring all income and expenditure is lawful.
- 7.3.4. The Contracts & Procurement Manager, in consultation with the Director of Commercial Services, shall prepare relevant guidance that will supplement these Financial and Contract Regulations and shall apply to all Departments, units and establishments of the West Mercia Commissioner and the Force.
- 7.3.5. Ahead of each financial year, as part of the budget process, Contracts & Procurement shall prepare a forward procurement plan. The Procurement Plan shall outline the key Procurements due to take place during the financial year including contracts due for renewal from the Contracts Register. This plan will also state the proposed procurement route that is to be used.

## **Monitoring Officer**

- 7.3.6. To receive reports where the arrangements for agreeing or letting contracts have not met the requirements of these regulations.
- 7.3.7. To approve the terms of standard contracts
- 7.3.8. To approve all contracts where the Police and Crime Commissioner is the supplier.
- 7.3.9. To ensure that there is a record of all signed contracts over £10,000.

## **Treasurer**

- 7.3.10. To make sure that the Police and Crime Commissioner achieves best value.
- 7.3.11. To make sure that all contracts are in line with Financial and Contract Regulations.
- 7.3.12. To consult the Monitoring Officer and provide guidance on any relevant financial matter relevant to these Financial and Contract regulations.
- 7.3.13. To consult the Monitoring Officer and recommend action if arrangements for agreeing contracts have not met the requirements of these Financial and Contract regulations.

## **Director of Commercial Services**

- 7.3.14. To report quarterly a list of all transactions authorised and their total value in the previous quarter.

- 7.3.15. To report quarterly a list of all procurements of Intermediate Value and above due to be commenced in the coming quarter, with their estimated value.
- 7.3.16. To report quarterly a list of all procurements of Intermediate Value and above due to be accepted in the coming quarter, with their estimated value.

### **Chief Officers**

- 7.3.17. To follow Financial and Contract regulations and any codes of practice, guidance or instructions provided by the Monitoring Officer and the Treasurer and relevant professional bodies.
- 7.3.18. To ensure that all officers and staff comply with Financial and Contract regulations
- 7.3.19. To obtain appropriate legal, financial and other advice.
- 7.3.20. To comply with all relevant laws.
- 7.3.21. To be satisfied that agreed budgetary provision exists to cover the financial commitment being made.
- 7.3.22. To ensure that the Force has systems in place to avoid fraud and corruption and breach of Financial and contract regulations.
- 7.3.23. To provide any information required by the Monitoring Officer, Treasurer or Director of Commercial Services to ensure compliance with legal requirements.
- 7.3.24. To ensure that there is relevant approval for all contracts in line with the scheme of delegation.

### **Procurements and Contractors Managers**

- 7.3.25. To apply and monitor the use of these Financial and Contract regulations and any codes of practice, guidance or instructions provided by the Monitoring Officer, and the Treasurer to all contracts.
- 7.3.26. To be responsible for procurement standards and practice.
- 7.3.27. To produce and action the annual “procurement plan” including the planning of medium to long term purchase requirements.
- 7.3.28. To report any breach or potential breach of Financial and Contract regulations to the Head of Commercial Services or the Monitoring Officer or the Treasurer.

- 7.3.29. To make sure that all suppliers have in place sufficient insurance cover as appropriate in accordance with Force risk and insurance guidance
- 7.3.30. To be responsible for keeping a register of all contracts over £10,000 entered into by the Police and Crime Commissioner and to make arrangements for its publication in accordance with legislation.
- 7.3.31. To seek legal, financial and other appropriate advice in good time to ensure that the Force complies with legal requirements.
- 7.3.32. To agree a procedure with the Treasurer and the Police and Crime Commissioner as to how best to check the financial standing of suppliers.

### **Heads of Services**

- 7.3.32.1. Heads of Service are responsible for:
- 7.3.32.2. ensuring that staff are aware of their responsibilities under these procedures, receive adequate training and guidance and comply fully with these regulations.
- 7.3.32.3. establishing the Scheme of Delegation for their Directorate which details where decision making has been delegated to members of staff and the financial parameters of that delegation.
- 7.3.32.4. ensuring their staff only undertake procurements up to a value of £10,000. Any procurement in excess of this value must be referred to Contracts & Procurement.
- 7.3.32.5. If items below this limit are purchased regularly then this should be notified to Contracts & Procurement for incorporation into a Force Contract/Framework.
- 7.3.32.6. advising the Contracts & Procurement Unit of any known upcoming major procurements above £10,000 during the next financial year.

