

**POLICE AND CRIME COMMISSIONER
FOR CLEVELAND AND CLEVELAND
POLICE
CORPORATE GOVERNANCE
FRAMEWORK**

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

Introduction

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

Context

The principle statutory framework within which the corporations sole will operate is:

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

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

Principles

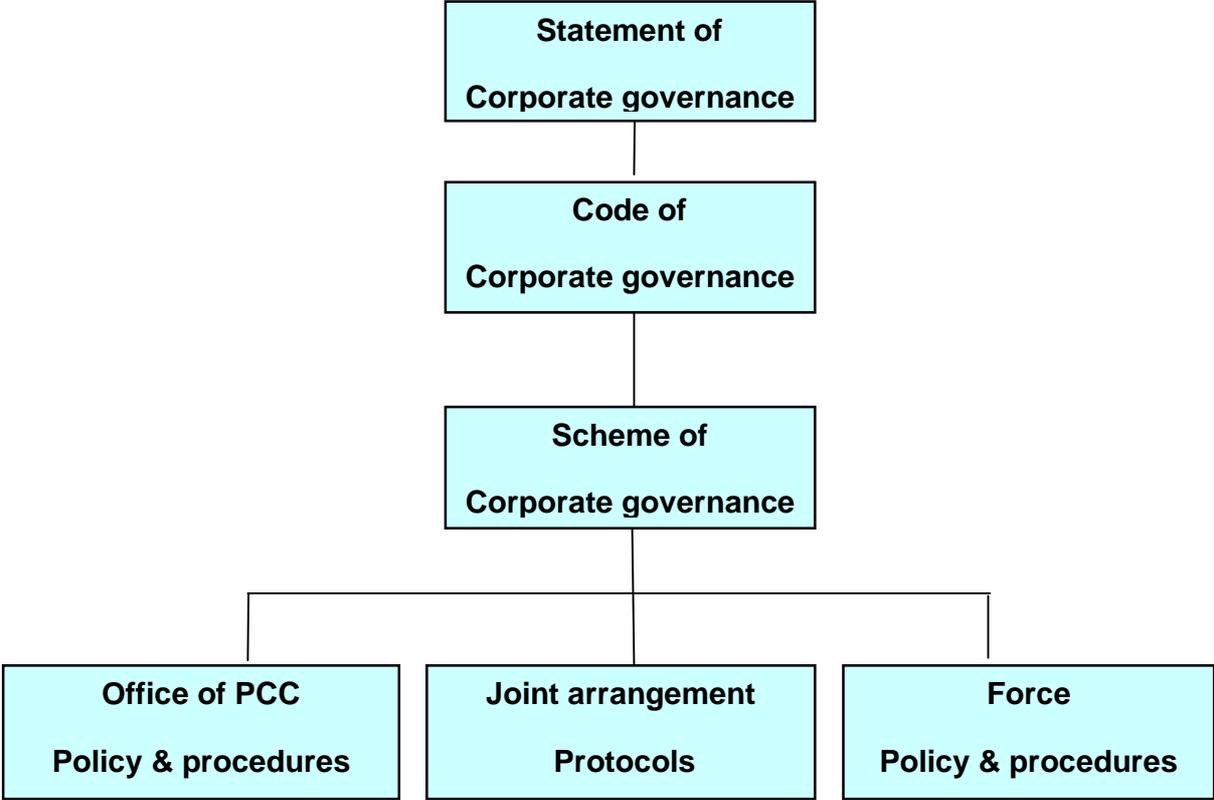
The core principles to be adopted by both corporations sole will be those highlighted by the good governance standard for public services:

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

Framework / Instruments of governance

The corporate governance framework within which both corporations sole will govern, both jointly and separately will consist of:

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



Leadership

A corporate governance group will review the framework on an annual basis and oversee its implementation at least on a quarterly basis. Membership will consist of those holding the posts of, or holding the statutory responsibilities of, police and crime commissioner (& deputy if appointed), chief constable (& deputy), chief executive/monitoring officer and the respective chief finance officers.

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

Introduction

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

Context

This code will set out how the organisations will govern, using the six good governance core principles¹ as the structure for setting out the statutory framework and local arrangements.

Code of corporate governance

1. ***Focusing upon the purpose of the PCC and the Force, and on outcomes for local people, and creating a vision for the local area.***

The Act² requires the police and crime commissioner to issue a ***police and crime plan*** for one year beyond his term of office. It will outline the police and crime objectives (outcomes) and the strategic direction for policing.

Each corporation sole must have regard to the plan and the police and crime commissioner must have regard to the priorities of the responsible authorities³ during its development.

Each organisation will have a ***corporate / strategic plan***, which sets out how it will operate to support achievement of these outcomes.

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

A ***medium term financial strategy*** will be jointly developed by the corporate governance group and thereafter reviewed quarterly to support delivery of these plans. A joint protocol will ensure proper arrangements for financial management.

A ***commissioning and award of grants framework*** will be developed by the police and crime commissioner, which will incorporate commissioning intentions and priorities.

A ***complaints protocol*** will be jointly agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be allegations of organisational or individually failure/ concerns.

¹ Good governance standard for public services, 2005

² Police Reform and Social Responsibility Act 2011

³ PRSR Act 2011, section xx

2. ***Working together to achieve a common purpose with clearly defined functions and roles***

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

The police and crime commissioner may appoint a deputy who will be a member of his staff as highlighted in the Act⁶. The role description approved by the police and crime commissioner will incorporate functions delegated within the scheme of corporate governance.

The Act requires the police and crime commissioner to have ***a chief executive⁷ and chief financial officer***. The chief executive will be the head of paid service and undertake the responsibilities of monitoring officer⁸.

The Act⁹ requires the chief constable to appoint ***a chief finance officer***.

The ***financial management code of practice and statement of roles¹⁰*** sets out the responsibilities of chief financial officers for both police and crime commissioner and chief constable.

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

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

- Office of PCC and force policy and procedures,
- corporate governance framework,
- discipline regs, codes of conduct.

⁴ PRSR Act 2011, section 5 – 8,

⁵ Policing Protocol Order 2011

⁶ PRSR Act 2011, section 18 (1)

⁷ PRSR Act, sch 1, 6 (1) a,

⁸ Local Government and Housing Act, section 5,

⁹ PRSR Act 2011, schedule 2 (4).

¹⁰ Financial Management Code of Practice for the Police, section 4, & CIPFA statement on role of chief finance officers, 2011

A joint independent **audit committee** will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) and within the guidance of the Financial Management Code of Practice¹¹.

3. **Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

The Policing Protocol 2011 requires all parties to abide by the seven **Nolan principles**¹² and these will be central to the conduct and behaviour of all. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.

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

The police and crime commissioner and chief constable will set out their **values** in their respective corporate and strategic plans.

4. **Taking informed and transparent decisions, which are subject to scrutiny and managing risk**

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

It requires a combined forward plan of decisions, which brings together the business planning cycles for the **police and crime plan**, the **office of the police and crime commissioner** and the force **integrated business management process**. This will ensure proper governance by bringing together the right information at the right time e.g. needs assessments, costs, budgets.

The national decision making model¹³ will be applied to spontaneous incidents or planned operations, by officers or staff within the force as individuals or teams, and to both operational and non-operational situations.

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

The **risk management strategy** establishes how risk is embedded throughout the various elements of corporate governance of the corporations sole, whether operating solely or jointly.

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

¹¹ Financial Management Code of Practice for the Police, section 11.1.3

¹² Standards in public life, 2005

¹³ Single National Decision Model (NDM) for the Police Service. ACPO July 2011

Furthermore a **publication scheme** will ensure that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational and legal constraints exist.

The forward plan of decisions combined with an open and transparent publication scheme will enable the **Police and Crime Panel** to be properly sighted on the decisions of the Police and Crime Commissioner.

5. ***Developing the capacity and capability of all to be effective in their roles***

Any organisational development strategy which may be developed by the office of the police and crime commissioner and the force's people/HR strategy will set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

6. ***Engaging with local people and other stakeholders to ensure robust public accountability***

The protocol¹⁴ highlights that police and crime commissioner is **accountable to local people** and that he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the chief constable.

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

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

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

¹⁴ Policing Protocol Order 2011, section 14

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

Introduction

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

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

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

This Scheme of Corporate Governance sets out the delegations by the Police and Crime Commissioner to a Deputy Police and Crime Commissioner (Deputy PCC) (if appointed), the Chief Executive, the Police Force via senior officers such as the Chief Constable's Chief Finance Officer and the Force Solicitor.

In addition, this Scheme of Corporate Governance incorporates other instruments such as the financial regulations and standing orders relating to contracts.

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

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

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

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

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

1. Key Role of the Police and Crime Commissioner

- 1.1 The details of the role of the Police and Crime Commissioner can be found in the Code of Corporate Governance.

The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, with the responsibility for the financial administration of his/her office and the force, including all borrowing limits. Consent can be given to the Chief Constable to acquire property (other than land and buildings) and is detailed in the financial regulations and standing orders relating to contracts.

The Police and Crime Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. All funding for the force must come via the Commissioner. How this money is allocated is for the Commissioner to decide in consultation with the Chief Constable, or in accordance with any grant terms.

The Police and Crime Panel is a check and balance on the Commissioner through reviewing or scrutinising his/her decisions, but not those of the Chief Constable.

The Police and Crime Commissioner may appoint a deputy to exercise his/her functions, with the exception of those which can not be delegated as defined by the Police Reform and Social Responsibility Act.

The Police and Crime Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable, monitoring complaints against officers and staff, and complying with the requirements of the Independent Police Complaints Commission.

2 General principles of delegation

- 2.1 The Commissioner expects anyone exercising delegated powers under this scheme to draw to the attention of the Office of Police and Crime Commissioner any issue which is likely to be regarded by the Commissioner as novel, contentious or repercussive.

In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred, prior written approval must be obtained from the Commissioner's office.

Delegations for such approval are set out in this scheme. The Police and Crime Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.

- 2.2 The scheme does not attempt to list all matters which form part of everyday management responsibilities.
- 2.3 Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the Police and Crime Commissioner for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).

- 2.4 When a statutory officer is considering a matter that is within another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
- 2.5 All decisions statutory officers make under powers given to them by the Commissioner must be recorded and be available for inspection.
- 2.6 The Police and Crime Commissioner will want to be involved in any projects/areas of work which may have a significant impact on the people of Cleveland. He/she will want to be involved in the scope tendering process and evaluation of any business case.
- 2.7 In this document, reference made to the statutory officers include officers authorised by them to act on their behalf.
- 2.8 The statutory officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme of Governance.
- 2.9 The person appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officer (section 127 officer) have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
- 2.10 The Scheme of Delegation provides an officer with the legal power to carry out duties of the Commissioner. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
- Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act.
 - Policing Protocol Order 2011,
 - Financial Regulations
 - Home Office Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer in public service organisations
 - Contract Regulations
 - The Commissioner's Corporate Governance framework
 - The Commissioner's and Force employment policies and procedures.
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes.
- 2.11 When carrying out any duties, the Police and Crime Commissioner and staff must have regard to the following:
- The views of the people in Cleveland.
 - Any report or recommendation made by the Police and Crime Panel on the annual report for the previous financial year.
 - The Police and Crime Plan and any guidance issued by the Secretary of State.

(this list is a summary and is not exhaustive)

- 2.12 This Scheme is a record of the formal delegations in accordance with the Act. The Police and Crime Commissioner's corporate governance framework, including this Scheme of Governance will be reviewed annually. With the exception, of those matters listed in paragraph 2.11, the scheme allows any person, with appropriate authority, to delegate that power further.
- 2.13 The Police and Crime Commissioner must not restrict the operational independence of the police force and the Chief Constable who leads it.
- 2.14 To enable the Police and Crime Commissioner to exercise the functions of their office effectively they will need access to information, and officers and staff within their force area. This access must not be unreasonably withheld or obstructed by the Chief Constable, or restrict the Chief Constable's direction and control of the force.
- 2.15 The Police and Crime Commissioner has a wider responsibility than those solely relating to the police force and is referred to in the Code of Corporate Governance.

Decision Making Structure & Recording Decisions

DECISION MAKING STRUCTURE

Introduction

The political focus on the PCC will mean that decisions are likely to be subject to significant external scrutiny. It is vital therefore that:

- The persons making decisions must have the powers to do so;
- The decision must be procedurally proper;
- Wednesbury reasonableness must be applied – i.e. The decision must not be one which no reasonable person would have come to.

The PCC will make all decisions unless specifically delegated within the Scheme of Consent/Delegation. He/she will however, need to demonstrate that decisions are soundly based on relevant information and that the decision making process is open and transparent.

Good governance is essential to decision-making and will require:

- **Openness** – publication of decisions, background information.
- **Engagement** - the ability of the public/stakeholders to influence.
- **Recording** – being able to show what decisions were taken and why.
- **Held to account** – being able to demonstrate that a decision was appropriate, especially if challenged or when reporting to the Police & Crime Panel.
- **Support and advice** – from experts including financial, legal, stakeholders or specialist. Whilst decisions will be a matter for the PCC they will still have to be legal, auditable, reasonable and based on accurate relevant information (and not based on irrelevant information).

Many (important) decisions will have to be taken and at specific times. For example, the budget/precept process will have clearly set timeframes and processes that will involve various actions and decisions in the 'run up' to the main decisions. The PCC will then have to (publically) justify this decision to the Police & Crime Panel (P&CP). Indeed one of the principal responsibilities of the P&CP is to scrutinise decisions of the PCC – hence the need to ensure good governance in all decision making.

Governance processes must be balanced with the need for the PCC's decision making to be dynamic and involve the least possible bureaucracy.

As a general rule, all decision-making meetings will be open to the Chief Executive to attend.

Recording Decisions

All significant decisions of the PCC (or of those delegated with the authority to make such decisions) will be recorded either in the minutes of a meeting (and held within the PCC's Office) or on a decision notice. Such records will be held in the PCC's Office and published on the PCC's website unless deemed to be exempt (see below) – in which case a record of the exemption shall be recorded.

