



**Cambridgeshire**  
Police & Crime  
Commissioner

## **Financial Regulations (Including Contract Standing Orders)**

**Version 1  
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## FINANCIAL REGULATIONS (INCLUDING CONTRACT STANDING ORDERS)

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## INTRODUCTION

### PURPOSE

1. The purpose of this document is to set out the Financial Regulations that apply to the Police and Crime Commissioner for Cambridgeshire (the Commissioner), all staff in his office, the Chief Constable and police officers and police staff within Cambridgeshire Constabulary having due regard to the overall regulatory framework of their approach to financial management.
2. To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the Commissioner and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the Commissioner, the Chief Constable, police officers, police staff and staff within the Office of the Commissioner (OPCC) and in particular the need for openness, accountability and integrity.
3. The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the Commissioner, the Chief Constable and their officers and staff and to provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf.
4. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 which permits the Secretary of State to issue codes of practice to all police and crime commissioners and chief constables.
5. The Commissioner and the Chief Constable are established in law as corporations sole by the Police Reform and Social Responsibility Act 2011. As such, both are enabled to employ staff and hold funds in their official capacity. The roles, powers and duties of each are set out in the Commissioner's Scheme of Governance.

### STATUS

6. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework that includes the Policing Protocol, Codes of Conduct and the Commissioner's Scheme of Governance.
7. The Commissioner, Chief Constable and all officers and staff have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
8. Financial Regulations define the working financial relationship between the Commissioner and the Chief Constable and their respective CFOs, and the Chief Executive.

9. The Commissioner and Chief Constable are jointly responsible for approving or amending Financial Regulations. The Commissioner's CFO is responsible for maintaining and reviewing the Financial Regulations and submitting any additions or amendments to the Commissioner and Chief Constable, after consulting with the Chief Constable's CFO and the Chief Executive. Copies will be available on the Commissioner's website and on the Constabulary Intranet.
10. A delegation in these Financial Regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
11. 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.
12. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Commissioner's CFO and/or Chief Constable's CFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the Commissioner and/or Chief Constable. Further guidance is set out in Section H.
13. The Commissioner and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
14. The Financial Regulations shall only be suspended by a formal decision of the Commissioner.

#### **THE FINANCIAL REGULATIONS**

15. The Financial Regulations are divided into a number of sections. References are made in the individual sections to delegated limits of authority. The actual value of each limit is set out in Section G. Changes to delegated limits can then be made without reviewing the whole document.
  - Section A - Financial Management Framework
  - Section B - Financial Planning and Control
  - Section C - Management of Risk and Resources
  - Section D - Systems and Procedures
  - Section E - External Arrangements
  - Section F - Contract Standing Orders
  - Section G - Delegated Limits
  - Section H - Guidance Notes on Breaches of Standing Orders and Financial Regulations
  - Section I - Anti-Fraud and Anti-Bribery Strategy and Fraud Response Plan
16. The Regulations will be supplemented by more detailed Financial Instructions issued by the Chief Constable after consultation with the Commissioner's CFO and the Chief Executive. The Financial Instructions will be available on the Constabulary Intranet.

**DEFINITIONS WITHIN THE REGULATIONS**

17. These Regulations refer to:-
  - The Police and Crime Commissioner for Cambridgeshire (the Commissioner)
  - The Office of the Commissioner (OPCC)
  - The Chief Constable of Cambridgeshire Police
  - The Statutory Officers
  - The Constabulary
18. The Statutory Officers are:
  - The Commissioner's Chief Finance Officer (the Commissioner's CFO)
  - The Chief Constable's Chief Finance Officer (the Chief Constable's CFO)
  - The Chief Executive - who also fulfils the role of Monitoring Officer
19. The 'Constabulary' refers to the Chief Constable, police officers, police staff, police community support officers (PCSOs), special constabulary, volunteers and other members of the wider police family under the Chief Constable's direction and control.
20. Chief Officers when referred to as a generic term means the Chief Constable, Chief Executive, Commissioner's CFO and Chief Constable's CFO.
21. 'Employees' when referred to as a generic term refers to police officers, police staff and other members of the wider police family.
22. The expression 'authorised officer' refers to employees authorised by a Chief Officer.
23. 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 Commissioner, the Constabulary or their affiliated bodies.
24. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
25. 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 Commissioner's CFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Commissioner's CFO.
26. The terms Chief Constable, Chief Executive, Commissioner's CFO and Chief Constable's 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.

**The Police and Crime Commissioner (The Commissioner)**

27. The Commissioner has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The Statutory Officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
28. The Commissioner shall appoint a Chief Financial Officer (the Commissioner's CFO) to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall also appoint a Chief Executive who will also act as the Commissioner's Monitoring Officer and Head of Paid Service.
29. The Commissioner is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. He/she is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
  - the Police and Crime Plan
  - the Medium Term Financial Strategy
  - the Annual Revenue Budget
  - the Capital Programme
  - the Treasury Management Strategy, including the annual investment strategy and minimum revenue provision (MRP) policy
  - the Estate Strategy and Asset Management plans
  - the Risk Management strategy
  - the Governance policies
30. The Commissioner is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
31. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
32. The Commissioner shall provide the Commissioner's CFO with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
33. The Commissioner may appoint a Deputy Commissioner and arrange for him/her to carry out appropriate delegated functions as detailed in the Commissioner's Scheme of Governance.

**The Deputy Police and Crime Commissioner**

34. The Deputy Commissioner may exercise any of the functions conferred on him by the Commissioner as detailed in the Commissioner's Scheme of Governance, with the exception of those functions which cannot be delegated as follows:

- (a) issuing a Police & Crime Plan
- (b) determining police and crime objectives;
- (c) appointing the Chief Constable, suspending the Chief Constable
- (d) calling upon the Chief Constable to retire or resign
- (e) calculating a budget requirement"
- (f) attendance at a meeting of a police and crime panel in compliance with a requirement by the panel to do so
- (g) preparing an annual report to a policing and crime panel

### **The Chief Constable**

35. The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Constabulary's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the Commissioner.
36. The Chief Constable is accountable to the law for the exercise of police powers and to the Commissioner for the delivery of efficient and effective policing, management of resources and expenditure by the Constabulary. At all times the Chief Constable, his/her constables and staff, remain operationally independent in the service of the public.
37. 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 Constabulary within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner.
38. The Chief Constable must ensure that the financial management of his/her allocated budget remains consistent with the objectives and conditions set by the Commissioner.
39. The Chief Constable shall appoint a Chief Finance Officer (CFO) to lead the Constabulary on financial management and be responsible for the proper administration of the Chief Constable's financial affairs.
40. The Chief Constable is responsible for the day to day financial management of the Constabulary 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.
41. The Chief Constable shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed advice on the operation of the specific financial processes delegated to him/her. He/she 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**

42. The Home Office Financial Management Code of Practice requires the Commissioner and the Chief Constable to establish an Independent Audit Committee. This should be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This Committee will advise the Commissioner 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 Commissioner and the Chief Constable must have regard to CIPFA Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.
43. The Audit Committee must comprise between three and five members who are independent of the Commissioner and the Constabulary.
44. The Audit Committee must establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
45. The Commissioner and Chief Constable must be represented at all meetings of the Audit Committee.