### **Officer Responsibilities**

- 7.3.33. Any procurement carried out on behalf of the West Mercia Commissioner may only be undertaken by police officers, police staff, with the appropriate delegated authority to carry out such tasks as set out in the Scheme of Delegation. Officers or staff with delegated authority may only delegate to other officers or staff who have the skills and knowledge appropriate to the task.
- 7.3.34. Employees must comply with these Financial and Contract Regulations, Public Contract Regulations, and with all UK and EU binding legal requirements.
- 7.3.35. Employees must have regard to any supplementary guidance issued.



- 7.3.36. Employees must check whether a suitable Corporate Contract or Framework Agreement, exists before seeking to let a new contract.
- 7.3.37. Where a suitable Corporate Contract or Framework Agreement exists, it must be used unless the Employee has express permission from the Director of Commercial Services or the Treasurer (for West Mercia Commissioners Office expenditure) to use an alternative procurement route (agreed by Contracts & Procurement).
- 7.3.38. Contracts & Procurement shall record in the Contract database all approved exceptions and Contracts with a total contract value above £50,000 (including any changes over the Contract life e.g. extensions)
- 7.3.39. Tender procedures must be conducted in accordance with procedures set out in the Invitation to Tender.
- 7.3.40. Employees must also ensure that agents acting on their behalf also comply with these Financial and Contract Regulations, Public Contract Regulations, and with all UK and EU binding legal requirements.
- 7.3.41. Officers must take all necessary professional procurement, legal and financial advice when required. Failure to do so can expose the West Mercia Commissioner to unnecessary risks.
- 7.3.42. If a contract requires “novating”, or if a contract may lead to the potential transfer of staff under the Transfer of Undertaking (Protection of Employment) (TUPE) regulations then the Employee must consult with Contracts & Procurement who, if appropriate, will obtain legal advice before proceeding.

## **7.4. EXCLUSIONS AND EXCEPTIONS**

### **Exclusions**

- 7.4.1. These Regulations do not apply to the following:
- 7.4.1.1. Contracts for the employment of individual employees.
- 7.4.1.2. Contracts for goods or materials to be purchased at an auction.
- 7.4.1.3. Contracts for goods or materials to be purchased through any joint arrangement or association of which the West Mercia Commissioner is a member and is not the lead commissioner.
- 7.4.1.4. Where compliance with Financial and Contract Regulations would have security implications. Any such exclusion should be authorised by the Chief Constable, Director of Commercial Services or Chief Executive for West Mercia Commissioners Office expenditure.

- 7.4.1.5. Contracts relating solely to the disposal or acquisition of an interest in land.
- 7.4.1.6. Contracts for the lending or borrowing of money.
- 7.4.1.7. Any procurement of goods or services which is required by government mandate to be made from a specified supplier or by a specified method.
- 7.4.1.8. Requirements for Mutual Aid, Contributions and Grants.
- 7.4.1.9. Charges repaid to the Home Office for national systems/requirements.
- 7.4.1.10. Appointment of External Auditors when an appointing body is used.
- 7.4.1.11. Professional subscriptions.
- 7.4.1.12. Recharges between forces in relation to Regional Collaboration.

### **Exceptions**

- 7.4.2. Exceptions are provided for where normal tendering procedures cannot be followed because of an unforeseen emergency involving immediate risk to persons, property, and serious disruption to police services. It is not a substitute for instances where procurement planning has not been exercised and Requisitioning Officers find themselves with insufficient time to undertake a competitive process.
- 7.4.3. Such circumstances may include:
  - 7.4.3.1. Urgent Maintenance or repair; to prevent serious injury or damage to premises; to maintain essential services; to make premises or equipment secure.
  - 7.4.3.2. Proprietary article or service and Type-approved products: proprietary articles or services- where there is only one source of supply (e.g., support & maintenance of computer systems by software supplier); type approved – where only certain equipment is approved for use by UK Police forces.
  - 7.4.3.3. Emergency Situations: where there is a need to take immediate action for Health & Safety or Operational purposes.
  - 7.4.3.4. Force requirement: where there is a need to extend or change arrangements in one force in order to align service provision or supply chain arrangements prior to a joint tender exercise.
- 7.4.4. Other exceptional circumstances. This is only permitted in exceptional circumstances and must be based on permissions given in – **Negotiated Tenders & Single Suppliers**