Information that supports a decision shall be kept with the decision record and made available on request (subject to any exemption).

Public/Private

As a general rule the decisions and decision-making procedures of the PCC will be a matter of public record and open to scrutiny by the public and in particular the Police & Crime Panel. The PCC will use as general guidelines the exemptions provided in:

- The Freedom of Information Act 2000
- Schedule 12A of the Local Government Act 1972

Meetings of the PCC will not be in public unless specifically directed by the PCC.

RECORDING OF DECISIONS

Background

This procedure document sets out how decisions will be made and the procedures that should be followed to ensure that the businesses processes of the Police & Crime Commissioner (PCC) are efficient, transparent and accountable to local people. Some of these processes are required by law whilst others, are a matter for the PCC to choose.

Nothing in this procedure fetters the right of the PCC to make a decision at any time and by whatever means he/she thinks appropriate.

The Authority to make certain decisions may be delegated to specific individuals by the PCC. These delegations will be set out in the PCC's Scheme of Delegation/Consent.

Scheme of Delegation/Consent

Set out within the PCC's Scheme of Delegation/Consent is the authority (or the permissions) to which decisions are delegated to the Deputy PCC (if appointed) or Officers.

The main aim of the Scheme of Delegation/Consent is to ensure a process that allows others to make certain decisions without the need for the PCC to be involved, (although many such decisions will still require the PCC to be consulted or informed). These delegations are a way of ensuring more efficient decision-making and also prevent the PCC from becoming overwhelmed by a large volume of very detailed, managerial, operational and professional matters.

There are 6 different types of decisions. Which if applicable will be set out in the PCC's Scheme of Delegation/Consent:

- Decisions made by the PCC
- Decisions made by the Deputy PCC (if appointed)
- Key Officer Decisions in Consultation with the PCC or Deputy PCC (or other specified person e.g. the Chief Executive)
- Non Key Officer Decisions in Consultation with the PCC or Deputy PCC (or other specified person e.g. the Chief Executive)
- Significant Officer Decisions
- Other Officer Decisions

Each decision type has set criteria/actions that must be followed, together with the completion of a decision record form (**see appendix 1**).

Completing Decision Forms and Documentation for PCC, Deputy PCC and Officer Key Decisions

The following references to publishing decisions will not apply to 'exempt information' (see esp Schedule 12A of the Local Government Act 1972)

Forward Plan - The PCC will have a forward plan that is reviewed on a monthly basis and provides details of PCC, Deputy PCC and Officer '**Key Decisions**' that are planned to be taken over the next four month period. This plan will be published on the PCC's website. If decisions are to be taken as a matter of urgency such that they would not be 'picked up' in the monthly review then they should be added as soon as practicable after it is determined that a decision is to be taken.

Recording Decisions - Once a decision has been made and signed by the PCC/relevant officer (as per **appendix 1**), summary details of the decision must be entered on to the Decision Summary Register (**appendix 2**), which will be published on the PCCs website. This will be referenced to supporting information/documentation and to the decision notice. Decisions relating to 'exempt' matters will be recorded, however it may be appropriate that full details are not published.

Police & Crime Panel (P&CP) Scrutiny and 'Call In' Provision

The Police and Crime Panel (P&CP) has a statutory responsibility to 'scrutinise decisions made' by the PCC (s 28(6) Police Reform & Social Responsibility Act 2011) and as such will require access to records of decisions taken. To do this the PCC and officer key decisions will need to be fully recorded and reported/published. The P&CP's scrutiny of decisions will generally fall into two categories namely:

- General scrutiny/questioning of the PCC and his/her decisions at a scheduled P&CP meeting.
- Specific and focused scrutiny of a PCCs decision, referred to here as 'call in'.

The scrutiny by the P&CP of PCC decisions will generally be limited to key decisions made by the PCC or his/her deputy, although the P&CP may scrutinise any decisions including those made under the PCC's Scheme of Delegation/Consent. To do this the

P&CP will have regular access to the Decision Summary Register as published on the PCC's website.

Decisions relating to 'exempt' matters will be recorded, however it may be appropriate that full details are not published. This may also apply to the matters listed in s13(2) of the Police Reform & Social Responsibilities Act 2011 as being information that the PCC is not required to report to the Panel. If the Panel wishes to enquire or discuss such matters then in the first instance these will be dealt with on an individual basis by discussion between the Commissioner's office and the Panel administrator.

General Scrutiny - The PCC's decisions may be questioned and scrutinised by the Panel at any time however as a general rule:

- If a member wishes to discuss/question a decision they will give notice to the Office of the Commissioner at least 5 days before the Panel meeting so that the PCC can be fully prepared/briefed.
- Only those decisions taken since the last panel meeting will be subject to scrutiny/questions.

Ref No:

THE POLICE and CRIME COMMISSIONER FOR CLEVELAND

DECISION RECORD FORM

REQUEST:		
Title:		
Executive Summary:		
Decision:		
Implications:		
Has consideration been taken of the following:	Yes	No
Financial	<input type="checkbox"/>	<input type="checkbox"/>
Legal	<input type="checkbox"/>	<input type="checkbox"/>
Equality and Diversity	<input type="checkbox"/>	<input type="checkbox"/>
Human Rights	<input type="checkbox"/>	<input type="checkbox"/>
Sustainability	<input type="checkbox"/>	<input type="checkbox"/>
Risk	<input type="checkbox"/>	<input type="checkbox"/>
(If yes please provide further details)		

Decision Required – Supporting Information

Financial Implications (Must include comments of the PCC's CFO where the decision has financial implications)

Legal Implications (Must include comments of the Monitoring Officer where the decision has legal implications)

Equality and Diversity Implications

Human Rights Implications

Sustainability Implications

Risk Management Implications

OFFICER APPROVAL

Chief Executive

I have been consulted about the proposal and confirm that financial, legal, equalities advice has been taken into account. I am satisfied that this is an appropriate request to be submitted to the Police and Crime Commissioner.

Signature:

Date:

Police and Crime Commissioner:

The above request HAS / DOES NOT HAVE my approval.

Signature:

Date:

APPENDIX CG 2

The Police & Crime Commissioner for Cleveland

SCHEME OF DELEGATION

GENERAL CONDITIONS OF THE SCHEME OF DELEGATION

The Police & Crime Commissioner for Cleveland (PCC) has in place the following framework for the Scheme of Delegation. The framework is intended to ensure the efficient discharge of the PCC's duties by providing for decision making to be carried out through the most appropriate structure and at the appropriate level, ie officers being able to carry out their responsibility for operational and managerial matters and the PCC being able to concentrate on carrying out his/her statutory functions and dealing with issues of strategic importance.

This Scheme of Delegation gives authority to individual post-holders to make decisions in relation to specified matters. Save for such matters as are specifically reserved, or restricted by law, those persons may delegate a matter further, however any such delegation must be set out in writing and the post-holder identified in this scheme will always be the person held to account for any decision made.

Throughout this scheme of delegation, the PCC expects that officers will act within approved policies and strategies and will take appropriate professional advice as necessary. **In addition, the PCC expects officers, when exercising these delegated powers, to draw to his/her attention issues which are, or have the potential to be, sensitive or contentious and, whenever it is considered prudent to do so, seek the views of the PCC on the issue in question.**

No decision shall be taken, on behalf of the PCC by an Officer (or Deputy PCC – if appointed) unless they have the power to do so as set out in this Scheme of Delegation. The PCC's Chief Executive (as Monitoring Officer) is responsible for overall adherence to this Scheme of Delegation.

The Scheme of Delegation is complementary to and should be read along with the Policing Protocol Order 2011, Financial Management Code of Practice, Financial Regulations, Contract Standing Orders and Standing Financial Instructions adopted by the PCC, and officers exercising delegated powers should do so in accordance with their provisions.

Key (significant) decisions taken under this scheme of delegation should be recorded and reported in accordance with the PCC's policy and procedure 'Decision Making Structure and Recording Decisions'.

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

The Police and Crime Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction.

The Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation. The allocation of powers pursuant to this scheme should not prevent a matter being referred to the PCC for decision if the officer wishes or considers it appropriate. The PCC expects matters of a sensitive or novel nature or matters which may have significant financial/resource implications to be so referred.

When a professional officer is considering a matter that is within another professional officer's area of responsibility, they should consult the other professional officer before authorising the action.

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

Definitions

In this document the following specific expressions shall have the following meanings unless inconsistent with the context:

"PCC" or "Commissioner"	Police & Crime Commissioner for Cleveland (unless the context clearly refers to a PCC from another area)
"DPCC"	Deputy Police & Crime Commissioner for Cleveland (unless the context clearly refers to a DPCC from another area)
Office of the PCC or 'OPCC'	The office of the PCC including their staff and such resources that are specifically allocated to support the PCC.
"PCC's Staff"	Persons employed by the PCC not falling within the definition of "Police Staff"
Police Staff	Persons employed by the PCC solely to assist the police force and under the direction of the Chief Constable.
Chief Constable's staff	Persons employed by the Chief Constable
Elected Local Policing Body's Chief Finance Officer Or 'ELPB CFO' Or 'PCC's CFO'	A person appointed by the PCC under paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011, to be responsible for the proper administration of the PCC's financial affairs.
Police Force Chief Finance Officer or 'PF CFO'	A person appointed by the Chief Constable under paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 to be responsible for the proper administration of the Chief Officer's financial affairs.
FMCP	Financial Management Code of Practice issued under s17 of the Police Reform and Social Responsibility Act 2011 and s39A of the Police Act 1996
Chief Executive or 'PCC's Chief Executive'	A person appointed under paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011 to be head of the PCC's staff.
The Force	Cleveland Police and officers and staff under the direction of the Chief Constable of Cleveland Police
PR&SRA 2011	Police Reform and Social Responsibility Act 2011
Chief Officer	An ACPO officer including non police officers

DELEGATIONS TO OFFICERS

The person appointed as the Chief Executive (who will also, as a matter of law be the Monitoring Officer) and the Chief Finance Officer (section 127 officer) have statutory powers and duties relating to their positions, and therefore do not rely solely on matters being delegated to them to carry these out.

The Commissioner may appoint any officer to carry out any function, with the exception of those listed below (*s.18(7) PR&SRA 2011*):

- Issuing the Police and Crime Plan
- Determining objectives in the Police and Crime Plan
- Calculation of budget requirements
- Appointment of the Chief Constable
- Suspension of the Chief Constable, or asking him or her to resign or retire
- Attendance at the Police and Crime Panel for specified duties
- Preparing the annual report

The Commissioner may appoint a deputy to exercise his/her functions (except those which can not be delegated to the DPCC (see below). The Deputy Police and Crime Commissioner can delegate to the Chief Executive any functions (with the exception of those listed above) in his/her absence (defined as leave or illness).

The Commissioner can not delegate to his/her deputy the following functions:

- issuing the police and crime plan
- appointment or removal of the chief Constable
- calculating the budget requirement

A. DELEGATIONS TO THE DEPUTY POLICE & CRIME COMMISSIONER (DPCC)

A1 The Commissioner may appoint a deputy to exercise his/her functions except:

- issuing the police and crime plan
- appointment or removal of the chief Constable
- calculating the budget requirement

A2 The Deputy PCC (if appointed) can in turn arrange for a function to be further delegated subject to the conditions set out in s18 of the PR&SRA 2011.

A3 The Deputy PCC (if appointed) does not have the authority to act independently from the PCC unless so delegated and as set out in this Scheme of Delegation in accordance with s18 of the PR&SRA.

A4 During any absence of the PCC due to leave or sickness the Deputy PCC (if appointed) has authority to exercise the functions of the PCC where it is considered that the matter be of such urgency as to require an early decision subject to:

- Consultation with the PCC (if practical) and the Chief Executive as appropriate.
- Reporting to the PCC upon his/her return.

B. DELEGATIONS TO THE FORCE

Section 18 of the Police Reform & Social Responsibility Act 2011 prohibits the PCC from delegating functions to the Chief Constable (or any constable) or to staff of a constable. Prior to any 'stage 2' transfer all staff will be employed by the PCC and consequently the following are delegations to those staff, notwithstanding the fact that they will be under the direction and control of the Chief Constable. Nothing within this Scheme of Delegation detracts from the Chief Constable's responsibility and authority to manage those units/functions and the staff that work within them.

This scheme seeks to implement the requirements of Schedule 15 of the Police Reform and Social Responsibility Act and subsequent guidance from Ministers, which provides for the Chief Constable (Officer), at the point of commencement of the main provisions of the Act, to retain, up to the point at which any Transfer scheme is effected under s10 of that Schedule, the direction and control of all those resources over which he/she exercised direction and control immediately prior to that commencement.

The Home Office Financial Management Code of Practice recommends that, to help ensure the effective delivery of policing services and to enable the CC to have impartial direction and control of all constables and staff within their force, the CC should have day to day responsibility for the financial management of the force

This is agreed and will operate within the framework of agreed budget allocations and levels of authorisation issued by the PCC, as outlined and detailed in Financial Regulations. In this regard the Police budget, once agreed and allocated, will be managed by the Chief Constable on a day to day basis within the agreed budget and rules of virement. Only when significant changes of policy are envisaged or when significant sums are involved will the consent of the PCC be sought once more. Full details are outlined in Financial Regulations

The Chief Constable will ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the PCC, and will discharge this responsibility through the appointment of a Force Chief Finance Officer as required by section 2 and schedule 2(4) of the Act with a current and relevant professional qualification, who will take responsibility for the finance function and for ensuring appropriate financial policies and procedures

B.1 **Personnel Matters**

Delegations to the Head of People and Diversity

B1.1 To exercise all the powers of employer of Police Staff, including engagement and

dismissal, consideration of appeals by such staff, in respect of discipline, capability, grievance and grading. (So far as the PCC's Staff are concerned, all powers of employer will be exercised by the PCC or Chief Executive)

- B1.2 As the need arises, to agree with the PCC written protocol(s) for line management arrangements in respect of
- (a) such Police Staff as may be for any reason under the supervision of the PCC or a member of PCC's Staff; or
 - (b) vice versa.
- B1.3 Except in relation to Chief Officer posts, to determine all issues relating to the conditions of service of Police Staff, provided that any such decisions are made in accordance with the law and with policies adopted either by Cleveland Police or by the PCC.
- B1.4 To determine ex gratia payments in respect of loss or damage to employees' personal property.
- B1.5 To determine matters relating to police pensions (including widows' pensions) and injury of duty awards save for (1) retirement on the grounds of ill health of ACPO officers and (2) decisions under Regulation K5 of the Police Pensions Regulations 1987 which deal with the forfeiture of pensions upon the commission of certain criminal offences.