### **THE ROLE OF THE STATUTORY AND KEY OFFICERS**

#### **The Police and Crime Commissioner's Chief Finance Officer**

46. The Commissioner's CFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
47. The Commissioner's CFO's statutory responsibilities are set out in:
  - a) Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011;
  - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
  - c) The Accounts and Audit Regulations 2011.
48. The Commissioner CFO is the Commissioner's professional adviser on financial matters and shall be responsible for:
  - a) ensuring that the financial affairs of the Commissioner are properly administered and that Financial Regulations are observed and kept up to date;
  - b) ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
  - c) ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
  - d) Reporting to the Commissioner, the Police and Crime Panel and to the external auditor:

- any unlawful, or potentially unlawful, expenditure by the Commissioner or officers of the Commissioner;
  - when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- e) advising the Commissioner on the robustness of the estimates and the adequacy of financial reserves;
- f) preparing the annual statement of accounts, in conjunction with the Chief Constable's CFO;
- g) ensuring the provision of an effective internal audit service, in conjunction with the Chief Constable's CFO;
- h) securing the treasury management function, including loans and investments;
- i) advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance
- j) arranging for the determination and issue of the precept
- k) liaising with the external auditor; and
- l) advising the Commissioner on the application of value for money principles by the Constabulary to support the Commissioner in holding the Chief Constable to account for efficient and effective financial management. The Commissioner's CFO, in consultation with the Chief Executive, Chief Constable's CFO and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the Commissioner and the Constabulary.
49. The Commissioner's CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Commissioner on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Commissioner's accounts, including group accounts.
50. To enable him/her to fulfil these duties and to ensure the Commissioner is provided with adequate financial advice the Commissioner's CFO:
- must be a key member of the Commissioner's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
  - must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Commissioner, to ensure that the immediate and longer term financial implications, opportunities and risks are fully considered, and aligned with the Commissioner's financial strategy;
  - must lead the promotion and delivery by the Commissioner of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
  - must ensure that the finance function is resourced to be fit for purpose.
51. More detail on the functions and duties of the Commissioner's CFO is set out in the Commissioner's Scheme of Governance.

**The Chief Constable's Chief Finance Officer**

52. The Chief Constable's CFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
53. The Chief Constable's CFO is responsible to the Chief Constable for all financial activities within the Constabulary or contracted out under the supervision of the Constabulary.
54. The Chief Constable's CFO's responsibilities are set out in:
  - a) Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011;
  - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
  - c) The Accounts and Audit Regulations 2011.
55. The Chief Constable's CFO is responsible for:
  - a) ensuring that the financial affairs of the Constabulary are properly administered and that these Financial Regulations are observed and kept up to date;
  - b) Reporting to the Chief Constable, the Commissioner, the Commissioner's 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;
  - c) advising the Chief Constable on value for money in relation to all aspects of the Constabulary's expenditure;
  - d) advising the Chief Constable and the Commissioner on the soundness of the budget in relation to the Constabulary;
  - e) liaising with the external auditor; and
  - f) working with the Commissioner's CFO and his/her staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
56. The Chief Constable's CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Constabulary on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The Chief Constable's CFO will need to observe the locally agreed timetable for the compilation of the group accounts by the Commissioner's CFO.
57. To enable him/her to fulfil these duties the Chief Constable's CFO:

- a) must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
  - b) must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
  - c) must lead the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
  - d) must ensure that the finance function is resourced to be fit for purpose.
58. It must be recognised that Financial Regulations cannot foresee every eventuality. The Chief Constable's CFO, in consultation with the Commissioner's CFO, shall be responsible for interpreting these Regulations so as to ensure the efficient and effective operation of services.

### **The Chief Executive and Monitoring Officer**

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

**SECTION A – FINANCIAL MANAGEMENT****A1 FINANCIAL MANAGEMENT STANDARDS****Overview**

1. The Commissioner, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
2. The Commissioner shall receive updates on the financial performance of the Constabulary and the Office of the Commissioner by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditor.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

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

**Responsibilities of the Chief Constable**

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

**A2 ACCOUNTING SYSTEMS, RECORDS AND RETURNS****Overview**

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

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

2. To determine the accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables.
3. To make proper arrangements for the audit of the Commissioner's, Constabulary's and group accounts in accordance with the Accounts and Audit Regulations 2011.
4. To ensure that all claims for funds including grants are made by the due date.
5. To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
6. To prepare and publish the audited accounts in accordance with the statutory timetable.

**Joint Responsibilities of the Chief Constable and Chief Constable's CFO**

7. To obtain the approval of the Commissioner's CFO before making any fundamental changes to accounting records and procedures or accounting systems.
8. To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
9. To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
10. To ensure that prime documents are retained in accordance with legislative and internal requirements. The format of such documents shall satisfy the requirements of internal and external audit. The Commissioner's CFO, the Chief Executive and the Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

**A3 THE ANNUAL STATEMENT OF ACCOUNTS****Overview**

1. The Commissioner has a statutory responsibility to prepare accounts to present a true and fair view of the financial position of the Commissioner and the Constabulary and of 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 Commissioner, Chief Constable as well as group accounts covering both entities.
2. The Commissioner is responsible for approving these annual accounts.
3. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources are adequate.

**Responsibilities of the Commissioner's CFO**

4. To draw up the timetable for final accounts preparation, in consultation with the Chief Constable's CFO and external auditor.
5. To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the Commissioner and the Constabulary at the accounting date and its income and expenditure for the financial year just ended.
6. To publish the approved and audited accounts each year, in accordance with the statutory timetable.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

7. To select suitable accounting policies and apply them consistently.
8. To make judgements and estimates that are reasonable and prudent.
9. To comply with the Code of Practice on Local Authority Accounting.

**Responsibilities of the Chief Constable's CFO**

10. To comply with accounting guidance provided by the Commissioner's CFO and supply him with appropriate information upon request within a reasonable timescale.

**Responsibilities of the Commissioner**

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

**SECTION B - FINANCIAL PLANNING AND CONTROL****B1 FINANCIAL PLANNING****Overview**

1. Delivering a range of policing activities is complex and needs systems to be developed and implemented to enable scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.
2. The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
3. The planning process should be continuous and the planning period should cover a minimum of 4 years. The process should include a more detailed annual plan, the budget, covering the forthcoming financial year. This allows the Commissioner and the Constabulary to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.
4. The annual budget will be supported by a detailed subjective and objective analysis of spending at functional level, including collaborated functions.
5. It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Central Government on resource allocation.

**Medium Term Financial Plan**

6. The Commissioner and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term financial plan including financial projections for at least 4 years together with a capital programme covering the same period.

**Responsibilities of the Commissioner**

7. 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.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable**

8. To determine the format and timing of the medium term financial strategy to be presented to the Commissioner. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

9. To prepare a medium term forecast of the net budget required for submission to the Commissioner. When preparing the forecast, the Chief Constable shall have regard to:
  - The parameters (percentage increase/reduction in current budget) set by the Commissioner, in consultation with the Chief Constable
  - the Police and Crime Plan
  - policy requirements approved by the Commissioner as part of the policy framework
  - the Strategic Policing Requirement
  - unavoidable future commitments, including legislative requirements
  - initiatives already underway
  - revenue implications of the capital programme
  - proposed service developments and plans which reflect public consultation
  - the need to deliver efficiency and/or productivity savings
  - Government grant allocations
  - potential implications for local taxpayers
10. To ensure that the medium term financial forecast includes options for the use of general and earmarked reserves and provisions, assumptions about future levels of government funding and demonstrates potential implications for local taxation.
11. A gap may be identified between available resources and required resources. Requirements should therefore be prioritised by the Chief Constable to enable the Commissioner to make informed judgements as to future funding levels and planning the use of resources.