- 7.4.5. An exception under this Procedure Rule allows a contract to be placed by direct negotiation with one or more suppliers. No exceptions can be used if the Public Contract Regulations (above Threshold) applies except acting upon legal advice.
- 7.4.6. All exceptions for Contracts, and the reasons for them, must be recorded in writing in the Exemption Form, submitted to and approved by the various officers as outlined within. Exemptions will be recorded by Contracts & Procurement in the Contract Management portal (KeyedIn).

## **7.5. PROCUREMENT PROCEDURE**

### **E-Procurement**

- 7.5.1. Electronic tendering is the preferred method of carrying out a Tender exercise. All electronic tendering will be undertaken by Contracts & Procurement.

### **Pre-Procurement Procedure**

- 7.5.2. Before beginning a procurement, the Employee responsible for it must appraise the procurement and consider (where appropriate):
  - 7.5.2.1. Taking into account the requirements from any relevant service reviews;
  - 7.5.2.2. Appraising the need for the expenditure and its priority e.g. has a business case been developed which sets out the service objectives, the criteria for evaluation and the options for delivery;
  - 7.5.2.3. Defining the objectives of the procurement;
  - 7.5.2.4. Consider the risks associated with the Procurement over its life and how to manage them;
  - 7.5.2.5. Considering what procurement method is most likely to achieve the procurement objectives, including internal or external sourcing and collaboration with other commissioners, forces or partners;
  - 7.5.2.6. Consulting users as appropriate about the proposed procurement method, contract standards, and also performance and user satisfaction monitoring;
  - 7.5.2.7. Selecting the most appropriate procurement method considering the maturity of the market (local, regional and national) and whether the procurement approach is likely to yield enough competition.
- 7.5.3. The Employee must confirm that:

- 7.5.3.1. The proposed expenditure is in accordance with the approved budget and Budget Planning process or there is a specific approval for the expenditure;
- 7.5.3.2. Prior Information Notices, where required under the Public Contract Regulations, have been placed in the Find a Tender (FtS) and Contracts Finder by Contracts & Procurement.
- 7.5.3.3. Advice has been sought on whether parent company guarantees or bonds are likely to apply to the Contract (see rule 7.56).
- 7.5.3.4. The Employees approach to the appraisal tasks should be proportionate to the complexity, risks and value of the procurement and take into account any supplementary guidance issued.
- 7.5.3.5. Contracts & Procurement shall ensure that where proposed contracts, irrespective of their total contract value, may be of interest to potential applicants, advertisements must always be placed on a suitable web-based publication and on Contracts Finder and may also be placed in.
- 7.5.3.6. Where a suitable Corporate Contract or Framework Agreement exists, it must be used unless more favorable terms or price can be achieved and these reasons must be recorded. Prior approval is required as per 7.3.37.

### **Estimating the Contract Value**

- 7.5.4. Contract values should be calculated in order to determine the overall Estimated Value of the Contract, for the period of the Contract prior to the procurement process. "Whole life costs" relating to the Contract must be taken into account for the period of the Contract; this could include some or all of the following (but not limited too): quantity costs, labour costs, Carriage/package costs, all installation costs, training costs maintenance/support costs, commissioning and disposal costs.
- 7.5.5. The subdivision of procurement to reduce the Estimated Value of the Contract is not permissible.

### **Bonds & Parent Company Guarantees**

- 7.5.6. The Employee must consult the Director of Commercial Services/ Treasurer before the tender process commences about whether a bond (or similar) is needed:
  - 7.5.6.1. Where the total Contract value exceeds £500,000.
  - 7.5.6.2. Where it is proposed to make staged or other payments in advance of receiving the whole of the subject matter of the Contract.
- 7.5.7. The Requisitioning Officer should also consult the Contracts & Procurement Manager regarding the financial vetting of prospective tenderers as part of the standard selection questionnaire (SQ) process.