B2 **Property Matters**

Delegations to Assistant Chief Officer (ACO)

- B2.1 On behalf of the PCC to exercise all powers, rights and duties in respect of real and personal property in the ownership of the PCC, save that the PCC reserves to him/herself the right to buy and sell real property.
- B2.2 Notwithstanding paragraph 2.1 above, after consultation with the Chief Executive and the PCC's Chief Finance Officer, to enter into short-term leases for land and buildings in circumstances where
- (a) a new lease is taken for a period of not more than 3 years and there are no implications for capital financing;
 - (b) an existing lease needs extending for up to a period of 3 years and there are no implications for capital financing.

B3 **Financial**

Delegations to the Assistant Chief Officer (ACO)

- B3.1 To exercise responsibility for force expenditure (in other words that part of the police fund which is not retained by the PCC for his/her own purposes) provided that such responsibility shall be exercised in accordance with the law and within the PCC's

financial and contract regulations and any relevant statutory guidance and codes of practice. The PF CFO shall report to the PCC if:

- It appears that expenditure is likely to exceed its resources.
- Any decisions are made or proposed which involve unlawful expenditure or are likely to cause a loss or deficiency or an unlawful entry in the Accounts.

B3.2 To approve the writing off of any debt due to the PCC subject to the agreement of the PCC's CFO where appropriate (agreement of the PCC's CFO is required for any debt in excess of £2,000). Any proposed write off in excess of £5,000 requires the approval of the PCC. All write offs to be reported to the PCC.

B3.3 To accept income, offers of sponsorship and gifts on behalf of the PCC provided that decisions taken in this regard are in accordance with the law and with any guidance or policy which the PCC may from time to time determine.

B3.4 To accept on behalf of the PCC any lawful grant made to the PCC for police purposes.

B3.5 To make small grants up to a value not exceeding £1,000

B4 **Legal**

Delegations to the Head of Legal Services

B4.1 To deal with;

- (a) all claims asserted against the office of Chief Constable and
 - (b) all claims asserted against the PCC or the Office of the PCC arising out of alleged acts or omissions in respect of Police Staff
- and if appropriate to represent either the office of Chief Constable or the PCC as the case may be (provided that the PCC be advised of any claim against the PCC or his/her office)

B4.2 To approve the making of payments in settlement of claims referred to in paragraph 4.1 up to a value of £20,000 for damages and £20,000 for costs, subject to the requirements of that paragraph.

B4.3 To authorise, pursuant to s223 Local Government Act 1972 (as amended), any member of Police Staff to prosecute or defend or to appear in proceedings before a magistrate's court or to conduct any such proceedings.

B4.4 Approve, after consultation with the PCC's CFO as appropriate, the making of ex-gratia payments in settlement of third party claims not covered by insurance (in consultation with the PCC's CFO for payments in excess of £1,000).

C. DELEGATIONS TO THE CHIEF EXECUTIVE

- C1.2 Subject to paragraph 4.1 above and after consultation if appropriate with the Chief Constable to deal with all claims asserted against the PCC and institute such proceedings or take such steps as he may consider necessary to secure the payment of any debt or enforce the performance of any delegation due to the PCC and to take such steps as he may consider necessary to enforce any judgment obtained in any such proceedings.
- 1.3 To sign on behalf of the PCC any indemnity required to enable the PCC or the Police to exercise any of their functions, provided that where the giving of an indemnity could have significant financial implications not covered by the PCC's insurance policies, such indemnity shall be signed only with the approval of the PCC's Chief Finance Officer.
- 1.4 Except as otherwise provided for in Contract Standing Order or Financial Regulations to sign, execute and issue all legal documents necessary to implement decisions made by the PCC or officers acting under delegated powers.
- 1.5 In consultation with the PCC's Chief Finance Officer, to exercise responsibility for PCC's expenditure, namely that part of the budget which is not provided to the Police Force for service delivery, such responsibility to be exercised in accordance with the financial regulations and the Standing Orders of the PCC and the Financial Management Code of Practice.
- 1.6 In connection with complaints and conduct issues against the Chief Constable:
- In relation to complaints, to determine (and respond to the complainant accordingly) wherever possible within 5 days of the complaint being received:
 - Whether or not the PCC is the appropriate authority, to consider such a complaint;
 - Recording decisions:
In consultation with the PCC (where considered appropriate), to make decisions in dealing with complaints and conduct matters against the Chief Constable including:
 - Recording decisions (for conduct matters);
 - Initial assessments;
 - Suitability for local resolution;
 - Referral to the IPCC;
 - Referral to the Crown Prosecution Service;
 - Determining whether special conditions are satisfied following receipt or information from an investigator;
 - Severity assessments
 - Referral to a special case hearing;
 - Consultation with the IPCC in relation to suspension
 - Application to the IPCC for dispensation or discontinuance;
 - Appointment and briefing of the investigator;

- Appointment of misconduct hearing or meeting members (and related determinations);
 - The PCC's representations (or the decision not to make representations) to misconduct proceedings in accordance with regulation 35(10) of the Police Conduct Regulations 2008;
 - Any other process related matter in relation to officer conduct
- 1.7 To sign all contracts on behalf of the PCC (and DPCC if appointed) in accordance with any decisions either has made.
- 1.8 To manage the budget, along with the PCC's Chief Finance Officer, particularly to:
- order goods and services. And spend on items provided for in the revenue budget.
 - ask for and accept quotations and tenders for goods and services provided for the revenue budget
- 1.9 In relation to staff employed by the PCC and not under the direction or control of the Chief Constable:
- Appoint, dismiss and deal with associate processes.
 - Set staff terms and conditions of service
 - Management of staffing resources and deal with staffing issues that may arise.
 - Appoint Independent Custody Visitors and terminate appointments if necessary.
- 1.10 To authorise people to make, defend, withdraw or settle any claims or legal proceedings on the Commissioner's behalf, in consultation with the Legal Advisor (or Chief Finance Officer if there is significant financial implications).
- 1.11 To get legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Commissioner's best interests and for his/her benefit.
- 1.12 To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.

D. DELEGATIONS TO THE PCC's CHIEF FINANCE OFFICER

The Chief Finance Officer is the financial adviser to the PCC and has statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended). The Chief Finance Officer must ensure that the financial affairs of the PCC, and the force are properly administered having regard to their probity, legality and appropriate standards

- 1.1 Carry out the duties of the officer with responsibility for the proper administration of the PCC's financial affairs for the purposes of s151 Local Government Act 1972.

- 1.2 Approve the arrangements for the treasury management function, including the day to day management, the production of the treasury management strategy, and supporting policies and procedures.
- 1.3 Approve the arrangements for securing and preparing the PCC's accounts, and seek assurances that there are appropriate arrangements in place for the preparation of the force's accounts.
- 1.4 Seek assurances that there are appropriate arrangements in place within the force for its financial management.
- 1.5 Responsible for all banking arrangements, together with creating, closing or authorising all bank accounts.
- 1.6 Day to day financial management of the PCC's budget.
- 1.7 Commit expenditure within the approved budget to meet the policies and objectives agreed with the Commissioner and reflected in the Policing Plan.
- 1.8 Manage grants awarded by the PCC or DPCC if appointed.
- 1.9 Responsible for investing and borrowing money, as necessary, in line with the Treasury management strategy.
- 1.10 Authorise payments, without having to get approval and regardless of whether or not provision has been made in the revenue budget in relation to:
 - payments we have to make by law
 - payments ordered by the court
 - payments due under any agreement entered into by the PCC.
- 1.11 Act as 'Money Laundering Reporting Officer' under the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003.
- 1.12 Sign cheques of behalf of the PCC or Deputy PCC (if appointed).
- 1.13 Determine when assets are surplus to requirements or obsolete and arrange for disposal in line with financial regulations.
- 1.14 Delete organisations from the list of organisations approved for the investment of monies by the PCC. Actions taken to be reported to the PCC.

Note: The PCC's Financial Regulations authorise the Chief Finance Officers and Chief Executive to take various expenditure and other financial decisions on behalf of the PCC.

**POLICE AND CRIME COMMISSIONER
FOR CLEVELAND**

FINANCIAL REGULATIONS

OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds. 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 (PCCs) and Chief Constables.
2. Each PCC 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 PCC are accountable to the directly elected holder of that office.
3. The public accountability for the delivery and performance of the police service is placed into the hands of the PCC on behalf of their electorate. The PCC draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. They are accountable to the electorate; the Chief Constable is accountable to their PCC. The Police and Crime Panel within each force area is empowered to maintain a regular check and balance on the performance of the PCC in that context.
4. The PCC within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.
5. The PCC may appoint a Deputy PCC who may exercise any function of the PCC except for those specifically reserved for the PCC within the PRSA 2011, which are:
 - Issuing a Police and Crime Plan
 - Appointing the Chief Constable, suspending the Chief Constable, or calling upon the Chief Constable to retire or resign
 - Calculating a budget requirement
6. The PCC is the recipient of all funding, including the government grant and precept and other sources of income, related to policing and crime reduction and all funding for a force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
7. The PCC and the Chief Constable are both required to appoint a chief finance officer.
8. To conduct its business effectively, CP needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up in such a way as to ensure that the financial matters of CP are conducted properly and in compliance with all necessary requirements.

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

STATUS

11. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework of CP that includes the Policing Protocol, codes of conduct, scheme of consent and schemes of delegation.
12. The PCC and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
13. Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective chief financial officers, having regard also to the role played by the PCCs Chief executive.
14. The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCCs CFO is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Assistant Chief Officer and the Chief Executive.
15. More detailed Financial Instructions to supplement these Regulations, shall be issued by the Chief Constable after consultation with the PCCs CFO and Chief Executive.
16. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
17. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the PCCs CFO and/or Assistant Chief Officer who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCC and/or Chief Constable.
18. The PCC and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

CONTENT

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

DEFINITIONS WITHIN THE REGULATIONS

20. For the purposes of these Regulations CP, when used as a generic term, shall refer to:
- The PCC
 - The Office of the PCC (OPCC)
 - The Force
21. The PCC's Deputy Chief Executive and chief finance officer is the PCCs CFO.
22. The Chief Constable's chief finance officer is the Assistant Chief Officer
23. The Chief Executive also fulfils the monitoring officer role
24. The 'Force' shall refer to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his /her direction.
25. Chief Officers when referred to as a generic term shall mean the Chief Constable, Chief Executive, PCCs CFO and Assistant Chief Officer.
26. 'Employees' when referred to as a generic term shall refer to police officers, police staff including the staff of the PCC and other members of the wider police family.
27. The expression 'authorised officer' refers to employees authorised by a chief officer.
28. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the PCC, the Force or their affiliated bodies.

29. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
30. The expression 'he' shall refer to both male and female.
31. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or PCCs CFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or PCCs CFO.
32. The terms Chief Constable, Chief Executive and PCCs CFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

1.1 *FINANCIAL MANAGEMENT*

The Police and Crime Commissioner (PCC)

- 1.1.1 The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of consent. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the PCC will provide professional advice and recommendations.
- 1.1.2 The PCC shall appoint a Chief Financial Officer (the PCCs CFO) to be responsible for the proper administration of the commissioner's financial affairs. He shall also appoint a Chief Executive who will act as the PCC's monitoring officer.
- 1.1.3 The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
- Police and Crime Plan
 - Financial strategy
 - Annual revenue budget
 - Capital programme
 - Medium term financial forecasts
 - Treasury management strategy, including the annual investment strategy
 - Asset management strategy
 - Risk management strategy
 - Governance policies
- 1.1.4 The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 1.1.5 The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 1.1.6 The PCC shall provide his chief finance officer with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed

- 1.1.7 The PCC may appoint a Deputy PCC (DPCC) for that area and arrange for the DPCC to exercise any function of the PCC (except for those reserved specifically for the PCC by the PRSA 2011 and detailed in Paragraph 5 in the overview of these regulations).

The Deputy Police and Crime Commissioner (DPCC) – If Appointed

- 1.1.8 The DPCC may exercise any function conferred on him by the PCC except those specifically reserved for the PCC within the PRSA 2011, which are:
- Issuing a Police and Crime Plan
 - Appointing the Chief Constable, suspending the Chief Constable, or calling upon the Chief Constable to retire or resign
 - Calculating a budget requirement

The Chief Constable

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

- 1.1.15 The Chief Constable is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the Chief Constable shall comply with the approved policies and framework of accountability.
- 1.1.16 The Chief Constable shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes that are required to operate the day to day financial management of the Force. The Chief Constable shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

The Independent Audit Committee

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

The PCCs CFO

- 1.1.21 The PCCs CFO is the PCC's Chief Finance Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 1.1.22 The PCCs CFO's statutory responsibilities are set out in:
- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
 - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
 - The Accounts and Audit Regulations 2011
- 1.1.23 The PCCs CFO is the PCC's professional adviser on financial matters and shall be responsible for:

- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
- ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
- Reporting to the PCC and the external auditor, while also keeping the Audit Committee, Internal Auditors and Police and Crime Panel informed, of:
 - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
 - when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statement of accounts, in conjunction with the Assistant Chief Officer
- ensuring the provision of an effective internal audit service, in conjunction with the Assistant Chief Officer;
- securing the treasury management function, including loans and investments; however the day to day management and operational delivery of the Treasury function and staff remains with the Assistant Chief Officer
- 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 PCC on the application of value for money principles by the police force to support the PCC in holding the chief constable to account for efficient and effective financial management.