## **B1A - Annual Revenue Budget Preparation**

### **Overview**

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

4. To agree the planning timetable with the Chief Constable.
5. 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.
6. To present the proposed budget and precept recommendations to the Police and Crime Panel and respond to their views and comments.

### **Responsibilities of the Commissioner's CFO**

7. To determine the format of the revenue budget to be presented to the Commissioner in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
8. 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.
9. To advise the Commissioner on appropriations from/to and or the appropriate level of general reserves, earmarked reserves or provisions to be held.
10. To submit a report to the Commissioner on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the Commissioner.
11. 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.

12. To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

**Joint Responsibilities of the Chief Constable and Chief Constable's CFO**

13. To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Commissioner's CFO.
14. To submit estimates in the agreed format to the Commissioner for approval.

**B2 BUDGETARY CONTROL****Overview**

1. Budget management ensures that once the Commissioner has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and Commissioner 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. The key controls for managing and controlling the revenue budget are that:
  - there is a nominated budget manager for each cost centre heading who is accountable for the budgets under his/her direct control; and
  - the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

**B2A - Revenue Budget Monitoring****Overview**

1. By continuously identifying and explaining variances against budgetary targets, the Commissioner and the Chief Constable can identify changes in trends and resource requirements at the earliest opportunity. The Commissioner and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that the budget is not overspent in total, the Chief Constable, the Chief Executive and the Commissioner's CFO are required to manage expenditure within their budget allocations, subject to the rules of virement.

**Joint Responsibilities of the Chief Constable and Chief Constable's CFO**

2. To provide appropriate financial information to enable budgets to be monitored effectively.
3. 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.
4. 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 Commissioner's CFO and Commissioner shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Commissioner.
5. To submit a budget monitoring report to the Commissioner on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the Commissioner and Commissioner's CFO.

6. To ensure that budget holders manage income and expenditure within their area, monitor performance and report variances within their own areas to the Chief Constable and Chief Constable's CFO.
7. To take any action necessary to avoid an adverse variation to their budget allocation and alert the Chief Constable and Commissioner's CFO to any problems.
8. To require detailed budget monitoring to be undertaken by budget holders on a monthly basis and for this to be reported to the Chief Constable's CFO.
9. To ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.

#### **Joint Responsibilities of the Chief Constable and the Commissioner's CFO**

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

#### **Responsibility of the Commissioner's CFO`**

11. 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.

#### **Joint Responsibilities of the Chief Executive and Commissioner's CFO**

12. To manage the budget allocated for the Commissioner's Office.
13. To ensure that total spending for the Commissioner's Office remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Executive the Commissioner shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the Commissioner.
14. To monitor the spending of crime reduction grants allocated by the Commissioner to external bodies.

### **B2B - Revenue Virement**

#### **Overview**

1. A virement is a planned reallocation of resources between approved 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 Commissioner and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
2. The Chief Constable is expected to exercise discretion in managing budgets responsibly and prudently and should only be required to refer back to the Commissioner when virement would incur substantive changes in the policy of the Commissioner or where a virement might create a future year or continuing commitment.

3. The Chief Constable shall still be held to account by the Commissioner for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.
4. Key controls for the scheme of virement are:
  - a) it is administered by Chief Officers within delegated powers given by the Commissioner. Any variation from this scheme requires the approval of the Commissioner;
  - b) the overall budget is agreed by the Commissioner. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget; and
  - c) virement does not create additional overall budget liability.

### **Responsibilities**

5. The limits that apply on virements between budget headings are defined in Section G.
6. The exceptions to the above framework are that:
  - a) Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect long term revenue commitments of the Constabulary and the Commissioner; and
  - b) When the virement is between an income budget line and an expenditure budget line which is directly related, approval is sought from the Commissioner's CFO and/or Chief Constable's CFO and the income and expenditure budgets will be increased for budget monitoring purposes.
7. Budget lines will be cash limited and defined each year as part of the budget approval.
8. All requests for virement must be made in the format prescribed by the Commissioner's CFO and/or Chief Constable's CFO and information on the virements within the limits set out in section G will be available to support budget monitoring report information.
9. The approval of the Commissioner shall be required if the virement involves:
  - a) a substantial change in the police and crime plan
  - 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.

**B2C - Treatment of Year End Balances****Overview**

1. A yearend balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year.
2. Carry forwards are to be the subject of a report to the Commissioner as part of the year end outturn report. Budget Managers will be required to satisfy the Chief Constable that expenditure proposed against carry forward underspendings is in accordance with Police and Crime Plan priorities and is non recurrent in nature.

**Joint Responsibilities of the Commissioner's CFO and the Chief Constable's CFO**

3. To ensure that Budget Managers report any overspend on their budgets in any financial year.
4. To consider reducing budgets for the following financial year where overspending has occurred or is expected to occur.
5. To consider requests from Budget managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year, subject to the arrangements set out in Section G.
6. To refer all carry forwards that fall outside of the parameters stipulated in these Regulations to the Commissioner for approval.

**Responsibilities of the Commissioner**

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

**B3 - CAPITAL PROGRAMME****Overview**

1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
2. Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the Commissioner will consider his/her spending plans.
3. The capital programme is linked to the Estates Strategy and other strategies involving proposals for significant investment in capital assets which must be included within the approved Medium Term Financial Plan.

**Responsibilities of the Commissioner**

4. To develop and implement, in consultation with the Chief Constable, approved Estate Management plans together with other strategies involving proposals for significant investment in capital assets.
5. To approve the capital programme.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable**

6. To prepare a Medium Term Financial Plan for consideration and approval by the Commissioner including all financial implications of capital spending plans.

**Joint Responsibilities of the Chief Constable and Chief Constable's CFO**

7. To prepare a 4-year (minimum) rolling programme of proposed capital expenditure for consideration and approval by the Commissioner's CFO and Commissioner. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
8. To prepare project appraisals for all new schemes to be included in the capital programme for submission to the Commissioner's CFO and Commissioner for consideration and scheme approval. This will include all additional revenue and capital costs and provide evidence of the scheme's viability for inclusion.
9. To ensure that each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
10. To identify, in consultation with the Commissioner's CFO, available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property or other assets.
11. To prioritise requirements so that if a gap is identified between available resources and required capital investment the Commissioner can 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.

12. Not to incur capital expenditure unless the scheme is approved by the Commissioner apart from professional fees (e.g. feasibility studies, planning fees).

#### **Responsibilities of the Commissioner's CFO**

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

### **B3A - Annual Capital Programme**

#### **Responsibilities of the Commissioner**

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

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

2. To incur expenditure, providing the project appraisal has been approved and the costs of the scheme are included within the approved capital programme and provided cost variations do not exceed the sum contained in the approved programme by more than the percentage identified in Section G.
3. To ensure that property leases, finance leases or other credit arrangements are not entered into without the prior approval of the Commissioner's CFO.

### **B3B - Monitoring of Capital Expenditure**

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

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

#### **Joint Responsibilities of the Chief Constable and the Commissioner's CFO**

5. To monitor progress of the capital programme and expenditure throughout the year against the approved programme.
6. To submit capital monitoring reports to the Commissioner 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 Commissioner's CFO.
7. To prepare a business case for all new capital schemes (after the annual programme has been agreed) for submission to the Commissioner for consultation and approval.
8. To demonstrate how any amendments to the programme increasing the overall costs are to be funded.