7.5.8. The Officer must further consult Contracts & Procurement when an applicant is a subsidiary of a parent company, and:

7.5.8.1. The total Contract value exceeds £250,000, or the award is based on evaluation of the parent company, or there is some concern about the financial stability of the applicant.

## **7.6. FRAMEWORK ARRANGEMENTS AND FORCE CONTRACTS**

(Including National Mandated Contracts)

7.6.1. Instructions and guidance on the use of Framework Arrangements, National Mandated Contracts and Force Contracts will be issued by Contracts & Procurement on behalf of the West Mercia Commissioner. Such instructions and guidance must be followed. Failure to follow this regulation could expose the West Mercia Commissioner to legal risk.

7.6.2. For all Contracts above £10,000 awarded under a Framework Arrangement, a Contract Award notice will be issued on Contracts Finder.

## **7.7. STANDARDS AND AWARD CRITERIA**

7.7.1. Where an appropriate European Standard Specification or British Standard implementing a European Standard or an appropriate and recognised International Standard is current at the date of the tender, every contract should require that all goods and materials used or supplied, and all services shall be in accordance with that standard. Where an existing collaborative contract is an appropriate vehicle then the principles of this condition should be considered.

7.7.2. An Award Criteria appropriate to the procurement must be defined within the tender documents. Award Criteria must be designed to secure a sustainable outcome which represents Value for Money for the commissioner. For Contracts below EU thresholds, the options are to award the Contract to:

7.7.2.1. The “most economical” offer (where considerations other than price also apply) or;

7.7.2.2. The “lowest price” offer.

7.7.3. For Contracts above EU thresholds, the Contract should be awarded to the “most economical” offer.

- 7.7.4. If the first criterion (7.7.2.1) is adopted, it must be further defined by reference to sub-criteria. Award criteria and sub-criteria may refer only to relevant considerations. These may include (but no limited too): price; service; quality of goods; running costs; technical merit; previous experience; delivery date; cost effectiveness; quality; relevant environmental; social and economic considerations; aesthetic and functional characteristics (including security and control features); safety; after-sales services; technical assistance; and any other relevant matters.

## **7.8. PROCUREMENT PROCEDURE**

### **Orders/Contracts less than £10,000**

- 7.8.1. Competitive Quotations for Procurement with an estimated value of below £5,000 are not mandatory. Between £5,001 and £10,000 for Force related spend Contracts & Procurement, with prior agreement, shall have discretion to increase the limit to £10,000. Quotation(s) shall be obtained from at least one supplier. Quotations received by post or electronically (including via web sites) are acceptable. Whilst only one Quotation is required, three Quotations should be obtained where possible and practical.
- 7.8.2. The details of the Quotations should be recorded and retained within the department and attached to the requisition.
- 7.8.3. Contracts up to and including £10,000 will be awarded by means of the current purchase order form. Orders can be communicated by post or electronically.

### **Orders/Contracts from £10,001 to £50,000**

- 7.8.4. For Contracts with an estimated value from £10,001 up to and including £25,000, a minimum of three written Quotations for each purchase will be obtained. Quotations received by post or electronically (including web sites) are acceptable.
- 7.8.5. The details of the Quotations should be recorded and retained within the department in accordance with sections of the Retention of Documents. Copies of all the quotations shall also be attached to the requisition.
- 7.8.6. Contracts up to and including £50,000 will be awarded by means of the current purchase order form. Orders can be communicated by facsimile, post or electronically.

### **Orders/Contracts above £25,000**

- 7.8.7. Contracts & Procurement will decide the appropriate procurement process for any procurement exceeding £50,000 and the procurement process must be managed by Contract & Procurement.