1.1.24 The PCCs CFO, in consultation with the Chief Executive, Assistant Chief Officer and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of CP.

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

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

- must be a key member of the PCC's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;

- must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the PCC's financial strategy;
- must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

The Assistant Chief Officer

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

1.1.28 The Assistant Chief Officer is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.

1.1.29 The Assistant Chief Officer's responsibilities are set out in:

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

1.1.30 The Assistant Chief Officer is responsible for:

- ensuring that the financial affairs of the force are properly administered and that these financial regulations are observed and kept up to date;
- Reporting to the Chief Constable, the PCC, the PCCs CFO and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
 - when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure
- advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
- advising the Chief Constable and the PCC on the soundness of the budget in relation to the force;
- liaising with the external auditor;
- producing the statement of accounts for the Chief Constable and to assist in the production of group accounts for CP.

- 1.1.31 The Assistant Chief Officer has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The Assistant Chief Officer will need to observe the locally agreed timetable for the compilation of the group accounts by the PCCs CFO.
- 1.1.32 The Assistant Chief Officer is the Chief Constable's professional adviser on financial matters. To enable him/her to fulfil these duties the Assistant Chief Officer :
- must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
 - must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
 - must lead the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
 - must ensure that the finance function is resourced to be fit for purpose.
- 1.1.33 It must be recognised that financial regulations cannot foresee every eventuality. The Assistant Chief Officer, in consultation with the PCCs CFO, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

The Chief Executive

- 1.1.34 The Chief Executive is responsible for the leadership and general administration of the PCC's office
- 1.1.35 The Chief Executive is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.
- 1.1.36 The monitoring officer is responsible for:
- ensuring the legality of the actions of the PCC and his officers.
 - ensuring that procedures for recording and reporting key decisions are operating effectively
 - advising the PCC and officers about who has authority to take a particular decision
 - advising the PCC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework
 - advising the PCC on matters relating to standards of conduct

1.2 FINANCIAL MANAGEMENT STANDARDS

Why is this important?

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

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

1.3 ACCOUNTING RECORDS AND RETURNS

Why is this important?

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

Joint Responsibilities of the PCCs CFO and Assistant Chief Officer

- 1.3.2 To determine the accounting procedures and records for CP, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables.
- 1.3.3 To make proper arrangements for the audit of the PCC's and Force's accounts in accordance with the Accounts and Audit Regulations 2011.
- 1.3.4 To ensure that all claims for funds including grants are made by the due date
- 1.3.5 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis
- 1.3.6 To prepare and publish the audited accounts in accordance with the statutory timetable.

Responsibilities of the Chief Constable and Assistant Chief Officer

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

1.4 THE ANNUAL STATEMENT OF ACCOUNTS

Why is this important?

- 1.4.1 CP has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the PCC (which will also be the group accounts) and the Chief Constable.
- 1.4.2 The PCC is responsible for approving these annual accounts.
- 1.4.3 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of CP resources.

Responsibilities of the PCCs CFO

- 1.4.4 To draw up the timetable for final accounts preparation, in consultation with the Assistant Chief Officer and external auditor
- 1.4.5 To prepare, sign and date the statement of accounts, stating that it presents fairly the financial position of CP at the accounting date and its income and expenditure for the financial year just ended
- 1.4.6 To publish the approved and audited accounts of CP each year, in accordance with the statutory timetable

Joint Responsibilities of the PCCs CFO and Assistant Chief Officer

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

Responsibilities of the Assistant Chief Officer

- 1.4.10 To comply with accounting guidance provided by the PCCs CFO and supply him with appropriate information upon request within a reasonable timescale.

Responsibilities of the PCC

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

2.1 FINANCIAL PLANNING

Why is this important?

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

Medium Term Financial Planning

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

Responsibilities of the PCC

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

Responsibilities of the PCCs CFO, Chief Constable and ACO

- 2.1.7 To determine the format and timing of the medium term financial plans to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.8 To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the Chief Constable shall have regard to:
 - the police and crime plan
 - policy requirements approved by the PCC as part of the policy framework
 - the strategic policing requirement

- unavoidable future commitments, including legislative requirements
- initiatives already underway
- revenue implications of the draft capital programme
- proposed service developments and plans which reflect public consultation
- the need to deliver efficiency and/or productivity savings
- government grant allocations
- potential implications for local taxpayers

2.1.9 To prepare a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and an assumption about future levels of government funding.

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

Annual Revenue Budget

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

2.1.12 The PCC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.

2.1.13 The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial strategy should be clearly identified.

Responsibilities of the PCC

2.1.14 To agree the planning timetable with the Chief Constable

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

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

Responsibilities of the PCCs CFO

- 2.1.17 To determine the format of the revenue budget to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA
- 2.1.18 To obtain timely and accurate information from billing authorities on the council taxbase and the latest surplus/deficit position on collection funds to inform budget deliberations
- 2.1.19 To advise the PCC on the appropriate level of general balances, earmarked reserves or provisions to be held.
- 2.1.20 To submit a report to the PCC on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for a minimum of the following three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
- 2.1.21 Upon approval of the annual budget, to submit the council tax requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 2.1.22 To produce and issue to the billing authorities, in accordance with statutory requirements, the council tax information leaflet.

Responsibilities of the Chief Constable and Assistant Chief Officer

- 2.1.23 To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCCs CFO.
- 2.1.24 To submit estimates in the agreed format to the PCC for approval.

2.2 BUDGETARY CONTROL

Why is this important?

- 2.2.1 Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and PCC to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 2.2.2 The key controls for managing and controlling the revenue budget are that:
- a) there is a nominated budget manager for each cost centre heading who is accountable for the budgets under his direct control; and
 - b) the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures

Revenue Monitoring

Why is this important?

- 2.2.3 By continuously identifying and explaining variances against budgetary targets, CP can identify changes in trends and resource requirements at the earliest opportunity. The PCC and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that CP in total does not overspend, the Chief Constable and PCCs CFO are required to manage expenditure within their budget allocations, subject to the rules of virement.

Responsibilities of the Chief Constable and Assistant Chief Officer

- 2.2.4 To provide appropriate financial information to enable budgets to be monitored effectively.
- 2.2.5 To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.
- 2.2.6 To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, both the PCCs CFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC. The same responsibilities apply to the Chief Executive and the PCCs CFO for their budgets.

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

Responsibility of the PCCs CFO

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

Virement

Why is this important?

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

Responsibilities

- 2.2.12 The Chief Constable may vire revenue funds to capital to purchase capital items or carry out capital works subject to obtaining PCC approval where the proposed transfer exceeds £25,000.
- 2.2.13 For all other budgets each chief officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring, subject to the following approval levels

Force Budget
Up to £ 100,000
Over £100,000

Assistant Chief Officer
PCC

PCC's own budget
Up to £25,000
Over £25,000

Chief Executive/PCCs CFO
PCC

Details of virements made should be recorded and reported to the PCC and CC CFO

2.2.14 The prior approval of the PCC shall be required if the virement involves:

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

2.3 CAPITAL PROGRAMME

Why is this important?

- 2.3.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to CP such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
- 2.3.2 CP is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential code sets out the framework under which the Authority will consider its spending plans.
- 2.3.3 The capital programme is linked to the approved financial strategy.

Responsibilities of the Assistant Chief Officer

- 2.3.4 To develop and implement asset management plans

Responsibilities of the PCCs CFO and Assistant Chief Officer

- 2.3.5 To prepare a financial strategy for consideration and approval by the PCC and Chief Constable

Responsibilities of the PCC

- 2.3.6 To approve the asset management strategy
- 2.3.7 To approve the annual financial strategy

Medium term Capital Programme

Responsibilities of the Chief Constable & Assistant Chief Officer

- 2.3.8 To prepare a rolling programme of proposed capital expenditure for consideration by the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- 2.3.9 To prepare project appraisals for all schemes in the draft medium term year capital programme and shall be submitted to the PCCs CFO and PCC for consideration and scheme approval. This will include all additional revenue and capital costs
- 2.3.10 Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
- 2.3.11 To identify, in consultation with the PCCs CFO, available sources of funding for the medium term capital programme, including the identification of potential capital receipts from disposal of property.

- 2.3.12 A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the Chief Constable to enable the PCC to make informed judgements as to which schemes should be included in the capital programme, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- 2.3.13 All schemes within the draft medium term capital programme should incorporate an estimate of future price inflation.
- 2.3.14 Approval of the medium term capital programme by the PCC in February each year authorises the Chief Constable to seek planning permissions, incur professional fees and preliminary expenses as appropriate.

Responsibilities of the PCCs CFO

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

Responsibilities of the PCC

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

Annual Capital Programme

Responsibilities of the PCC

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

Responsibilities of the Chief Constable

- 2.3.18 Approval of the annual capital programme by the PCC authorises the Chief Constable to incur expenditure on schemes providing the project appraisal has been approved and expenditure on the scheme does not exceed the sum contained in the approved programme.
- 2.3.19 To ensure that finance leases or other credit arrangements are not entered into without the prior approval of the PCCs CFO.
- 2.3.20 To ensure that no capital expenditure is incurred before the scheme is approved by the PCC.

Monitoring of Capital Expenditure

Responsibilities of the Chief Constable

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

Responsibilities of the Chief Constable and Assistant Chief Officer

- 2.3.22 To monitor expenditure throughout the year against the approved programme.
- 2.3.23 To submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCC and PCCs CFO.
- 2.3.24 To prepare a business case for all new capital schemes [after the annual programme has been agreed] for submission to the PCC for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

2.4 MAINTENANCE OF BALANCES AND RESERVES

Why is this important?

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

Responsibilities of the PCCs CFO

- 2.4.2 To advise the PCC on reasonable levels of balances and reserves.
- 2.4.3 To report to the PCC on the adequacy of reserves and balances before he approves the annual budget and council tax.
- 2.4.4 To review the policy on reserves and balances annually and ensure the policy is adhered to.

Responsibilities for the Chief Constable

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

Responsibilities of the PCC

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

3.1 RISK MANAGEMENT AND BUSINESS CONTINUITY

Why is this important?

- 3.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to CP. This should include the proactive participation of all those associated with planning and delivering services.
- 3.1.2 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of CP and to ensure the continued corporate and financial well being of CP. In essence it is, therefore, an integral part of good business practice.

Responsibilities of the PCC and Chief Constable

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

Responsibilities of Chief Officers

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

Responsibilities of the PCCs CFO

- 3.1.7 To advise the PCC 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.
- 3.1.8 To arrange for an actuary to undertake a regular review of CP's own self insurance fund and, following that review, to recommend to the PCC a course of action to ensure that, over the medium term, the fund is able to meet all known liabilities.

Responsibilities of the Chief Constable and Assistant Chief Officer

- 3.1.9 To ensure, in consultation with the PCCs CFO, that appropriate insurance cover is provided.
- 3.1.10 To ensure that claims made by CP against insurance policies are made promptly
- 3.1.11 To make all appropriate employees aware of their responsibilities for managing relevant risks
- 3.1.12 To ensure that employees, or anyone covered by CP insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim
- 3.1.13 To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk
- 3.1.14 To defend all claims brought against the Chief Constable

Responsibilities of the Chief Executive

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

3.2 INTERNAL CONTROL SYSTEM

Why is this important?

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

Responsibilities of Chief Officers

- 3.2.4 To implement effective systems of internal control, in accordance with advice from the PCCs CFO and Assistant Chief Officer. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
- 3.2.5 To ensure that effective key controls are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.
- 3.2.6 To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

Responsibilities of the Chief Executive

- 3.2.7 To produce an Annual Governance Statement for the PCC for Cleveland. It should be presented, both in draft and in its final format to the Audit Committee for oversight and scrutiny. This statement will need to be incorporated into the Group Statement of accounts for the PCC. Following approval, the Annual Governance Statement should be signed by the Chief Executive and the PCC.

Responsibilities of the Chief Constable

- 3.2.8 To produce an Annual Governance Statement for Cleveland Police. It should be presented, both in draft and in its final format to the Audit Committee for oversight and scrutiny. This statement will need to be incorporated into the Statement of accounts for Cleveland Police. Following approval, the Annual Governance Statement should be signed by the Chief Constable and the Chief Finance Officer for the CC.

3.3 AUDIT REQUIREMENTS

Internal Audit

Why is this important?

- 3.3.1 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.3.2 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the PCC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a "relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.
- 3.3.3 In fulfilling this requirement the PCC and Chief Constable should have regard to the Code of Practice for Internal Audit in Local Government in the United Kingdom issued by CIPFA. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.
- 3.3.4 In addition to enabling the PCC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal Audit is needed:
- to satisfy the PCC and the Chief Constable that effective internal control systems are in place; and
 - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Independent Audit Committee

- 3.3.5 To approve the terms of reference within which internal audit operates. In terms of internal audit the ToR will include the following key activities and responsibilities:
- Advising the PCC 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 PCC and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the PCC and Force; ensuring appropriate action is taken to address any areas for improvement.
- Reviewing and monitoring the effectiveness of CP policies on fraud, irregularity and corruption.

3.3.6 To approve the internal audit strategy, which sets out:

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

Responsibilities of the PCC and Chief Constable

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

Responsibilities of the PCC, Chief Constable, PCCs CFO and Assistant Chief Officer

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

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

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

Responsibilities of the Head of Internal Audit

- 3.3.10 To prepare - in consultation with the PCC, Chief Constable, PCCs CFO and Assistant Chief Officer - an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.
- 3.3.11 To attend meetings of the Independent Audit Committee and to present to each Committee a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
- 3.3.12 To present an annual report to the Independent Audit Committee, including an opinion on the on the effectiveness of the internal control environment in CP.

Responsibilities of Chief Officers

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

Responsibilities of the Assistant Chief Officer

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

External Audit

Why is this important?