#### **Joint Responsibilities of the Commissioner's CFO and the Chief Constable's CFO**

9. To report on the outturn of capital expenditure as part of the normal budget monitoring processes.

**B4 MAINTENANCE OF RESERVES****Overview**

1. 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 Commissioner's CFO**

2. To advise the Commissioner on reasonable levels of reserves.
3. To report to the Commissioner on the adequacy of reserves before he/she approves the annual budget and precept.
4. To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

**Responsibilities for the Chief Constable**

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

**Responsibilities of the Commissioner**

7. To approve a policy on reserves, including the minimum acceptable level of general reserves.
8. To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
9. To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process.

**SECTION C - MANAGEMENT OF RISK AND RESOURCES****C1 RISK MANAGEMENT AND BUSINESS CONTINUITY****Overview**

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

**Joint Responsibilities of the Commissioner and Chief Constable**

3. The Commissioner 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**

4. To prepare a risk management policy statement and for promoting a culture of risk management awareness throughout the Constabulary and OPCC and reviewing risk as an ongoing process.
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
6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis

**Responsibilities of the Commissioner's CFO**

7. To advise the Commissioner 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.
8. To arrange for regular reviews to be undertaken of self insurance arrangements and, following these reviews, to recommend to the Commissioner a course of action to ensure that, over the medium term, funds are available to meet all known liabilities.

**Responsibilities of the Chief Constable**

9. To ensure, in consultation with the Commissioner's CFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
10. To administer insurance matters including the settlement of liability claims.
11. To notify the Commissioner's CFO of any significant claims.
12. To notify the Chief Executive of any terms of indemnity that are requested.
13. To ensure that claims made against insurance policies are made promptly.
14. To make all appropriate employees aware of their responsibilities for managing relevant risks.
15. To ensure that all employees (including police officers and volunteers) are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
16. To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.
17. To settle civil claims in accordance with the arrangements set out in Section G.

**Responsibilities of the Chief Executive**

18. To evaluate and authorise any terms of indemnity that is requested by external parties.
19. To approve before any contract for works is made that the insurance cover to be furnished by the contractor in respect of any act or defaults unless cover is provided by the Commissioner.
20. To take, defend or settle civil claims in accordance with the arrangements set out in Section G.

**C2 INTERNAL CONTROLS****Overview**

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

**Responsibilities of Chief Officers**

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

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

7. To produce Annual Governance Statements for consideration and approval by the Commissioner. Following approval, the Annual Governance Statements should be signed by the Chief Executive, Chief Constable and Commissioner.

### **C3 AUDIT REQUIREMENTS**

#### **C3A - Internal Audit**

##### **Overview**

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

##### **Responsibilities of the Independent Audit Committee**

5. To approve the terms of reference within which internal audit operates. In terms of internal audit the terms of reference will include the following key activities and responsibilities:
  - Advising the Commissioner and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
  - Approving (but not directing) the annual internal audit plan;
  - Overseeing and giving assurance to the Commissioner and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk;

- Considering the Head of Internal Audit's Annual Report and annual opinion on the internal control environment for the Commissioner and Constabulary; ensuring appropriate action is taken to address any areas for improvement; and
  - Reviewing and monitoring the effectiveness of policies on fraud, irregularity and bribery.
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 Statements;
  - how Internal Audit's work will identify and address significant local and national issues and risks;
  - how the service will be provided, i.e. internally, externally, or a mix of the two; and
  - the resources and skills required to deliver the strategy.

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

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

#### **Joint Responsibilities of the Commissioner, Chief Constable, Commissioner's CFO and Chief Constable's CFO**

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

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

10. To prepare, in consultation with the Commissioner, Chief Constable, Commissioner's CFO and Chief Constable's CFO, an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Independent Audit Committee.
11. To attend meetings of the Independent Audit Committee and to present to each meeting a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
12. To present an annual report to the Independent Audit Committee, including an opinion on the effectiveness of the internal control environment within the Constabulary and the OPCC.

**Responsibilities of Chief Officers**

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 Chief Constable's CFO**

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 Commissioner's CFO and Internal Audit prior to implementation.
15. To notify the Commissioner's CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. 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 Chief Constable's Head of Professional Standards, the Commissioner's CFO, the Chief Constable's CFO and the Head of Internal Audit referred to in the Anti Fraud and Anti Bribery Strategy and Fraud Response Plan set out in Section H.

**C3B - External Audit****Overview**

1. The Audit Commission is responsible for appointing external auditors to local and other authorities and to police forces and elected policing bodies (Commissioners). 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.
2. 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; and
  - aspects of the audited body's arrangements to secure Value for Money.

3. 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.
4. The 1998 Act sets out other specific responsibilities of the auditor, for example under section on financial reporting.

#### **Responsibilities of the Independent Audit Committee**

5. To approve the annual audit plan and fee.
6. To receive and respond to the annual governance reports.
7. To receive the Annual Audit Letter.

#### **Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

8. To liaise with the external auditor and advise the Commissioner and Chief Constable on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.
9. To provide the Home Office with a copy of the Annual Audit Letter.

#### **Joint Responsibilities of the Chief Constable and Commissioner's CFO**

10. To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
11. To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

#### **C3C - Other Inspection Bodies**

##### **Overview**

1. The Constabulary and the OPCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC and the HM Revenue & Customs, who have statutory rights of access.

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

2. To receive and respond to reports from other inspection bodies.

**C4 PREVENTING FRAUD AND BRIBERY****Overview**

1. The Commissioner and the Chief Constable will not tolerate fraud or bribery in the administration of its responsibilities, whether from inside or outside their organisations.
2. Expectations of propriety and accountability are that the Commissioner and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
3. It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity.

**Joint Responsibilities of the Commissioner and Chief Constable**

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

**Joint Responsibilities of the Chief Executive, Commissioner's CFO and Chief Constable**

11. To prepare an effective Anti-Fraud and Anti Bribery Strategy and Fraud Response Plan for approval by the Commissioner and Chief Constable.
12. To adhere to appropriate legislation, e.g. the Public Disclosure for 1998.
13. To arrange for any suspected incidents of fraud or bribery to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards, the Commissioner's CFO, the Chief Constable's CFO and the Head of Audit and for these to be unrestricted in line with the agreed Anti-Fraud and Anti Bribery Strategy and Fraud Response Plan.

**C5 ASSETS****Overview**

1. Assets are held 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 which provides information about assets so that they are:
  - Accurately recorded and classified;
  - Safeguarded against loss;
  - Used efficiently and effectively;
  - Adequately maintained; and
  - Valued in accordance with statutory and management requirements.

**Context**

2. The Commissioner will own and fund all assets regardless of whether they are used by the Commissioner, by the Constabulary or by both bodies. However, with consent from the Commissioner, Chief Constables can acquire property (other than land or buildings) and as set out in the Commissioner's Scheme of Governance.
3. The Chief Constable is responsible for the direction and control of the Constabulary and should therefore have day-to-day management of all assets used by the Constabulary.
4. The Commissioner 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.

**Joint Responsibilities of the Commissioner and Chief Constable**

5. To ensure that:
  - a) assets are only used for the purposes of the Constabulary and the OPCC and are available for use when required and are properly accounted for;
  - b) an asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
  - c) assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
  - d) lessees and other prospective occupiers of land owned by the Commissioner are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
  - e) title deeds to Commissioner property are held securely;

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

### **C5A - Valuation**

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

1. To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section G, in a form approved by the Commissioner's CFO.
2. To ensure that assets are recorded when they are acquired by the Constabulary or the Commissioner and remain on the asset register until disposal and valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and any requirements specified by the Commissioner's CFO.