- 7.8.8. Prior to the commencement of the procurement process Contracts & Procurement shall develop the procurement approach. A written specification must be provided to potential suppliers including the evaluation criteria to be applied in conjunction with the user department.
- 7.8.9. Where a tender process is being completed this must be advertised on Find a Tender Service (FtS) and Contracts Finder. The number of Quotations or Tenders sought for purchases subject to UK Regulations will be in accordance therewith.
- 7.8.10. Quotation and or Tenders are to be received electronically via use of the dedicated portal.
- 7.8.11. The Quotations or Tenders will be evaluated against the agreed criteria and an award be made by either an official order, offer letter or a formal form of contract. Contractor's/supplier's terms of business are also an acceptable form of contract. However, Contract & Procurement advice must be sought before any contract/ agreement is signed.
- 7.8.12. For all Contracts awarded above £50,000, a Contract award Notice will be published on Find a Tender Service (FtS) and Contracts Finder in accordance with The Public Procurement Regulations 2015, SI 2015 No 102.

## **7.9. FORMAL TENDER PROCESS**

- 7.9.1. Guidance in respect of the formal Tender Process is set out below. Tenders, or a mini competition under a framework, must be undertaken for all contracts above £50,000 unless an alternative process is authorised by the Director of Commercial Services.
- 7.9.2. The key stages are summarized below:
  - 7.9.2.1. Pre-tender
  - 7.9.2.2. Deciding the evaluation criteria
  - 7.9.2.3. Invitations to tender/quotations
  - 7.9.2.4. Responding to clarification questions
  - 7.9.2.5. Submission, receipt and opening of tenders
  - 7.9.2.6. Clarification procedures & post-tender interviews/ presentations
  - 7.9.2.7. Evaluation and award of contract

### **Form of Contract**

## **Contract Documents**

7.9.3. All contracts will be recorded in the register of contracts maintained by the Contracts & Procurement.

7.9.4. Every Contract with a total Contract value of above £10,000 must be recorded by the CONTRACTS & PROCUREMENT in the Contracts Register. Any changes made over the contract life e.g., extensions must also be recorded by the CONTRACTS & PROCUREMENT in the Contracts Register. This covers all Contracts including the appointment of consultants.

7.9.5. Every Contract must be recorded either in writing or stored electronically. Where an order is placed using an electronic system, E.g., e-Fin, it must state clearly:

7.9.5.1. What is to be supplied (description and quality);

7.9.5.2. Payment provisions (amount and timing).

7.9.6. CONTRACTS & PROCUREMENT shall seek further advice from the relevant departments for the following contracts:

7.9.6.1. Where the total Contract value is above Threshold; and

7.9.6.2. Contracts involving leasing arrangements, or which may incorporate embedded leases, must receive the approval of the Director of Commercial Services and Chief Executive of the OPCC's; and/or

7.9.7. Where a contract is entered into that involves a service concession arrangement (i.e. assets are utilised as part of the service which it may be interpreted the West Mercia Commissioner has an interest in then the Director of Commercial Services and the Chief Executive of the OPCC must be consulted; and/or

7.9.7.1. A longer term contract is to be entered into, i.e., 5 years plus: and/or

7.9.7.2. Those which are complex in any other way.

## **Contract Formalities**

7.9.8. All Contracts must be concluded formally in writing (either official order, contract, letter of acceptance, etc.) before the supply, service or construction work begins, except in unforeseen emergencies, and only then with the written consent of the Chief Constable or Chief Executive for West Mercia Commissioner Expenditure.

7.9.9. Signature - The Officer responsible for securing signature of the Contract must ensure that the person signing for the other contracting party has authority to do so.



- 7.9.10. Sealing - Where Contracts are completed by each party adding their formal Chief Executive.
- 7.9.11. The Regional Legal team will advise on those Contracts that will be subject to formal sealing. This will normally be for Contracts above £200,000-£250,000. Contracts below that amount may also be sealed where required by law or upon the advice of the Regional Legal advisors.
- 7.9.12. Every sealing will be consecutively numbered, recorded and signed by the person witnessing the seal. The seal must not be affixed without the appropriate authority.
- 7.9.13. Archiving and Lodgment of Records - The original sealed Contract must be retained in accordance with the document retention policy.

## **7.10. VARIATIONS AND EXTENSIONS**

### **Contract Variations**

- 7.10.1. Every variation to a Contract shall be specifically authorised in writing by Contracts & Procurement and shall be notified in writing to the Supplier/ Contractor.
- 7.10.2. No variation to a contract resulting in additional expenditure in excess of 5% of the original contract price shall be made without the approval of the Chief Constable or Chief Executive for West Mercia Commissioner expenditure.