- 3.3.16 The Audit Commission is responsible for appointing external auditors to each local authority, including police. The Code of Audit Practice prescribes the way in which auditors appointed by the Audit Commission carry out their functions under the Audit Commission Act 1998. The external auditor has rights of access to all documents and information necessary for audit purposes.

3.3.17 The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice 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.

3.3.18 In auditing the annual accounts the external auditor must satisfy themselves, in accordance with Section 5 of the 1998 Act, 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.

3.3.19 The 1998 Act sets out other specific responsibilities of the auditor, for example under section on financial reporting.

Responsibilities of the Independent Audit Committee

3.3.20 To approve the annual work plan and fee

3.3.21 To receive and respond to the annual governance statement

3.3.22 To receive the annual audit letter

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

3.3.24 To provide the Home Office with a copy of the annual audit letter

Responsibilities of the Chief Constable and PCCs CFO

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

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

3.4 PREVENTING FRAUD AND CORRUPTION

Why is this important?

- 3.4.1 CP will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside CP.
- 3.4.2 CP expectation of propriety and accountability is that the PCC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 3.4.3 CP 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 PCC and Chief Constable

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

Responsibilities of the Chief Constable and PCC

- 3.4.6 To maintain an effective anti-fraud and anti-corruption policy.
- 3.4.7 To ensure that adequate and effective internal control arrangements are in place
- 3.4.8 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCC and employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCC and employees.
- 3.4.9 To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC and Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.
- 3.4.10 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all members and employees.

3.5 ASSETS

Security

Why is this important?

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

Context

- 3.5.2 The PCC will initially own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, Chief Constables can acquire assets (other than land or buildings) and this should be set out in the scheme of consent.
- 3.5.3 The Chief Constable is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.
- 3.5.4 The PCC should consult the Chief Constable in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

Responsibilities of the Chief Constable

- 3.5.5 To ensure that:
- a) an asset register is maintained to provide CP with information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements
 - b) 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
 - c) lessees and other prospective occupiers of CP land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate
 - d) title deeds to CP property are held securely

- e) no CP asset is subject to personal use by an employee without proper authority
- f) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to CP
- g) all employees are aware of their responsibilities with regard to safeguarding CP assets and information, including the requirements of the Data Protection Act and software copyright legislation
- h) assets no longer required are disposed of in accordance with the law and the regulations of the CP
- i) all employees are aware of their responsibilities with regard to safeguarding the security of CP ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

Valuation

Responsibilities of the Chief Constable

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

<i>Land & Buildings</i>	<i>All values</i>
<i>Vehicles</i>	<i>All values</i>
<i>ICT hardware & software</i>	<i>£5,000</i>
<i>Plant & Equipment</i>	<i>£5,000</i>

Inventories

Responsibilities of the Chief Constable

- 3.5.7 To ensure that inventories are maintained in a format approved by the PCCs CFO and Assistant Chief Officer 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).

Stocks and Stores

Responsibilities of the Assistant Chief Officer

- 3.5.8 To make arrangements for the care, custody and control of the stocks and stores of CP and to maintain detailed stores accounts in a form approved by the PCCs CFO.

- 3.5.9 To undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- 3.5.10 Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the PCCs CFO.
- 3.5.11 To write-off obsolete stock, in consultation with the PCCs CFO

Asset Disposal

Why is this important?

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

Responsibilities of the Chief Constable

- 3.5.13 To dispose of assets at the appropriate time and at the most advantageous price. Where this is not the highest offer, the Chief Constable shall consult with the PCCs CFO.
- 3.5.14 Where the assets proposed for disposal is Land and/or buildings the prior approval for the disposal is required from the PCC.
- 3.5.15 All asset disposals shall be recorded in the asset register or inventory as appropriate.

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

3.6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Treasury Management

Why is this important?

- 3.6.1 CP is a large organisation that handles hundreds of millions of pounds in each financial year. It is important that CP money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the CP capital sum.
- 3.6.2 CP will create and maintain, as the cornerstones for effective treasury management:
- **A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;**
 - **Suitable Treasury Management Practices (TMPs) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.**

Responsibilities of the PCC

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

Responsibilities of the PCCs CFO

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

Banking Arrangements

Why is this important?

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

Responsibilities of the PCCs CFO

- 3.6.12 To have overall responsibility for the banking arrangements for CP.
- 3.6.13 To produce a policy on the establishment and maintenance of bank accounts, in consultation with the Assistant Chief Officer.
- 3.6.14 To authorise the opening and closing of all CP bank accounts. No other employee shall open a bank account
- 3.6.15 To undertake bank reconciliations on a timely and accurate basis.
- 3.6.16 To determine signatories on all CP bank accounts

Imprest Accounts / Petty Cash

Why is this important?

- 3.6.17 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 CP accounts and correctly reimbursed to the account holder.

Responsibilities of the Assistant Chief Officer

- 3.6.18 To provide appropriate employees of CP with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of CP. The Assistant Chief Officer shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- 3.6.19 To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the PCCs CFO, and these shall be issued to all appropriate employees.

Money Laundering

Why is this important?

- 3.6.20 CP 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.
- 3.6.21 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA)
- 3.6.22 CP will monitor its internal control procedures to ensure they are reliable and robust.

Responsibilities of the PCCs CFO

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

Responsibilities of Chief Officers

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

Responsibilities of employees

- 3.6.27 To notify the PCCs CFO as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime
- 3.6.28 Cash bankings from a single source over €15,000 should be reported to the PCCs CFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 3.9).

3.7 STAFFING

Why is this important?

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

Responsibilities of the Chief Constable

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

Responsibilities of the Chief Executive

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

3.8 GIFTS, LOANS AND SPONSORSHIP

3.8.1 This does not include the receipt of hospitality and gifts by individuals.

Why is this important?

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

Context

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

3.8.4 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.

3.8.5 The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the CP gross expenditure budget annually.

Responsibilities of the PCC

3.8.6 To approve the policy on gifts, loans and sponsorship

Responsibilities of the Chief Constable

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

3.8.8 To refer all gifts, loans and sponsorship above £5,000 to the PCC for approval before they are accepted.

Responsibilities of the Assistant Chief Officer

- 3.8.9 To present an annual report to the PCC listing all gifts, loans and sponsorship.
- 3.8.10 To maintain a central register, in a format agreed by the PCCs CFO, 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 PCCs CFO, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.
- 3.8.11 To bank cash from sponsorship activity in accordance with normal income procedures.

4.1 SYSTEMS & PROCESSES - INTRODUCTION

Why is this important?

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

Responsibilities of the PCCs CFO and Assistant Chief Officer

- 4.1.3 To make arrangements for the proper administration of CP financial affairs, including to:
- issue advice, guidance and procedures for officers and others acting on behalf of CP
 - determine the accounting systems, form of accounts and supporting financial records
 - establish arrangements for the audit of CP financial affairs
 - approve any new financial systems to be introduced
 - approve any changes to existing financial systems.
- 4.1.4 To ensure, in respect of systems and processes, that
- systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
 - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously

- a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa
- systems are documented and staff trained in operations

4.1.5 To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems

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

4.2 INCOME

Why is this important?

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

Context

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

Responsibilities of the Chief Constable and PCC

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

Responsibilities of the Assistant Chief Officer and PCCs CFO

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

Responsibilities of the Assistant Chief Officer

4.2.10 To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.

4.2.11 To operate effective debt collection procedures.

4.2.12 To initiate, in consultation with the Chief Executive/PCCs CFO, appropriate debt recovery procedures, including legal action where necessary.

4.2.13 To approve the write-off of bad debts, in consultation with the Chief Executive or the PCCs CFO, up to the level shown below. Amounts for write-off above this value must be referred to the PCC for approval, supported by a written report explaining the reason(s) for the write-off.

<i>Up to £2,000</i>	<i>Assistant Chief Officer and/or PCCs CFO</i>
<i>£2,000- £5,000</i>	<i>Chief Constable in consultation with the Chief Executive or the PCCs CFO</i>
<i>Over £5,000</i>	<i>PCC</i>

4.2.14 To prepare detailed Financial Instructions for dealing with income, to be agreed with the PCCs CFO, and to issue them to all appropriate employees.

4.3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this required?

- 4.3.1 Public money should be spent in accordance with the authorities policies. CP has a statutory duty to ensure financial probity and best value. The PCC's financial regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the contract standing orders .

Responsibilities of the Assistant Chief Officer

- 4.3.2 To maintain a procurement policy covering the principles to be followed for the purchase of goods and services.
- 4.3.3 To issue official orders for all work, goods or services to be supplied to CP, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCCs CFO. Orders must be in a form approved by the PCCs CFO.
- 4.3.4 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of CP contracts.
- 4.3.5 Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
- 4.3.6 Payments are not to be made unless goods and services have been received by CP at the correct price, quantity and quality in accordance with any official order.
- 4.3.7 To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
- 4.3.8 To ensure that VAT is recovered where appropriate
- 4.3.9 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- 4.3.10 To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in the separate Contract Standing Orders.
- 4.3.11 To prepare, in consultation with the PCCs CFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

Responsibilities of the Chief Officers

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

4.4 PAYMENTS TO EMPLOYEES

Why is this required?

- 4.4.1 Employee costs are the largest item of expenditure for most PCCs. 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 Assistant Chief Officer

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

4.5 TAXATION

Why is this important?

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

Responsibilities of the PCCs CFO

- 4.5.2 To ensure the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements
- 4.5.3 To ensure the timely completion and submission of VAT claims, inputs and outputs to HMRC

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

4.6 CORPORATE CREDIT CARDS

Why is this important?

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

Responsibilities of the Chief Constable

- 4.6.2 In conjunction with the PCCs CFO to maintain a policy covering the use of corporate credit cards.

Responsibilities of the Assistant Chief Officer

- 4.6.3 To authorise and maintain control over the issue of cards in line with the policy.

Responsibilities of credit card holders

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

4.7 PURCHASING CARDS

Why is this important?

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

Responsibilities of the Chief Constable

- 4.7.2 To provide detailed financial instructions to card holders.

Responsibilities of the Assistant Chief Officer

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

Responsibilities of Purchasing Card Holders

- 4.7.5 To be responsible for ordering and paying for goods and services in accordance with the Force procurement policy, contract standing orders and all procedures laid down by the Assistant Chief Officer.

4.8 EX GRATIA PAYMENTS

Why is this important?

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

Responsibilities of the Chief Constable

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

<i>Up to £20,000</i>	<i>Chief Constable</i>
<i>Over £20,000</i>	<i>PCC</i>

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

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

<i>Up to £10,000</i>	<i>Chief Constable</i>
<i>Over £10,000</i>	<i>PCC</i>

5.1 JOINT WORKING ARRANGEMENTS

Why is this important?

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

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

- Partnerships
- Consortia
- Collaboration

5.1.3 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

5.1.4 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 by CP
- 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

5.1.5 The CP element of all joint working arrangements must comply with these Financial Regulations

PARTNERSHIPS

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

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

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

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

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

Statutory based

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

Strategic

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

Ad-hoc

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

Context

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

Responsibilities of the PCC

- 5.1.14 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
- 5.1.15 To make appropriate arrangements to commission services from either the force or external providers

Responsibilities of Chief Officers

- 5.1.16 To follow the guidance manual for local partnerships, as published on the local policing intranet site
- 5.1.17 To consult, as early as possible, the Assistant Chief Officer and the PCCs CFO to ensure the correct treatment of taxation and other accounting arrangements
- 5.1.18 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

CONSORTIUM ARRANGEMENTS

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

Responsibilities of Chief Officers

- 5.1.20 To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 5.1.21 To consult, as early as possible, the Assistant Chief Officer and the PCCs CFO to ensure the correct treatment of taxation and other accounting arrangements

- 5.1.22 To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
- 5.1.23 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive

Responsibilities of the PCC

- 5.1.24 To approve CP participation in the consortium arrangement.

COLLABORATION

- 5.1.25 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 PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.
- 5.1.26 The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their force is involved
- 5.1.27 Any such proposal must be discussed with the PCCs CFO and Assistant Chief Officer in the first instance.

5.2 EXTERNAL FUNDING

Why is this important?

- 5.2.1 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of CP. Funds from external agencies provide additional resources to enable CP to deliver its policing objectives. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the CP overall plan.
- 5.2.2 The main source of such funding for CP will tend to be specific government grants, additional contributions from local authorities and donations from third parties. It is important to recognise that all funding is paid to the PCC and that all funding for Cleveland Police must come via the PCC.

Responsibilities of Chief Officers

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

Responsibilities of the Chief Constable and the PCC

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

Responsibilities of the PCCs CFO and Assistant Chief Officer

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

Responsibilities of the Chief Constable

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

5.3 WORK FOR EXTERNAL BODIES

Why is this required?

- 5.3.1 CP 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

- 5.3.2 To ensure that proposals for assistance are costed, that no contract is subsidised by CP and that, where possible, payment is received in advance of the delivery of the service so that CP is not put at risk from any liabilities such as bad debts.
- 5.3.3 To ensure that appropriate insurance arrangements are in place.
- 5.3.4 To ensure that all contracts are properly documented
- 5.3.5 To ensure that such contracts do not impact adversely on the services provided by CP

5.4 COMMISSIONING OF SERVICES AND PAYMENTS of GRANTS/CONTRIBUTIONS TO THIRD PARTIES

Why is this required?

- 5.4.1 CP provides both contributions to partners and more formally will commission services from a variety of organisations. It is important to ensure that these arrangements are fully documented, that grant agreements are in place where appropriate and that they are in line with the aims and objectives of the PCC and also in line with procurement guidelines.
- 5.4.2 As from the 1st April 2013 no payments of contributions/grants should be made to any organisation without prior authorisation from the PCC.

Responsibilities of Chief Officers

- 5.4.3 To identify and detail all current payments made to third parties where a formal contract is not in place or where they do not fall within the normal contracting for goods and services process. This will include all contributions, amounts and reasons (for example, SARC, Safeguarding, contributions to CDRPs, contributions to Youth Offending Groups, CADETsetc). Any proposed contributions need to be highlighted separately as part of the Police and Crime Plan.