### **C5B - Stocks and Stores**

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

1. To make arrangements for the care, custody and control of the stocks and stores of and maintain detailed stores accounts in a form approved by the Commissioner's CFO.
2. 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. Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the Commissioner's CFO.
4. To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above this value must be referred to the Commissioner's CFO for approval supported by a written report.

**Responsibilities of the Commissioner's CFO**

5. To approve the arrangements for accounting for stores.
6. To consider and approve applications for write offs in excess of the limits set out in Section G.

**C5C - Intellectual Property****Overview**

1. Intellectual property is a generic term that includes inventions and writing.
2. If any Intellectual Property is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Constabulary, by the Commissioner and within the OPCC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.
3. In the event that the Constabulary or Commissioner decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive.

**Responsibilities of the Chief Constable**

4. To ensure that employees are aware of these procedures.

**Responsibilities of the Chief Executive**

5. To prepare guidance on intellectual property procedures and ensuring that employees are aware of these procedures.

**Joint Responsibilities of the Chief Constable and Commissioner**

6. To approve the intellectual property policy.

**C5D - Asset Disposal****Overview**

1. Assets shall be disposed of when in the best interests of the Constabulary and the Commissioner and at the most advantageous price. Where this is not the highest offer, a report must be prepared for the Commissioner outlining the reasons.

**Responsibilities of the Commissioner**

2. The Commissioner shall declare land and premises surplus to requirements after discussion with the Chief Constable and public engagement as appropriate.
3. The sale of land and buildings may take place by public auction, public tender or private treaty. The disposal method must be one which, in the view of the Commissioner, having received appropriate advice from a qualified valuer, maximises value for money for the public purse.

4. The Chief Constable shall declare other operational assets i.e. cars, surplus to requirements.
5. The sale of other assets may take place by public auction, public tender or private treaty. The disposal method must be one which, in the view of the Commissioner, having received appropriate advice, maximises value for money for the public purse.
6. To record all asset disposals in the asset register or inventory as appropriate.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

7. To ensure that income is received and accounted for.

**C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS****C6A - Treasury Management****Overview**

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

**Responsibilities of the Commissioner**

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

**Responsibilities of the Commissioner's CFO**

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

**C6B - Banking Arrangements**

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

**Responsibilities of the Commissioner's CFO**

12. To have overall responsibility for the banking arrangements for the Commissioner.
13. To authorise the opening and closing of the Commissioner's bank accounts.
14. To arrange for bank reconciliations to be undertaken on a timely and accurate basis.
15. To determine signatories on all the Commissioner's bank accounts.

**C6C - Imprest Accounts/Petty Cash**

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

**Responsibilities of the Chief Constable**

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

**Responsibilities of the Chief Constable CFO**

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

**Responsibilities of the Commissioner's CFO**

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

**C6D - Money Laundering**

21. The Constabulary and OPCC are alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.
22. Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA)
23. Internal control procedures will be monitored to ensure they are reliable and robust.

**Responsibilities of the Commissioner's CFO**

24. To be the nominated Money Laundering Reporting Officer (MLRO).
25. To consider, in the light of all information, whether a disclosure gives rise to such knowledge or suspicion.
26. To disclose relevant information to the Serious Organised Crime Agency (SOCA).

**Responsibilities of Chief Officers**

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

**Responsibilities of employees**

28. To notify the Commissioner's 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.
29. Cash banking from a single source over €15,000 should be reported to the Commissioner's CFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

**C7 STAFFING****Overview**

1. Staffing costs form the largest element of the annual policing budget. An appropriate Human Resources (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 Commissioner.

**Responsibilities of the Chief Constable**

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 Commissioner and that there is a proper use of the evaluation or other agreed systems for delivering the remuneration of a job.
3. To advise the Commissioner on the budget necessary in any given year to cover estimated staffing levels.
4. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.
5. 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.
6. To approve, in consultation with the Commissioner's 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**

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

**C8 TRUST FUNDS****Overview**

1. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
2. Our financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.
3. No employee shall open a trust fund without the specific approval of the Chief Constable and Commissioner's CFO.

**Responsibilities of Trustees**

4. All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body, and the Commissioner's CFO and/or Chief Constable's CFO shall be entitled to verify that this has been done.

**C9 EVIDENTIAL AND NON-EVIDENTIAL PROPERTY****Overview**

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

**Responsibilities of the Chief Constable**

2. To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees. More detailed information will be provided in Financial Instructions/Constabulary Policy.
3. To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.
4. To provide Financial Instructions/Constabulary Policy for dealing with cash, including cash seized under the Proceeds of Crime Act.

**Responsibilities of all employees**

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

**C10 GIFTS, LOANS AND SPONSORSHIP**

**(NB This does not include the receipt of personal hospitality or gifts)**

**Overview**

1. In accordance with the Police Act 1996, the Commissioner may decide to accept gifts of money and gifts or loans of other property or services (e.g. car parking spaces) if they will enable the police 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 any activity of the Commissioner or the police force.

**Context**

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

**Responsibilities of the Commissioner**

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

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

6. To accept gifts, loans or sponsorship within agreed policy guidelines.
7. To refer all gifts, loans and sponsorship above the limit identified in Section G to the Commissioner for approval before they are accepted.

**Joint Responsibilities of the Chief Constable's CFO and Commissioner's CFO**

8. To present an annual report to the Commissioner listing all gifts, loans and sponsorship.
9. To maintain a central register, in a format agreed by the Commissioner's 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 Commissioner's CFO must be satisfied that it provides a suitable account of the extent to which such additional resources have been received.
10. To bank cash from sponsorship activity in accordance with normal income procedures.

**SECTION D - SYSTEMS AND PROCEDURES****D1 GENERAL****Overview**

1. There are many systems and procedures relating to the control of Commissioner and Constabulary assets, including purchasing, costing and management systems. The Constabulary and the OPCC are reliant on financial management information which 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.
2. The Commissioner's CFO and Chief Constable's CFO both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

3. To make arrangements for the proper administration of the financial affairs, including to:
  - issue advice, guidance and procedures for officers and staff of the Constabulary and the OPCC acting on their behalf
  - determine the accounting systems, form of accounts and supporting financial records
  - establish arrangements for the audit of the financial affairs of the Constabulary and the OPCC
  - approve any new financial systems to be introduced
  - approve any changes to existing financial systems.
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 and that duties are appropriately segregated to minimise the risk of error, fraud or other malpractice;
  - appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
  - a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
  - systems are documented and staff trained in operations.
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.
6. To establish a scheme of delegation, identifying staff authorised to act upon the Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

**D2 INCOME****Overview**

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

**Context**

2. The Commissioner and Chief Constable should adopt a policy, based on ACPO national charging policies and national guidance, when applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.
3. The Commissioner should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the Commissioner 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. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt ACPO charging policies in respect of mutual aid.

**Joint Responsibilities of the Chief Constable and Commissioner**

5. To agree a charging policy based on ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.

**Joint Responsibilities of the Chief Constable's CFO and Commissioner's CFO**

6. To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT.
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 Commissioner.
8. To ensure that all income is paid fully and promptly into the designated Income Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
9. To ensure income is not used to cash personal cheques or make other payments.

**Responsibilities of the Chief Constable's CFO**

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.

11. To operate effective debt collection procedures.
12. To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
13. To approve the write-off of bad debts, in consultation with the Chief Executive or the Commissioner's CFO, up to the level shown in Section G. Amounts for write-off above this value must be referred to the Commissioner's CFO for approval, supported by a written report explaining the reason(s) for the write-off.
14. To prepare detailed Financial Instructions for dealing with income, to be agreed with the Commissioner's CFO, and to issue them to all appropriate employees.