### **Contract Extensions**

- 7.10.3. Approval to proceed with the extension of existing Contracts for goods and/or services where the extension value is in excess of £100,000 must be obtained from the Chief Constable prior to commencement of any extension period and reported to the CFO's.

## **8. JOINT WORKING ARRANGEMENTS**

### **Why is this important?**

- 8.1.1. Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.
- 8.1.2. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These are grouped under the following headings:
- Partnerships
  - Consortia
  - Collaboration
- 8.1.3. Partners engaged in joint working arrangements have common responsibilities:
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
  - to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
  - to be open about any conflicts that might arise;
  - to encourage joint working and promote the sharing of information, resources and skills;
  - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
  - to promote the project.
- 8.1.4. In all joint working arrangements the following key principles must apply:
- before entering into the agreement, a risk assessment has been prepared;
  - such agreements do not impact adversely upon the services provided;
  - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
  - all arrangements are properly documented;
  - regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
  - audit and control requirements are satisfied;
  - accounting and taxation requirements, particularly VAT, are understood fully and complied with;
  - an appropriate exit strategy has been produced.
- 8.1.5. The organisation's' element of all joint working arrangements must comply with these Financial Regulations.

## **8.2. PARTNERSHIPS**

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

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

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

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

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

### **Statutory based**

8.2.4. These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs)

### **Strategic**

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

### **Ad-hoc**

8.2.6. These are typically locally based informal arrangements.

## **Context**

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

### **Responsibilities of the Police and Crime Commissioner**

- 8.2.9. To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan and the annual delivery plan.
- 8.2.10. To make appropriate arrangements to commission services from either the force or external providers and to agree all service commissions from external providers.

### **Responsibilities of Managers**

- 8.2.11. To follow the guidance manual for local partnerships, ensuring appropriate arrangements for the management of partnership arrangements and related contracts and service level agreements.
- 8.2.12. To consult, as early as possible, the Director of Commercial Services and the Treasurer to ensure the development of appropriate business cases, correct treatment of taxation and other accounting arrangements.
- 8.2.13. To produce a Memorandum of Understanding (MOU) setting out the appropriate financial and operational arrangements for the project. This document should be signed by the Chief Executive, Chief Constable, Director of Commercial Services or Chief Executive.
- 8.2.14. All partnership, joint working arrangements and MOUs with operational and financial implications should be approved by the Director of Commercial Services and when appropriate the Chief Executive.

## **Responsibilities of the Chief Executive**

- 8.2.15. To keep a register of statutory and other legally formalised partnerships, consortia and collaboration agreements

## **8.3. CONSORTIUM ARRANGEMENTS**

- 8.3.1. A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the Police and Crime Commissioner.

## **Responsibilities of Managers**

- 8.3.2. To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 8.3.3. To consult, as early as possible, the Director of Commercial Services and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.
- 8.3.4. To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
- 8.3.5. To produce an MOU setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

## **Responsibilities of the Police and Crime Commissioner**

- 8.3.6. To approve participation in the consortium arrangement.

## **8.4. COLLABORATION**

- 8.4.1. Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and Police and Crime Commissioners have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or Police and Crime Commissioners. Any collaboration which relates to the functions of a police force must be agreed by the Police and Crime Commissioner and with the Police and Crime Commissioner and Chief Constable of the force concerned.
- 8.4.2. The Police and Crime Commissioners shall jointly hold their Chief Constables to account for any collaboration in which their force is involved.
- 8.4.3. Any such proposal must be discussed with the Treasurer and Director of Commercial Services in the first instance, to ensure it delivers value for money.