Responsibilities of the Chief Constable

- 5.4.4 To detail all contributions to third parties currently made by the Force, the reason for them and therefore an assessment as to whether they should continue in 2013/14 and beyond.
- 5.4.5 To make Officers and Staff aware that contributions such as these are no longer a local decision and that all contributions/grants to partners are for the PCC to decide upon.

Responsibilities of the PCCs CFO

- 5.4.6 To ensure that where contributions/grants to third parties are made by the PCC or services are commissioned that they are in line with Procurement rules, that a grant agreement is in place, as appropriate, setting out the terms and conditions of the award and that the funding is paid in line with meeting the targets and timeframes within the agreement.

6 SUMMARY OF DELEGATED LIMITS

Virement

2.2.12 The Chief Constable may vire revenue funds to capital to purchase capital items or carry out capital works subject to obtaining PCC approval where the proposed transfer exceeds £25,000.

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

Force Budget

Up to £100,000

Over £100,000

Assistant Chief Officer

PCC

PCC's own budget

Up to £25,000

Over £25,000

Chief Executive/PCCs CFO

PCC

3.5 Asset valuation

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

Land & Buildings

All values

Vehicles

All values

ICT hardware

£5,000

Plant & Equipment

£5,000

Inventories

Responsibilities of the Chief Constable

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

Money Laundering

3.6.21 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA)

3.6.28 Large cash bankings from a single source over €15,000 should be reported to the PCCs CFO. 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

3.10.8 To refer all gifts, loans and sponsorship above £5,000 to the PCC for approval before they are accepted.

Income

4.2.13 To approve the write-off of bad debts, in consultation with the Chief Executive or the PCCs CFO, up to the level shown below. Amounts for write-off above this value must be referred to the PCC for approval, supported by a written report explaining the reasons for the write-off.

<i>Up to £2,000</i>	<i>Assistant Chief Officer and/or PCCs CFO</i>
<i>£2,000 to £5,000</i>	<i>Chief Constable in consultation with the Chief Executive or the PCCs CFO</i>
<i>Over £5,000</i>	<i>PCC</i>

Ex-gratia Payments

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

<i>Up to £20,000</i>	<i>Chief Constable</i>
<i>Over £20,000</i>	<i>PCC</i>

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

<i>Up to £10,000</i>	<i>Chief Constable</i>
<i>Over £10,000</i>	<i>PCC</i>

APPENDIX CG4

Contract Standing Orders & Procurement Principles

Redrafted December 2012

By Claire Wrightson, Lead Procurement Business Partner

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Introduction

1. From the 22nd November 2012 Cleveland Police Authority ceased to exist and an elected Police and Crime Commissioner given the responsibility as per the Police and Social Responsibility Act 2011 for the totality of policing within their force area. These Contract Standing Orders are to take effect from the 22nd November 2012 and should be read in conjunction with the Scheme of Consent, Financial Regulations, Standing Financial Regulations and Standing Orders.
2. In 2010 the Authority outsourced most of the back office and support services, including commissioning and procurement, in a ten year contract.
3. Effective contract and procurement management is essential in order to become best in class in a business process that involves all aspects of police operation and support. It has a significant impact on the delivery of value for money; therefore it is vital that all procurement activities are managed effectively and that procurement personnel and local buyers are well trained and highly professional.
4. This document has been developed to provide all staff of the Office of the Police and Crime Commissioner for Cleveland (OPCC) and those under the direction and control of the Chief Constable of Cleveland Police who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the PCC and the Force. In addition to the Contract Standing Orders this document contains procurement principles that set out guidance to assist in the delivery of a first class procurement operation.
5. These Contract Standing Orders are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with these Contract Standing Orders. The procedures will be updated from time to time to stay at the forefront of Best Practice and respond to business needs.
6. These Contract Standing Orders relate principally to the procurement process considering the competitive process, selection & management of suppliers and contract award.

Empowering Regulations

1. These Contract Standing Orders are the standing orders to be made under Section 135 of the Local Government Act 1972 and all other powers enabling the Police and Crime Commissioner for Cleveland.

2. These Contract Standing Orders cover and comply with the provisions of the Audit Commission Competitive Procurement 2001, Race Relations Amendment Act 2000, Section 16 Local Government Act 1999, Byatt Report 1999, Competition Act 1998, GATT Agreement on Government Procurement 1996 and section 2 of the European Communities Act 1992, Freedom of Information Act 2002, Data Protection Act 1998, Sir Peter Gershon's Independent Review of Public Sector Efficiency 2004, Sir Ronnie Flanagan's Review of Policing 2008 and the relevant provision in the Police and Justice Act 2006.
3. These Contract Standing Orders are designed to support the OPCC's and Force's policies relating to diversity and counter fraud & corruption.
4. They are also designed to support the principles and concepts of good governance.

Application of Contract Standing Orders

1. These Contract Standing Orders cover all contracting and procurement activities within the Office for the Police and Crime Commissioner for Cleveland (OPCCC). This includes supply, hire, new contract, extension of contract and renewal of contract and / or disposal, with the exception of contracts for the purchase of land, and contracts of employment.
2. The Contract Standing Orders detailed apply to all staff of the OPCCC including those under the direction and control of the Chief Constable of Cleveland Police and must be adhered to at all times.
3. Where an outsourcing agent is responsible for the management and supply of goods and services to or for the PCC, these Standing Orders shall apply, unless the PCC agrees to the contrary.
4. Where the outsourcing agent has budgets to manage, the outsourcing agent will submit annual expenditure plans to the Force and in turn the PCC. The outsourcing agent will only have authority to authorise orders and budgetary expenditure against those budgets where such approval has been granted by the PCC and the Force.
5. Any orders and contracts to be placed with the outsourced provider are to be authorised in accordance with paragraph 7 'Award of Contract'.
6. Where the PCC is acting as an agent for another body, these Standing Orders shall apply unless the principal directs to the contrary.
7. Any person who is not an Officer of the PCC or the Force engaged to manage a contract on behalf of the PCC shall fully comply with these Contract Standing Orders.

8. All Service Units, (this means all Functional Command Units, Service Units and the Office of the PCC), will designate a manager accountable for implementation and monitoring the effectiveness of procurement activity for that business area. This manager will report on a regular basis to the Head of the Service Unit and liaise with the Lead Procurement Business Partner.
9. These Standing Orders aim to achieve a full audit trail and full accountability of those involved, requiring them to identify and record the contract decision-making process for all commitments.
10. These Standing Orders provide the means of deciding which procedure is to be used for a given requirement.
11. These Standing Orders cannot be changed nor departures from them made without the agreement of PCC.
12. These revised Standing Orders apply from the appoint at which that are formally approved by the PCC.

Role and Duties of Procurement

Role of Procurement

The role of procurement can be expressed simply as:

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

Procurement Principle

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

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

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

Role of the Lead Procurement Business Partner or Head of Police Shared Business Service

The Role of the Lead Procurement Business Partner or Head of Police Shared Business Service within these Contract Standing Orders is to:

1. Manage the Contract Standing Orders and procurement procedures to ensure that they are maintained in line with good procurement practice and deliver value for money.
2. Advise and make proposals to the Chief Financial Officers (Of the PCC and Chief Constable) and the PCC when it is necessary to update the Contract Standing Orders and review the Procurement Strategy.
3. Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to best practice in procurement and contracts. Develop and agree procurement strategies with senior management in line with National Guidance or mandate.

4. Take responsibility for the procurement process, although much of the actual purchasing activity will be devolved to the outsource contractor and the Service Units, as appropriate.
5. Ensure that knowledge is being disseminated throughout the organisation to ensure procurement staff and Service Units are aware of the procedures they should follow, and the suppliers they should use.
6. Set and monitor key performance indicators for procurement and contractors, and ensure that they are met. Report to the Chief Financial Officer(CFO) of the CC and through them update the CFO of the PCC and the PCC on a regular basis.
7. Generate and maintain effective business relationships that give the PCC constant, easy access to capable, efficient and highly motivated suppliers.
8. Develop and manage the PCC's purchase arrangements for supplies jointly sourced with other PCC's and with other emergency services through national and regional framework and consortia arrangements.

Role of Procurement Team including Lead Procurement Business Partner and Procurement Transactional Team

The Role of Lead Procurement Business Partner supported by the Procurement Transactional Team within these Contract Standing Orders is to:

1. Ensure personal awareness and understanding of these Contract Standing Orders and other financial regulations, procedures and guidelines that relate to procurement and contracts for all members of the team directly involved in the contract / tender process.
2. Develop and agree a procurement strategy for major contracts with the PCC, the Lead Procurement Business Partner or Head of Police Shared Business Service and the Service Units, as appropriate.
3. Ensure that procurement is carried out in a professional and ethical manner that is consistent with PCC's policies and that the PCC's and Force's aggregated requirements are bought in line with the EU Procurement Directives.
4. Ensure contracts are formed detailing clear specification of requirements (that includes maintenance and consumables as appropriate) and terms and conditions appropriate to the requirement.

5. To assess whole life costs as appropriate to the requirement to determine value for money.
6. Ensure that an appropriate audit trail is maintained.
7. Ensure contract data is recorded on a contract register following award.

Role of Local Procurement

The role of a local procurement is to:

1. Support Contract Standing Orders and procurement procedures and communicate any conflict between the local approach and these Contract Standing Orders to the Lead Procurement Business Partner or Head of Police Shared Business Service.
2. Promote the use of Procurement Cards, where appropriate, for local purchases
3. Swiftly process requests from within Service Unit areas.
4. Ensure that the competitive process is maintained in line with expenditure thresholds.
5. Ensure that an appropriate audit trail is maintained.
6. Utilise and apply the Standard Terms of Contract for procurement.
7. Involve Procurement where a purchase is complex, requires special terms of contract, or contract extension, except when the requirement is within the buyer's delegated procurement authority.

Authorities & Controls

Procurement Principle

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

Expenditure Authority

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

Procurement Authority

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

Segregation of Duties

1. The authorities relating to the contracting and procurement process are segregated between the following phases:
 - Requisition
 - Commitment (Contract Signatory)
 - Receipt
 - Payment

2. No one individual can have the authority to control more than two consecutive stages in the segregation of duties.

Disaggregation

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

Procurement Process

Procurement Involvement

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

Procurement Principle

If the Procurement Team is to be effective, it must regularly communicate with Service Units.

Acquiring items of a high value and/or a critical nature will always be a joint effort between Procurement and Service Units, ensuring compliance with EU procurement directives as appropriate.

Procurement staff will need to take part in all stages of the process to ensure that the commercial risk is fully assessed. The procurement process starts when a Service Unit identifies a need. Service Units are encouraged to hold discussions with Procurement at this early stage, as the process of placing a contract can be time consuming.

Service Units must utilise PCC Contracts where they already exist.

Utilisation of Contractual Arrangements

1. Where NPJA (or successor body), OGC Buying Solutions and other national, regional or local collaborative contracts exist, the PCC should support those arrangements. In the exceptional circumstances where better value can be obtained from sources alternative to these, prior approval to use those alternatives must be obtained from the Lead Procurement Business Partner or Head of Police Shared Business Service. These circumstances and details of contracts must be reported annually to the PCC by the CFO of the CC.
2. Contracts should not be sought by Service Units that compete with an existing contract for similar requirements without the express prior approval of the Lead Procurement Business Partner or Head of Police Shared Business Service.

Procurement Principle

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

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

If a Service Unit is made aware of or invited to buy these goods or services "Outside" of the awarded contract they should advise the Lead Procurement Business Partner or Head of Police Shared Business Service so that the alternative can be assessed for value for money.

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

Supplier Relationship Management

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

Procurement Principle

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

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

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

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

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

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

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

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

Competitive Process

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

Specification Development

1. The specification should be developed as a generic performance, output and outcome based specification as the normal approach to business. This form of specification increases the ability of suppliers to compete and aids the delivery of value for money.
2. Specifications should be framed so that, as far as possible, the resulting offers can be judged against objective criteria.
3. Proprietary product specifications should only be used in exceptional circumstances (Section 9). When this event occurs the Lead Procurement Business Partner must record the reasons in the contract file stating why a restricted competitive approach has been selected.

Procurement Principle

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

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

Specification Changes

1. If a specification is changed for any reason during the tender process, the updated specification must be communicated promptly to all tenderers, giving additional time to respond, as appropriate, to the change.
2. If a specification is changed for any reason after receipt of tenders, the updated specification must be communicated to all tenderers. They must be given adequate time to respond to the change in specification and to prepare revised tenders. The process will follow the tender process.

Equal Treatment

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

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

1. Requirements below £10,000 value are Low Value Procurements.
2. Requirements above £10,000 and below £50,000 value are Medium Value Procurements.
3. Requirements above £50,000 value are subject to the tender process and potentially subject to EU Procurement Directives depending on the ultimate contract value.

Low Value Procurement (those below £10,000)

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

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

1. Medium value procurement will be managed through a competitive process appropriate to the value goods or service required this process will require the test of value for money to be applied to all requirements.
2. Considering the value and potential supply risk of the requirement offers will be required from multiple suppliers to enable value for money to be determined. Full details are contained in the Procurement Procedures.
3. Service Units should engage with the Lead Procurement Business Partner appropriate to the requirement where supply risk or complexity is identified for the requirement to ensure the appropriate safeguards and procurement planning is in place for the procurement.
4. The medium value competitive process can be managed utilising the Blue Light E-tendering software which apply the secure principles of the tendering process.

Tendering Process

The tender process will be managed utilising the Blue Light E-tendering software with the following principles applied. Paper based tender processes will be used as an exception and only following prior approval by the Lead Procurement Business Partner or Head of Police Shared Business Service.