**D3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES****Overview**

1. Public money should be spent in accordance with the agreed plans, policies and budgets. The Commissioner and the Chief Constable have a statutory duty to ensure financial probity and best value. Financial Regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the Standing Orders Relating to Contracts in Section F.

**Responsibilities of the Chief Constable's CFO**

2. To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all payments are made in accordance with this policy.
3. To issue official orders for all work, goods or services to be supplied to the Constabulary and OPCC, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Chief Constable's CFO. Orders must be in a form approved by the Commissioner's CFO.
4. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Constabulary and Commissioner contracts.
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.
6. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.
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.
8. To ensure that VAT is recovered where appropriate.
9. To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
10. To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, detailed in Section F.
11. To prepare, in consultation with the Commissioner's 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**

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

**D4 PAYMENTS TO EMPLOYEES****Overview**

1. Employee costs are the largest element of police spending. It is therefore important that there are controls in place to ensure accurate, timely and valid payments are made in accordance with individuals' conditions of employment.

**Responsibilities of the Chief Constable**

2. To ensure, in consultation with the Commissioner's CFO, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
3. To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
4. To pay all valid travel and subsistence claims or financial loss allowance.
5. To pay salaries, wages, pensions and reimbursements by the most economical means.
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.
7. To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
8. To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Commissioner's CFO, and these shall be issued to all appropriate employees.

**D5 TAXATION****Overview**

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

**Responsibilities of the Commissioner's CFO**

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

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

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.
5. To provide details to the HMRC regarding the construction industry tax deduction scheme.
6. To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

**D6 CORPORATE CREDIT CARDS/PURCHASING CARDS****Overview**

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.
2. Purchasing 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**

3. In conjunction with the Commissioner's CFO to provide Financial Instructions to all cardholders.

**Responsibilities of the Chief Constable's CFO**

4. To authorise and maintain control over the issue of cards, including those issued to officers in the OPCC.
5. To reconcile the card account to the ledger on a monthly basis.

**Responsibilities of card holders**

6. To ensure that purchases are in accordance with approved policies e.g. catering, hospitality.
7. To be responsible for ordering and paying for goods and services in accordance with the procurement policy, guidance and contract standing orders and all procedures laid down by the Chief Constable's CFO or the Commissioner's CFO.
8. To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

**D7 EX GRATIA PAYMENTS****Overview**

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

**Responsibilities of the Chief Constable**

2. To make ex gratia payments, up to the level shown in Section G, on a timely basis, to
  - members of the public for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Commissioner and the Constabulary
  - police officers or police staff for damage or loss of property or for personal injury in the execution of duty.
3. To maintain details of ex gratia payments in a register.

**SECTION E - EXTERNAL ARRANGEMENTS****E1 EXTERNAL FUNDING****Overview**

1. External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the Commissioner and Chief Constable. Funds from external agencies provide additional resources to enable policing objectives to be delivered. 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 Police and Crime Plan.
2. The main sources of such funding will tend to be specific Government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and PCSOs) and donations from third parties (e.g. towards capital expenditure).

**Responsibilities of Chief Officers**

3. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the Constabulary and Commissioner.

**Joint Responsibilities of the Chief Constable and the Commissioner**

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

**Joint Responsibilities of the Commissioner's CFO and Chief Constable's CFO**

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**

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

**E2 WORKING FOR THIRD PARTIES****Overview**

1. The Constabulary 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**

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

**E3 JOINT WORKING ARRANGEMENTS****Overview**

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.
2. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These can be grouped under the following headings:
  - Partnerships
  - Consortia
  - Collaboration
  - Commissioning of services
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
4. In all joint working arrangements the following key principles must apply:
  - before entering into the agreement, a risk assessment has been prepared
  - such agreements do not impact adversely upon the services provided by the Constabulary and the OPCC
  - 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. The Constabulary and OPCC element of all joint working arrangements must comply with these Financial Regulations

## **E3A - Partnerships**

### **Overview**

1. The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:
  - are otherwise independent bodies;
  - agree to co-operate to achieve a common goal; and
  - achieve it to create an organisational structure or process and agreed programme, and share information , risks and rewards.
2. The number of partnerships, both locally and nationally, is expanding in response to Central Government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:
  - comply with statutory requirements
  - deliver strategic objectives; in new and better ways
  - improve service quality and cost effectiveness;
  - ensure the best use of scarce resources; and access new resources
  - deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need.
  - forge new relationships
  - find new ways to share risk
3. Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.
  - a) Statutory - these are partnerships that are governed by statute. They include, for example, Community Safety Partnerships (CSPs) and Local Strategic Partnerships (LSPs)
  - b) Strategic - these are partnerships set up to deliver core policing objectives. They can either be force-wide or local.
  - c) Ad-hoc - these are typically locally based informal arrangements agreed by Divisional Commanders.

### **Context**

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

option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

#### **Responsibilities of the Commissioner**

6. 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.
7. To make appropriate arrangements to commission services from either the Constabulary or external providers.
8. To make crime and disorder grants.

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

9. To follow good governance principles as set out in this document when entering into a partnership agreement.
10. To consult, as early as possible, the Chief Constable's CFO and the Commissioner's CFO to ensure the correct treatment of taxation and other accounting arrangements.
11. To produce a Memorandum of Understanding (MOU) or Grant Agreement setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

### **E3B - Consortium Arrangements**

#### **Overview**

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

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

2. To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
3. To consult, as early as possible, the Chief Constable's CFO and the Commissioner's CFO to ensure the correct treatment of taxation and other accounting arrangements.
4. To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
5. 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 Commissioner**

6. To approve the Constabulary and OPCC participation in the consortium arrangement.

**E3C - Collaboration****Overview**

1. Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, the Chief Constable and the Commissioner have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of policing. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of each participating force. The Commissioner shall hold the Chief Constable to account for any collaboration in which the Constabulary is involved and must consider doing so in co-operation with the other Commissioners concerned.
2. Existing collaboration agreements made under the old section 23A of the 1996 Act will be transferred automatically to the Commissioner under the terms of paragraphs 5 and 21 of Schedule 15 to the 2011 Act.
3. The key controls for collaborations are set out below, all business cases must consider these aspects:-
  - a) to recognise the statutory context in which the proposed arrangement is to be established
  - b) to identify the objectives the proposed arrangement is designed to achieve/fulfil
  - c) to demonstrate how those objectives will support the vision set out in the Police and Crime Plan; and how the achievement of that vision will be promoted
  - d) to identify and assess all known risks associated with the proposed arrangement and the extent to which those risks affect the viability of the proposals
  - e) to identify and assess through a robust project appraisal process the viability of the proposals in terms of resources, staffing and expertise and prepare an exit strategy
  - f) to identify and assess the contractual, legal and financial frameworks of the proposed arrangement and to ensure that those arrangements comply with the Commissioner's Financial Regulations
  - g) to identify and agree with other partners the roles and responsibilities of each of the other partners involved in the proposals and the lines of accountability from the proposed arrangement to the Commissioner, to the Constabulary and to other partners
  - h) to be satisfied that other partners have carried out similar assessments for their own purposes, so far as practicable, of the matters referred to above
  - i) to ensure that the proposed arrangement and its operation will not affect adversely any of the services provided by or for the Commissioner and Constabulary

**Responsibility of the Commissioner**

4. To approve any collaboration in consultation with the Chief Constable and upon advice of their Chief Finance Officer, ensuring that by doing so, it will support the objectives as set out in the Police and Crime Plan.