## **9. EXTERNAL FUNDING**

### **Why is this important?**

- 9.1.1. External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the organisation. Funds from external agencies provide additional resources to enable the Police and Crime Commissioner to deliver his policing and crime objectives. Funds may or may not be subject to conditions requiring them to be spent in specific ways. All such funding is paid into the Police Fund in the first instance and is therefore under the jurisdiction of the Police and Crime Commissioner.
- 9.1.2. The main source of such funding will tend to be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

### **Responsibilities of Chief Officers**

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

### **Responsibilities of the Chief Constable and the Police and Crime Commissioner**

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

### **Responsibilities of the Treasurer and Director of Commercial Services**

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

### **Responsibilities of the Chief Constable**

- 9.1.7. To ensure that funds are acquired only to meet policing needs and objectives.
- 9.1.8. To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.

- 9.1.9. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the Police and Crime Commissioner. If there is a conflict, this needs to be taken to the Police and Crime Commissioner for resolution.

### **Responsibilities of Managers**

- 9.1.10. To ensure all applications for external funding are brought to the attention of the Director of Commercial Services or the Treasurer. No external funding may be accepted without the agreement of the Director of Commercial Services or the Treasurer.

## **10. WORK FOR EXTERNAL BODIES**

### **Why is this required?**

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

### **Responsibilities of the Chief Constable**

- 10.2.** To ensure that proposals for assistance are costed, that no contract is subsidised and that, where possible, payment is received in advance of the delivery of the service so that the organisation is not put at risk from any liabilities such as bad debts.
- 10.3.** To ensure that appropriate insurance arrangements are in place.
- 10.4.** To ensure that all contracts are properly documented.
- 10.5.** To ensure that such contracts do not impact adversely on our services.
- 10.6.** The agreement of the Police and Crime Commissioner will be required to all tender submissions which may be publicly or politically sensitive. Otherwise, the submission of tenders for the supply of goods and/or services should be approved as follows:
- For tenders up to £250,000 by the Chief Constable;
  - Between £250,000 and £1,000,000 by the Chief Constable in consultation with the Treasurer;
  - Over £1,000,000 the prior approval of the Police and Crime Commissioner is required.



## 11. SUMMARY OF DELEGATED LIMITS

### Asset Register

- 11.1. To maintain an asset register for all fixed assets with a value in excess of the limits shown below, in a form approved by the Treasurer. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the *Code of Practice on Local authority Accounting in the United Kingdom: A Statement of Recommended Practice* and the requirements specified by the Treasurer

<i>Land &amp; Buildings</i>	<i>All values above de minimis</i>
<i>Vehicles</i>	<i>All values</i>
<i>ICT hardware</i>	<i>All values</i>
<i>Plant &amp; Equipment</i>	<i>£10,000 the de minimis capital level</i>

### Virement Limits

- 11.2. These limits are subject to the control framework above which cannot be breached

Force Budget

PCC's own budget	
Up to £50,000	Treasurer
Up to £100,000	Chief Executive
Over £100,000	PCC

### Settlements on Termination of Employment

- 11.3. The following limits apply to agreement of financial settlements as a result of termination of employment are
- below £15k - (that doesn't meet threshold of novel, contentious or repercussive)
  - Above £15k – Agreed by the Chief Executive
  - Above £25k – Agreed by PCC

### Settlements of Legal Claims against West Mercia

- 11.4. The following limits apply to agreement of financial settlements as a result of a claim made against West Mercia are
- below £15k - (that doesn't meet threshold of novel, contentious or repercussive)
  - Above £15k – Agreed by the Chief Executive

- Above £25k – Agreed by PCC

## **Inventories**

### **Responsibilities of the Director of Commercial Services**

- 11.5.** To ensure that inventories are maintained in a format approved by the Treasurer that record an adequate description of items with a value in excess of £1,000. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

## **Money Laundering**

- 11.6.** Suspicious cash deposits in any currency in excess of £10,000 (or equivalent) should be reported to the National Crime Agency (SOCA).
- 11.7.** Large cash bankings from a single source over £10,000 should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 3.9).

## **Gifts, Loans and Sponsorship**

- 11.8.** To refer all gifts, loans and sponsorship above £10,000 (outside of agreed budget allocations/scheme of consent) to the Police and Crime Commissioner for approval before they are accepted.