1. Contracts above £50,000 value and EU procurement threshold will be subject to the tendering process.
2. The Force method of tendering requirements of all values is to utilise the "Blue Light" e-tendering system. This enables the full process to be completed electronically in compliance with EU Directives and competition law requirements.
3. Pre-qualified/select lists may be utilised within the Procurement Process following a business case outlining the business benefits. The pre-qualified list will not be used to negate the requirement to tender, but to short-list suppliers to take forward to be assessed against technical and price criteria. The Procurement Lead Business Partner may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation and will not have a negative effect on the market.
4. The Procurement and Fleet Lead Business may approve the business case so long as the use of pre-qualified/select list is in compliance with Legislation, meets the principles of transparency and will not have a negative effect on the market. The key requirements of the business case should include benefits to both supplier and buyer and demonstrate that the use of the pre-qualified/select list will deliver value for money.
5. The Buyer must consult with the Lead Procurement Business Partner or Head of Police Shared Business Service as to whether a bond or guarantee is required.
6. The Lead Procurement Business Partner will utilise Standard Terms and Conditions of Contract and determine if any additional special terms and conditions are appropriate to the requirement.

EU Procurement Procedures

1. Requirements above the EU Procurement threshold will be subject to the full EU tendering process.
2. The Lead Procurement Business Partner will advise on the most appropriate procedure. There are six procedures that can be used as appropriate to award of contract under EU Regulations
 - **Open Procedure** ~ any company who replies to an advertisement in the European Journal can tender.
 - **Restricted Procedure** ~ companies express an interest in tendering in response to an advertisement, and after a preliminary vetting procedure (limited to financial & technical capability), a shortlist of companies are invited to tender.
 - **Negotiated Procedure** ~ entering into negotiations with at least three companies before awarding the contract. Reasons for using this method must be documented in the procurement plan because

the scope for proceeding by negotiation is limited under EU Regulations.

- **Dynamic Procurement Systems** ~ *utilising* dynamic methods of procurement to improve the competitive process and assist delivery of value for money. E-Auctions will normally be used as part of the collaborative process working with other Forces on a regional or national basis.
- **Framework Agreements** ~ are a process of award of contract and is made as an agreement between one or more contracting authorities and one or more contractors.
- **Competitive Dialogue** ~ are used when developing a requirement that is long term, complex and cannot be procured through another EU procedure as described above. This approach may be utilised to develop and negotiate the agreement.

Tender Receipt & Opening

1. Tenders will be completed via the Blue Light E-tendering systems and opened by at least two people with one of them being an impartial witness to the process in accordance with the following tender levels.

Be opened in the presence of, where the estimated tender figure –

- Exceeds £150,000, the Chief Executive together with the Chief Constable.
 - Does not exceed £150,000, the Chief Executive or the Chief Constable.
2. Paper sealed tenders are registered when received, and left unopened until the due time and date. (This is automatic with the e-tendering system)
 3. The paper tender documents are signed, dated and witnessed at time of opening by all present. (This is automatic with the e-tendering system)
 4. Particulars of tenders received and those accepted shall be recorded. (this is automatic with the e-tendering system)

Late tenders

1. Tenders received after other tenders have been opened will not be accepted.
2. A tender received late but before the other tenders have been opened may be considered if there is evidence that it was despatched by post or other means early enough to be received in due time in normal circumstances.
3. A tender rejected due to late delivery or other valid reason will not be opened and the bidding organisation will be informed after the analysis process.

Errors in Tender Submissions

1. Advantage should not be taken of genuine inadvertent errors made by tenderers.
2. When the Lead Procurement Business Partner finds an error in a tender, the tenderer will be advised that an error may exist in their offer and be given the opportunity to:
 - Confirm that the tender stands in its current form.
 - Withdraw the tender.
 - Correct that part of the tender that is in error within a specified time frame.
3. No request by a supplier to amend a tender after the time fixed for receipt shall be accepted.

Negotiation & Clarification

1. Negotiation can be used when deemed advantageous to the competitive process by the Lead Procurement Business Partner. Negotiation will not be utilised on all occasions.
2. When negotiation is employed it should be conducted with short-listed tenderers and a record of each negotiation maintained in the tender file.
3. Negotiation focusing only on price will not be used during the tender process. During the EU Procurement Process the Lead Procurement Business Partner can enter into "Clarification" discussions to understand technical and operational issues of the offer that may result in a change to the cost of the contract.
4. During the negotiation and clarification process the Lead Procurement Business Partner must ensure impartiality to all tenderers invited to negotiate.
5. Negotiation will be utilised by trained buyers and will be used to enhance better value of goods and services.
6. It is unethical in negotiation practice for tenderers commercial information to be used as a lever to reduce other offers.

Procurement Principle

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

Award of Contract

1. Tender analysis should be completed using criteria determined prior to issue of tender documentation.
2. The Lead Procurement Business Partner must record the reasons and whole life cost analysis that led to the acceptance of a value for money offer. Where the accepted bid is not the lowest cost option the reasons for acceptance need to be reported in line with para 4 below prior to contract award.
3. The Lead Procurement Business Partner is empowered to recommend the acceptance of tenders.
4. Tenders received shall only be accepted in the case of –
 - i. Those not exceeding £150,000 - by the Chief Constable or Chief Executive
 - ii. Those exceeding £150,000 but not exceeding £250,000 - jointly by the Chief Executive and the Chief Constable.
 - iii. Those exceeding £250,000 - by the PCC or Deputy PCC.
5. A minimum period of ten working days must be allowed as a standstill period between the notification of an award decision and contract commencement for all EU value contracts. This is good practice and should be applied to all contracts.
6. All unsuccessful tenderers have the right to a formal debrief promptly or within 15 days of a written request to be debriefed following award of contract.
7. All details of the awarded contract must be entered in the contract register held by the Procurement Department.

Procurement Principle

Subjective comparisons can play a part in tender analysis. The Lead Procurement Business Partner should avoid focusing the decision making process on them.

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

Signing of Contracts

1. All contracts exceeding £10,000 in value shall be in writing and signed or executed on behalf of the PCC. Where:
 - i. The value does not exceed £150,000 - by the Head of Legal Services or the Chief Executive
 - ii. The value exceeds £150,000 by the Chief Executive and the Head of Legal Services.

Signing of Contract Changes

1. All contract changes must be agreed by the person having Expenditure Authority and the relevant contract owner.
2. All contract changes must be progressed in accordance with the terms of the contract that it applies to and in accordance with any relevant legislation, policies and guidelines.
3. All contract changes relating to contracts that have a Total Contract Value of over £10,000 shall be in writing and signed or executed on behalf of the PCC. Where:
 - i. Specification and/or operational changes with no financial value- by the Strategic Contracts Manager or the Lead Procurement Business Partner (where a conflict of interest does not exist i.e. contracts with the outsourced provider)
 - ii. Those changes with a Total Change Value of less than £50,000 - by the Strategic Contracts Manager or the Lead Procurement Business Partner (where a conflict of interest does not exist i.e. contracts with the outsourced provider)
 - iii. The value does not exceed £150,000 - by the Head of Legal Services
 - iv. The value exceeds £150,000 - by the Chief Executive and the Head of Legal Services.

Exceptional Situations

1. For requirements of an exceptional nature, advice and guidance must be obtained from the Lead Procurement Business Partner or the Head of Police Shared Business Service.
2. Exceptional Situations are those created by external actions and events over which the Force has no control but has an obligation to respond.
3. All instances deemed or proposed as exceptional should be fully documented on a proforma to ensure that there is a full audit trail for all decisions.
4. Utilisation of Contract Standing Order 10 or an exemption to follow contract standing orders shall be reported by the CFO of the CC to the Audit Committee.

Procurement Principle

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

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

Operational Emergency

1. In cases of operational emergency, requirements should be obtained from existing contracts as a priority.
2. In the event of an existing contract being unavailable, the operational commander can:
 - a. Contact the nominated procurement team member for action.
 - b. In the situation when a) is not available, contact an available supplier directly to provide assistance, and obtain value for money support.
3. A full audit trail is required for goods and services obtained during an operational emergency.

Proprietary Products

1. In the exceptional circumstances when a proprietary product is specified, the Lead Procurement Business Partner must record the reasons in the contract file, stating why a restricted competitive option has been selected.
2. One or more suppliers of the product should be identified.
3. The tender process and / or direct negotiation should be utilised to obtain the value for money offer from each supplier prior to a decision to award.
4. Actions are recorded in a contract file stating reasons in an auditable form.
5. The requirement may be considered as a proprietary product when it is for repairs or works to an existing proprietary product.
6. The selection of a proprietary product does not eliminate the need to fully comply with EU procurement regulations nor compliance with any other legal requirement.

Subjects of General Application

Terms and Conditions of Contract

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

Procurement Principles

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

Letters of intent should only be used in special circumstances and on the rare occasions these are required they may only be issued to a supplier after agreement and authorisation by the Lead Procurement Business Partner or Head of Police Shared Business Service.

Requirements for specially written contracts and / or contracts for any one piece of work should be referred to the Lead Procurement Business Partner who will engage appropriate Legal support.

Terms of Payment

Suppliers will be paid on time and according to contract.

Procurement Principle

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

Legitimate payments should not be delayed, or terms of payment altered, without referring back to the Lead Procurement Business Partner.

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

Safeguarding Information

1. Information that is highly sensitive or has commercial value will be marked and securely controlled in accordance with the Protective Marking Scheme.
2. All documentation for a contract will be kept together securely in an easily accessible format.
3. Information and records must be retained in a format that complies with the Freedom of Information Act (2000) and Data Protection Act (1998), and the requirements of these Standing Orders.
4. Disclosure of information under the Freedom of Information Act will only be given providing it does not damage commercial interest, breach confidentiality arrangements or threaten the public interest. Guidance for information requests relating to contracts, tenders and supplier information should be obtained from the Freedom of Information Officer.

Procurement Principle

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

Endorsements

Procurement Principle

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

Environmental & Ethical Trade Considerations

Procurement Principle

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

In all decisions, consideration should be given to products whose manufacture, use and disposal do not have a detrimental environmental effect or exploit and contravene established ethical standards and work practices.

Reallocation or Disposal of Redundant Items or Equipment

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

Procurement Principle

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

Ethical Procurement

The PCC's values dictate a consistent and fair approach by all towards our community, which includes suppliers. In general terms, all purchasers of goods and/or services should be independent and behave impartially and with integrity.

At all times, the PCC and Force must be, and must be seen to be, competent and ethical regardless of the size of the supplier and their past or current relationship.

These guidelines are to protect the PCC and Force and the individual member of staff. The distinction between the courtesies of a working relationship and the acceptance of benefit for which reciprocal favours will be expected can be narrow. If a member of staff is in doubt as to the propriety of accepting any gift, benefit or advantage, they must immediately consult their line manager or head of Service Unit.

1. *Confidentiality:* Confidential information should only be sought where necessary and when obtained, should not be disclosed to third parties, particularly to other suppliers. Confidentiality agreements must be used and signed where appropriate.

2. *Conflict of interest:* If a supplier representative is known socially or is related, or if a financial interest is held in the supplier, then this should be declared to an individual's line manager and that individual should not be involved professionally with the supplier unless senior management's approval in writing has been obtained. Involvement that may influence sourcing decisions is not permitted.
3. *Equal Opportunities:* In common with the PCC's/Force's diversity policies, procurement decisions shall not be influenced by the gender, ethnicity, religion, sexual orientation, age or disability of suppliers, owners or representatives.
4. *Fairness:* Equal opportunity should be extended to all suppliers competing for business (i.e. they should all be provided with the same information and given equal time to respond to requests/tenders, and tenders should not be invited only to make up the number, or as a strategy to bring down the price of the chosen supplier).
5. *Gifts:* No gifts (other than advertising/ promotional material of modest value such as calculators or diaries) or other benefits should be accepted by a member of staff or close family from people or organisations with whom the member of staff has business dealings or contracts on behalf of the PCC. Any and all offers of either gifts or hospitality, whether accepted or not should be recorded within the gifts and hospitality register in line with the policies of the organisation.
6. *Hospitality and entertainment:* Offers to a member of staff or close family of hospitality or entertainment of a frequency, type or scale that the PCC would not wish to reciprocate should not be accepted. Rigid definitions are not feasible however the policy on Gifts and Hospitality should be adhered to and, if they are in any doubt, decline an offer or refer to management. Even where an offer is declined it should be recorded in the gifts and hospitality register in line with the policies of the organisation.
7. *Seminar/Product launches:* These are permissible where strictly relevant to an individual's responsibilities and where the PCC pays all travel and accommodation costs.

Probity Register

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

Definitions

The following terms are used throughout the procurement documentation

1. Bid ~ an offer made by a prospective supplier in the form of a tender, quotation or as part of the negotiation process.
2. Buyer / Procurement Transactional Team ~ the buyer is any individual employed by Cleveland Police who, through the use of professional procurement techniques, is authorised to make the commitment for the supply of goods or services to fulfil the Service Unit's need.
3. Lead Procurement Business Partner ~ means a person appointed to fulfil the duties for delivery of the Procurement Strategy and drive compliance with these Contract Standing Orders.
4. Strategic Contracts Manager ~ means a person appointed to fulfil the duties for review of the Procurement Strategy and ensure strategic contracts support the direction of Cleveland Police.
5. Commitment ~ is the act of confirming a contract with third party suppliers and should be made by a contract or purchase order.
6. Conditions of Purchase/Contract ~ the specific conditions under which the PCC will enter into a contract or purchase order with a supplier.
7. Confirmation Order ~ an order which has been placed verbally, by facsimile transmission, or electronically communicated and subsequently confirmed by a formal purchase order marked "confirmation order".
8. Contract ~ a legal agreement between the PCC and external suppliers for the supply of goods and services. For the purpose of these Contract Standing Orders this does not include contracts of employment for staff.
9. Contractor ~ an organisation that contracts with the PCC to supply works, goods and/or services to demand.
10. E-Auction ~ a dynamic procurement tool utilised after the tender process to enable contractors to compete on line. Normally this approach is used for high value requirements through collaborative procurement.
11. E-Procurement ~ utilisation of an electronic "procure to pay" process normally through a finance system to place orders directly with suppliers, receive invoices and pay electronically. Alternatively this process can be achieved through on line ordering systems.
12. E-Tendering ~ utilisation of an electronic tendering process that enables the full process from advert to assessment to be completed via computers, significantly reducing timescales for both the buyer and supplier.
13. Ethical Guidelines ~ the code of behaviour and conduct that governs the correct and professional manner in which to conduct business with third party suppliers.