5. The Commissioners shall jointly hold their Chief Constables to account for any collaboration in which their force is involved

**Responsibilities of the Commissioner's and Chief Constable's Chief Finance Officers**

6. In consultation with each other to promote and maintain the same high standards of conduct with regard to financial affairs in collaborations and other external arrangements that apply throughout the OPCC and the Constabulary.
7. In consultation with each other to specify the funding, accounting and auditing arrangements to be adopted relating to collaborations and joint ventures and to consider the overall arrangements with respect to contracts with external bodies. To ensure that the risks have been fully appraised before agreements are entered into with external bodies.

**Role of Chief Constable's CFO**

8. To ensure that the approval of the Commissioner is obtained before any negotiations are concluded on external arrangements for which the Commissioner's prior approval is required as set out above.
9. To maintain, in accordance with procedures specified by the Chief Constable's CFO, a register of all external arrangements entered into and that all agreements and arrangements are properly documented.
10. To ensure that before entering into agreements with external bodies, legal advice is sought where required and a risk management appraisal has been prepared.
11. To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Commissioner or the Constabulary.

### **E3D - Commissioning of Services**

#### **Overview**

1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the Commissioner to pool funding as they and their local partners deem appropriate. The Commissioner can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The Commissioner must have regard to the relevant priorities of each responsible authority.
2. When the Commissioner commissions services, agreement is required on the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. Ring-fenced provision of crime and disorder grants is allowed 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.
3. It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.
4. The key controls for commissioning services are:
  - Agreements with clear priorities and outcomes
  - Grant conditions and outcomes

#### **Responsibility of the Commissioner**

5. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.
6. To work effectively with other local leaders in Cambridgeshire who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.
7. To consult with victims of crime about policing and the proposed Police and Crime Plan.
8. To make appropriate arrangements to commission services from the Constabulary or external providers.
9. To award crime and disorder grants

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

10. To develop a commissioning framework that will support the objectives as set out in the Police and Crime Plan. The framework should encourage a mixed economy of

provider options and where necessary develop a specific Commissioner's Compact Agreement with the Voluntary Sector.

11. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.
12. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.
13. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan where services are commissioned within community initiatives.
14. In consultation with the Commissioner's Chief Finance Officer, agree up to £10,000 expenditure for initiatives in line with the Commissioner's aims and objectives. If in excess of £10,000 Commissioner approval is required.

**Responsibility of the Commissioner's Chief Finance Officer**

15. To assist the Chief Executive to carry out the financial and contracting aspects of his/her responsibilities and in particular to budget and account for incoming funding and outgoing expenditure in accordance with accounting requirements.

**SECTION F**  
**CONTRACT STANDING ORDERS**

**Glossary of Terms**

These terms will have the following meanings in the Standing Orders;

BCH	Bedfordshire, Cambridgeshire and Hertfordshire
PCCs	Bedfordshire, Cambridgeshire and Hertfordshire Police and Crime Commissioners
OPCCs	Bedfordshire Office of the Police and Crime Commissioner. Cambridgeshire Office of the Police and Crime Commissioner, and Hertfordshire Office of the Police and Crime Commissioner.
Chief Executives	The Chief Executives of the OPCCs in BCH.
Forces	Bedfordshire Police, Cambridgeshire Constabulary, Hertfordshire Constabulary.
Chief Constables	The Chief Constables of the BCH Forces
Force CFOs	Chief Finance Officers of each of the BCH Forces
BCH Procurement Team	The BCH collaborated Procurement Team operating on behalf of the BCH forces.
Strategic Head of Procurement	The Officer responsible for the BCH Contracts and Procurement Team.
Officers	All Police officers and Police staff of the BCH Forces and OPCCs
Single Tender Action (STA)	The selection of a supplier to provide works, goods or services without competition.
Procurement Policy and Procedures	All Procurement Policy and Procedures published by the Joint Procurement Team.
Collaborative Contract	A contract for the provision of works, goods or services to more than one police force or public entity
Framework Agreement	A contract set up by a public sector organisation for some or any public sector organisations to use. The Agreement sets out terms and conditions under which specific purchases can be made throughout the term of the Agreement. The Agreement will typically have been awarded under the EU Procurement rules.

**Overview**

1. In Cambridgeshire, Bedfordshire and Hertfordshire a joint Contracts and Procurement Team has been created to support police procurement activity. Contract Standing Orders are being harmonised across the Forces and OPCCs and these are supplemented by detailed guidance on policies and procedures.

**Introduction and Compliance**

2. All orders and contracts for works, goods or services made by or on behalf of the Cambridgeshire Police and Crime Commissioner or Cambridgeshire Constabulary (or Forces and PCCs collectively) shall be made in accordance with these Contract Standing Orders (CSOs).
3. All contracts shall comply with statutory requirements including, but not limited to, Directives of the European Community, UK legislation, and relevant Government Guidance.
4. The Forces and PCCs require all procurement activity to be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability. All procurement undertaken on behalf of the Forces and PCCs will operate under robust principles and procedures to ensure best value. Detailed procedures will be published in Procurement Policy and Procedures.
5. No exceptions will be made to these Standing Orders otherwise than for the reasons stated in paragraphs 20 to 23.
6. Every Officer of the Forces and every Commissioner or employee of a Commissioner shall comply with these Standing Orders; any failure to do so may result in disciplinary action.
7. Any dispute regarding the interpretation of these Contract Standing Orders will be referred to the Joint Procurement Strategic Board (JPSB).

**Competitive Procurement**

8. The use of central contracts that have been set up by the BCH Procurement Team or individual Forces and OPCCs for certain works, goods and services is mandatory.
9. For works, goods or services not available from an existing contract, the acceptance of quotations and bids will be based on the principle of best overall value for money, i.e. the most economically advantageous offer. Criteria for the award of contracts shall be recorded in advance of the invitation and strictly observed by officers evaluating the bids. The criteria may include cost and qualitative elements and shall take into account whole life costs. The evaluation process must be objective, systematic, thorough and fair.
10. Evaluation models shall generally be weighted such that the overall percentage score allocated to cost is not less than 60%. In exceptional circumstances the Strategic Head of Procurement may agree a different cost/quality ratio.
11. The table below describes the procedure and authority levels dependent on the estimated value of the procurement.

12. Estimated value is deemed to be the aggregate cost reasonably anticipated over the lifetime of the contract. If the lifetime is unknown, then the aggregate cost should be based on 48 months.
13. Requirements must not be disaggregated in order to avoid competitive procurement.
14. The authority levels shall apply to variations to contract, i.e. any additional costs resulting from the variation must be aggregated with the original contract value for the purposes of authorisation.

#### Procurement Competition Procedures and Authority Levels

Estimated Value £	Quotation / Tender Requirements	Levels of Delegated Authority
< 5,000	One quotation must be obtained, preferably in writing (including email) or obtained from catalogues or price lists. Evidence must be retained locally.	Requisitions to be approved locally by Officers with relevant authority in accordance with financial instructions/procedures.
5,000 – 30,000	At least three formal quotations (including email) must be obtained.	Requisitions to be approved locally by Officers with relevant authority in accordance with financial instructions/procedures.
>30,000	<b>All procurement to be facilitated by Joint Strategic Procurement Team.</b> At least four Tenders must be obtained. Where the aggregated value of the contract is in excess of EU thresholds, tender procedures will be in accordance with EU Procurement Directives.	