## **Authorisation of Cheques**

- 11.9.** The following delegated authority for approving and signing cheques are

Head of Financial Accounting (Force)	- Up to £2,500
Head of Finance (Force)	- Up to £5,000
Treasurer	- Over £5,000

## **Income**

- 11.10.** To approve the write-off of bad debts, obsolete stock and stock discrepancies in consultation with the Chief Executive or the Treasurer, up to the level shown below. Amounts for write-off above this value must be referred to the Police and Crime Commissioner for approval, supported by a written report explaining the reasons for the write-off.

<i>Up to £100</i>	<i>Financial Accounting Manager, Management Accounting Manager, PCC Senior Finance Officer</i>
<i>Up to £1000</i>	<i>Head of Finance</i>
<i>Up to £20,000</i>	<i>Director of Commercial Services / Treasurer</i>
<i>Over £20,000</i>	<i>Police and Crime Commissioner</i>

- 11.11.** Careful consideration should be made of write offs which are off a politically sensitive nature or of public interest. In such cases consultation with the Chief Executive should be made before continuing with the write off.

### **Ex-gratia Payments**

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

<i>Up to £5,000</i>	<i>Director of Commercial Services</i>
<i>Over £5,000</i>	<i>Police and Crime Commissioner</i>

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

<i>Up to £10,000</i>	<i>Director of Commercial Services</i>
<i>Over £10,000</i>	<i>Police and Crime Commissioner</i>

### **Financial Reporting**

- 11.14.** Reporting of expenditure to date and projections shall occur on a regular basis through the OPCC and Force management boards in accordance with the following structure.

<b>Reporting Officer</b>	<b>Business Area</b>	<b>Reports to</b>	<b>Frequency</b>
Chief Executive	PCC	PCC	Monthly
DCC	Corporate Services	Governance Board	Monthly
Director of Business Services	Business Services	Governance Board	Monthly
ACC Crime and Vulnerability	ACC Crime and Vulnerability	Governance Board	Monthly
ACC Operations	ACC Operations	Governance Board	Monthly
Head of Business Operations	Business Operations	Director of Business Services	Monthly
Head of Change Management	Change Management	Director of Business Services	Monthly
Head of Commercial	Commercial	Director of Business Services	Monthly
Head of Digital Services	Digital Services	Director of Business Services	Monthly
Head of People and OD	People and OD	Director of Business Services	Monthly

Head of SPI	SPI	Director of Business Services	Monthly
Head of Audit Risk and Compliance	Audit Risk and Compliance	DCC	Monthly
Superintendent	Professional Standards	DCC	Monthly
Chief Superintendent	Local Policing	ACC Operations	Monthly
Chief Superintendent	Crime and Vulnerability	ACC Crime and Vulnerability	Monthly
Chief Superintendent	Force Operations	ACC Operations	Monthly

### **Summary of All Contract Regulations**

**11.15.** The procedure to be followed shall be determined by reference to the estimated value of the purchase as set out below. Unless specified otherwise the value of the contract is the estimated whole life cost (start-up cost + annual cost x duration).

<b>Threshold and Type</b>	<b>Value</b>	<b>Quotation/Tender Process</b>	<b>Responsible for Procurement</b>
Ultra low value Transactions	Up to £5k	Place order with supplier best able to provide value for money. Should be with a supplier already on purchasing system. Record of reasons for selection need to be retained.	Devolved
Low Value Transactions	£5,001 to £10,000	A written or electronic quotation. Must demonstrate value for money and the aggregated spend can not exceed £10k	Devolved
Intermediate Value Transactions	£10,001 to £50,000	Sourcing through available frameworks or by quotation on Bluelight EU Supply portal.	Contracts & Procurement: Supplies (Central Purchasing Team, Supplies & Workflow)
High Value Transactions	Above £50,000 and below EU Threshold	Follow mini-competition or tender process	Contracts & Procurement: Contracts team
Over EU Threshold	Over EU Threshold	Follow mini-competition or tender process	Contracts & Procurement: Contracts team

**11.16.** A schedule of limits applicable to principal officers and managers is set out in a separate Schedule.

### **Contract Regulations**

**11.17.** A record of all contracts let with a value in excess of £10,000 shall be maintained by the Contracts and Procurement Manager. Consideration must be given to the appropriate period for which records should be stored – 6 years from expiry of a normal contract, 12 years from the expiry of a contract made under deed or a major contract, 15 years for a contract for works.