14. Framework Agreements ~ an agreement between one or more contracting authorities (NPIA, OGC, Police Forces, Consortiums) with one or more contractors to supply a range of works, goods or services.
15. Internal Supply Markets ~ these are “in house” markets operating within the financial framework delegated to the Force, requiring budget transfers rather than cash payments and operating to agreed service levels.
16. Legislation ~ includes subordinate legislation.
17. Letters of Intent & Heads of Agreement ~ a legally binding communication instructing the supplier to proceed with the supply of goods or services pending completion of contract documentation.
18. Outsourcing ~ an outsourcing project is one which delivers a function or service through, or in conjunction with, a third party external to the Force.
19. Pre-Qualified List ~ A list/register of suppliers for specific categories of works/services who have been pre-qualified to government standards, following the current understanding of EU Public Procurement Legislation and Local Government Act.
20. Procurement ~ the person or department who has the authority to contract with third party organisations for the supply of goods and services.
21. Procurement Cards ~ a charge card used by authorised cardholders to make direct purchases from suppliers. The cardholder can only make purchases within their personal usage expenditure limit and within the terms of a supply contract. This approach simplifies the procurement process.
22. Procurement Plan ~ the procurement plan is the record of the procurement strategy development for a particular purchase and forms the basis of future purchase planning for that requirement and an audit trail.
23. Procurement Teams ~ there are effectively two styles of procurement teams:
 - A Procurement Team that deals with strategy, high value / high risk and EU procurement, and represent the Force at Regional and National Procurement levels, and provides support, advice and guidance to Service Units.
 - Service Unit procurement (Local Procurement) which consists of locally trained staff that deal with local requirements within the scheme of delegated procurement authorities.
24. Proprietary Product ~ a product that has unique characteristics produced by one manufacturer. A proprietary product specification could exclude competitors from competing on equal terms. In consultancy the services of a named person or firm would be considered as a proprietary product.
25. Purchase Order ~ a serial numbered document raised by the buyer on a specific supplier for the supply of goods or services. This document is a formal legal agreement with specific conditions for the supply of goods.
26. Purchase Order Amendment ~ a document communicating a change to the specified requirement, price or terms and conditions of the original Purchase Order. Like the original Purchase Order this document is a formal legal agreement with specific conditions for the supply of goods.

27. Purchase Requisition ~ the formal request to obtain the supply of goods or services made by the internal client, authorised by the budget holder and passed to the relevant procurement team.
28. Quotation ~ a statement of price, delivery and specification against the specific enquiry provided by a specific supplier.
29. Service Units ~ the person, department, basic command unit, or service unit who holds the financial budget, and has the authority to raise requests for goods and services. This also includes the PCC.
30. Services ~ including the provision of cleaning, consultancy, maintenance, agency staff and similar non-tangible requirements.
31. Specification ~ a clear statement of requirement for goods and/or services, normally detailed as a generic specification to enable competition and the delivery of Value for money.
32. Supplier ~ an organisation that contracts with the PCC or its outsourced contractor to supply goods and services to the PCC.
33. Tender ~ a formal offer from a supplier to supply specified goods or services at a stated cost or rate.
34. Tenderer ~ a supplier offering to buy or sell a product. This term applies prior to the formation of contract.
35. The PCC ~ refers to the Police and Crime Commissioner for Cleveland.
36. Total Contract Value ~ the total value of a requirement calculated as the value of a "single" purchase and or the value of the total contract period or four years whichever is the lesser value.
37. Total Change Value ~ the total value of a new or removed requirement to an existing contract, calculated as the value of a "single" additional/removed purchase and or the total value of the change for the period of the contract for which the change refers to.
38. Value for money ~ a combination of criteria that includes competitive price, quality, reliability, timeliness and whole life costs analysis. This is not always portrayed by the lowest priced offer.

ANTI-FRAUD & CORRUPTION POLICY

Policy and Procedure Summary

The aim of this policy is to clearly set out the anti-fraud and corruption procedure operated by the local policing body for the Cleveland Police area. The anti-fraud and corruption policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.

“Local Policing Body” is a new term introduced by the Police Reform and Social Responsibility Act 2011. At present, the local policing bodies in England and Wales are Police Authorities. It is the Government’s intention that they will be replaced in November 2012 by directly elected Police and Crime Commissioners.

This procedure has been adopted by the Cleveland Police Authority, but when the staff of the Police Authority transfer to the Office of the Police and Crime Commissioners the procedure will continue to apply unless and until amended by the Police and Crime Commissioners following consultation with staff. This policy applies to staff employed by local policing bodies for the Cleveland Police area under the direction of the Chief Executive, with the exception of Chief Executive and the Chief Finance Officer, where a separate policy will apply.

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1. INTRODUCTION

- 1.1 Fraud and corruption can have a severe impact on the operation, status and reputation of an organisation, particularly a local policing body and its police service, and should be opposed at every opportunity.
- 1.2 In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the local policing body or from within it, the local policing body is committed to an effective fraud and corruption policy designed to:
- Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- 1.3 The organisation's expectation on propriety and accountability is that the local policing body and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.
- 1.4 The local policing body also demands that individuals and organisations it comes into contact with will act towards the organisation with integrity and without thought or actions involving fraud or corruption.

2. DEFINITION OF FRAUD AND CORRUPTION

- 2.1 For the purposes of this policy, Fraud and Corruption have been defined as follows:

- 2.1.1 **Fraud:** The intentional distortion of financial statements or other records by persons internal or external to the organisation, which is carried out to conceal the misappropriation of assets or otherwise for gain.

This may include: falsifying travel and subsistence claims, falsifying overtime or flexi claims, and obtaining employment through false qualifications.

- 2.1.2 **Corruption:** The offering, giving, soliciting or acceptance of an inducement or reward which may improperly influence the action of any person.

This may include: hospitality, computer misuse, pecuniary interests of the police and Chief Constable, Police and Crime Commissioner, Deputy Police and Crime Commissioner and staff, and disposal of assets.

3. **ANTI-FRAUD AND CORRUPTION STRATEGY**

3.1 The local policing body's Anti-Fraud and Corruption Policy is based on a series of comprehensive and inter-related procedures that provide a framework to counter fraudulent activity. These include:

- Culture
- Prevention
- Detection and investigation
- Training

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

- Her Majesty's Inspector of Constabulary (HMIC)
- External Audit
- HM Revenue and Customs
- Internal Audit
- Local Communities
- The Media

3.3 Application of this policy applies to the Police and Crime Commissioner, Deputy Police and Crime Commissioner and all officers engaged in carrying out duties of the local policing body. Detection, prevention and reporting of fraud and corruption is the responsibility of the Police and Crime Commissioner, Deputy Police and Crime Commissioner and others of the local policing body. The local policing body offers reassurance that any concerns will be treated in confidence and properly investigated without fear of reprisal or victimisation.

4. **CULTURE**

4.1 The local policing body is determined that the culture and tone of the organisation is one of honesty and opposition to fraud and corruption.

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

- Is unlawful
- Is against the organisation's Standing Orders or policies
- Falls below established standards or practices
- Results in waste or loss to the organisation
- Amounts to improper conduct.

4.3 The Chief Executive is responsible for following up any allegation or suspicion of fraud or corruption received and will do so through clearly defined procedures. These procedures are designed to:

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

4.4 If necessary, a route other than a normal line manager may be used to raise such issues. Examples of such routes are:

- Chief Finance Officer of the local policing body
- Chief Executive & Monitoring Officer of the local policing body
- Staff Associations

4.5 There may be circumstances where a person may prefer to contact an external agency through the following contacts:

- External Audit (Fraud Line?)
- Internal Audit
- Public Concern at Work – independent charity offering free advice on fraud or other issues of malpractice
- Crimestoppers

If a person decides to take the matter outside the organisation, they should ensure that they **do not** disclose 'Confidential' or 'Restricted' information.

4.6 The Public Interest Disclosure Act 1998 protects employees who report suspected fraud or corruption activities from any reprisals, as long as they meet the rules set out in the Act. Put simply, the rules for making a protected disclosure are:

- The information disclosed is made in good faith.
- The person making the disclosure must believe it to be substantially true.
- The person making the disclosure must not act maliciously or make false allegations.
- The person making the allegation must not be seeking any personal gain.

Under the Act, the designated officer required to receive disclosures is the Chief Executive and Monitoring Officer.

- 4.7 Members of the public are also encouraged to report concerns through any of the above avenues.
- 4.8 Allegations/concerns can be made anonymously; however, it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:
- The seriousness of issues raised
 - Credibility of the concern
 - Likelihood of confirming the allegation from attributable sources.
- 4.9 Senior management are responsible for following up any allegation of fraud and corruption received and will do so by:
- Dealing promptly with the matter;
 - Recording all evidence received;
 - Ensuring that evidence is sound and adequately supported;
 - Ensuring security of all evidence collected;
 - Notifying the relevant bodies; and
 - Implementing internal disciplinary procedures where appropriate.
- 4.10 The local policing body can be expected to deal swiftly and thoroughly with any person(s) who attempts to defraud the organisation or who are corrupt and therefore should be considered as robust in dealing with financial malpractice.

5. **PREVENTION**

- 5.1 It is recognised that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
- 5.2 Local policing body employees are expected to follow any Code of Conduct related to their personal professional qualifications and also abide by and Rules of Conduct as published.
- 5.3 The Nolan Committee sets out the seven guiding principles that apply to people who serve the public. The local policing body will seek to develop its working behaviour around these principles (attached at Appendix 2). All such declarations will be recorded in a public Register maintained by the Chief Executive and made available to the public on request.
- 5.4 Similarly, the Police and Crime Commissioner, Deputy Police and Crime Commissioner and staff are also required to declare in a public Register any

offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the organisation. The Register will be held by the Chief Executive and made available to the public on request.

5.5 Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the organisation's financial systems is independently monitored by both Internal and External Audit. Senior management places great weight on being responsive to audit recommendations.

5.6 Arrangements are in place to continue to develop and encourage the exchange of information between the local policing body, police force and other agencies on national and local fraud and corruption activity in relation to local policing bodies and police forces.

6. **DETECTION AND INVESTIGATION**

6.1 The array of preventative systems, particularly internal control systems within the organisation, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.

6.2 It is the responsibility of management to prevent and detect fraud and corruption. However, it is often the alertness of staff and the public that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may have been committed or is in progress.

6.3 Despite the best efforts of managers, supervisors and auditors, many frauds are often discovered by chance or 'tip-off', and the local policing body has arrangements in place to enable such information to be properly dealt with.

6.4 Depending on the nature and anticipated extent of the allegations, the provider of the organisation's Internal Audit will normally work closely with the management and the investigating agency to ensure that all allegations, suspicions and evidence are properly investigated and reported upon.

6.5 The relevant misconduct/disciplinary procedure concerning the suspected individual will be initiated where the outcome of the Audit Investigation indicates improper behaviour. In addition, civil legal action may be taken for the recovery of money or property misappropriated from the organisation.

6.6 All managers and supervisors should ensure that controls are in place to prevent and detect fraud and error. There is a need to be aware of the possibility of fraud when reviewing or presented with, for example, claims,

forms, and documentation. Issues that may give rise to suspicions or allegations are:

- Documents that have been altered, use of correction fluid, or different pens and different handwriting.
- Claims that cannot be checked, particularly if prior authorisation was not given.
- Confused, illegible text and missing details.
- Delays in documentation completion or submission.
- Lack of vouchers or receipts to support claims.

7. **TRAINING**

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

8. **CONCLUSION**

- 8.1 The local policing body has in place a clear network of systems and procedures to assist in maintaining the high standards of conduct it has always achieved. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- 8.2 To this end, the organisation maintains a continuous overview of such arrangements through, in particular, its Chief Finance Officer and Chief Executive, through Standing Orders and Financial Regulations, Codes of Conduct and Accounting Instructions, and via Internal and External Audit arrangements.
- 8.3 This Policy Statement will be subject to review to reflect any amendments to local policing body rules, or changes in legislation and working practices.

Appendix 1

GUIDELINES FOR REPORTING IRREGULARITIES

Attention is drawn to the information contained within section 4 of the policy document, which identifies potential avenues of bringing suspected wrong-doing to the attention of others. Individuals intending to report irregularities should normally give consideration to the following issues:

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

HOW THE LOCAL POLICING BODY WILL RESPOND

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

1. The action taken by the organisation will depend on the seriousness of the concern. The matters will:
 - be investigated internally by an appropriate manager;
 - be referred to the police force if there is evidence of a criminal offence;
 - be referred to the External Auditor if there is evidence of financial impropriety; and
 - form the subject of an independent external or internal enquiry.
2. In order to protect individuals and the organisation, initial enquiries will be made to decide whether an investigation is appropriate and, if so, what form it should take. Concerns and allegations which fall within the scope of existing procedures will normally be referred for consideration under those procedures.
3. Some concerns may be resolved by agreed action without the need for investigation.
4. Within 10 working days of the concern being received, the local policing body will respond by:
 - acknowledging that the information has been received;
 - indicating how it intends to deal with the matter;
 - giving an estimate of how long it will take to provide a final response;
 - telling the complainant whether any initial enquiries have been made; and

- letting complainants know whether further investigation will take place and if not, why not.
5. If additional information is required from the complainant, they have the right to be accompanied by a professional association, trade union or a friend who is not involved in the area of work to which concern relates.
 6. The organisation will take steps to minimise any difficulties which complainants may experience as a result of raising a concern.
 7. Where there are no legal constraints and confidentiality issues, the complainant will receive information on the outcome of any investigation.

Appendix 2

THE SEVEN PRINCIPLES OF PUBLIC LIFE (NOLAN COMMITTEE)

Selflessness

Holders of public office take decisions in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in their performance of the official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards or benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.