15. The Commissioner’s Scheme of Governance paragraph 74 delegates the arrangements for the signing of all contracts to the Chief Executive. These arrangements are set out below:-

<b>Contract Value £</b>	<b>Contract details</b>	<b>Contract Signature Arrangements</b>
Any	Contract requires sealing	Only the Chief Executive is authorised to seal contracts on behalf of the Commissioner.  Contracts should be presented with sufficient background information for the Chief Executive to sign/seal.
< 100,000	Contracts for revenue expenditure being funded from the Chief Constable’s delegated budget, and Contracts related to the approved capital programme.	Head of Strategic Procurement
100,000 to 500,000	Contracts for revenue expenditure being funded from the Chief Constable’s delegated budget, and Contracts related to the approved capital programme.	Chief Constable’s CFO
Any	Contracts for revenue or capital being financed from the Police and Crime Commissioner’s budgets.	Chief Executive or Police and Crime Commissioner’s CFO.
>500,00	All contracts	Chief Executive or Police and Crime Commissioner’s CFO.

16. The Officer with delegated authority to authorise orders or contracts committing the expenditure does so on behalf of the PCC/PCCs.
17. Whilst mandatory involvement of the BCH Procurement Team is required for contracts valued over £30,000, the Team will also provide advice and guidance on all commercial matters and contracts under £30,000.

#### **Financial and Contractual Delegation**

18. The Chief Executive will be responsible for determining authorised signatories within the OPCC/Force. Those authorised signatories and any sub delegation rules will be described and documented in the Force/OPCC’s Financial Instructions.
19. Authorised signatories will ensure that the purchase is compliant with all financial instructions, and ensure that sufficient resources are available within the revenue budget or capital programme.

**Exceptions to normal procedures/single tender action****Exceptions**

20. All exceptions to normal procedures must be approved in accordance with the arrangements set out in the policy and procedures for local and collaborative contracts.

**Single Tender Action (STA)**

21. STA should only be used in very exceptional circumstances. The Chief Constables and Chief Executives or their delegated authorities will consider requests for exceptions to normal procedures under the following circumstances;
- a) Where it can be evidenced that only one supplier is able to carry out the work or service or to supply goods for technical reasons or because of exclusive rights;
  - b) Extensions to existing contracts where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience and it is legal to do so;
  - c) The contract has been classified as secret by a Chief Officer making the use of a particular contractor essential or a limited competition to a select list of contractors and the avoidance of advertising requirements in the public domain;
  - d) The contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises. However failure to take action within appropriate timescales does not constitute grounds for an urgency exception.
22. Any STA up to £50,000 shall be authorised by the Divisional/Departmental Head and shall be reported to the Strategic Head of Procurement. The formal procedure shall be described in the Procurement Policy and Procedures
23. Any STA over £50,000 shall be requested via the Strategic Head of Procurement and the appropriate Chief Officer(s). The formal procedure shall be described in the Procurement Policy and Procedures.

**Competitive Procurement using Tenders**

24. The Strategic Head of Procurement will have responsibility to ensure appropriate Procurement Policy and Procedures are in place covering matters such as;
- The procedures to be applied in respect of the whole tendering process i.e. initial tender, specifications and standards, and evaluation and appointment of contractors and consultants.
  - Processes regarding the use of sub contractors.
  - Processes regarding variations to contract.
  - The process to be undertaken in relation to declarations of interest in a contract.
  - The procedures to be followed in relation to Collaborative Contracts.
  - The adoption of Framework Agreements.
  - The Procedures to be followed in applying for an exception to CSOs, including:

- The formal procedure to be adopted to evidence that alternative provision is not available;
  - The formal justification of emergency provision.
- The achievement of Value for Money, and the minimisation of risks to Forces and PCCs.
25. The Procurement Policy and Procedures will set out arrangements for the recording and retention of information in relation to procurement activity.
  26. The Procurement Policy and Procedures will also detail the arrangements for reporting procurement activity to meet the requirements of the Forces and OPCCs either individually or together and the arrangements for publishing information in accordance with transparency or other statutory requirements.
  27. The Chief Constables' CFOs will ensure appropriate Financial Instructions are provided for use by staff within their respective forces.

### **Tender custody and opening**

#### **Electronic Tendering**

28. Forces and OPCCs support the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system in line with the system requirements.

#### **Tender custody and opening if non electronic means are utilised**

29. In the event of operating a non electronic procedure, tenders shall be stored in a secure and confidential manner as required by the sealed bid procedure.
30. The opening of these tenders and recording of details shall be subject to the following regulations:-
  - They shall not be opened before the appointed time;
  - They shall be opened at one time by not less than two persons approved by the Strategic Head of Procurement for the purpose.
  - The appropriate tender details shall be recorded on the Tender Opening Certificate which shall be ruled off (to prevent the addition of further entries) and then signed by each member of the tender opening panel.
31. Once the tenders have been opened they must be circulated only to those directly involved in tender evaluation and contract letting activities prior to awarding the contract.

#### **Form of Contract**

32. All contracts shall be in writing. If appropriate, legal advice should be sought in relation to contracts through the Commercial Team. The form of contract shall be in line with the ACPO Procurement Portfolio guidance and other best practice.

#### **Collaborative Contracts and Framework Agreements**

33. Where tenders are invited on behalf of Forces or include other police forces or public sector organisations, they will be invited on a Lead Police and Crime Commissioner basis and must comply with these Contract Standing Orders.

**Review**

34. These Contract Standing Orders will be reviewed on an annual basis by the Chief Executives.

**SECTION G - DELEGATED LIMITS**

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

**SECTION B – Financial Planning and Control****B2B Revenue Virement**

5 The levels of authorisation for revenue virements are:

Limit	Chief Constable	Commissioner's CFO
Up to £500,000*	✓	
Above £500,000**	✓	✓
From Revenue to Capital Programmes (RCCO)***		
Up to £100,000*	✓	
Above £100,000 **		✓

\* Subject to:-

- Any transfers not significantly altering a policy of the Commissioner. For the purposes of these Regulations a significant change of policy is one which results in activities which are outside the objectives of the Police and Crime Plan, prejudice achievement of any of the objectives in the Plan or are inconsistent with the budget strategy agreed by the Commissioner,
- Any transfers not creating additional future year financial commitments,
- Any transfers must not create a funding problem for the current financial year.
- The Chief Constable shall inform the Commissioner of the accumulation value of virements made and provide an updated register of all virements made in the financial year.

\*\* The Commissioner's CFO will seek approval from the Commissioner and/or will ensure the proposal is covered in the formal budgetary control reporting arrangements. Virement reflecting internal reorganisation, without a change to strategy/policy, is permitted with approval of the Chief Constable with no limit.

\*\*\* No virement is permitted from capital to revenue.

**B2C Year End Balances**

5 Carry forward of year end underspends is only permitted in the following circumstances:-

- If partnership income has been received but not used (or fully used) for the earmarked purpose.
- Slippage on a particular revenue project as a result of circumstances outside of the control of the budget holder
- As determined by the Chief Constable's CFO and the Commissioner's CFO.

Carry forwards should be agreed by the Commissioner.

Budget holders who overspend their budget in any financial year may have their budget reduced in the following year subject to the determination of the Chief Constable and the Commissioner after consultation with the Commissioner's CFO and Chief Constable's CFO.

### **B3 Capital Programme**

#### **B3A Annual Capital Programme**

- 2 Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the Commissioner for further approval unless the cost of the scheme exceeds the limits shown below:

*10% of approved scheme budget.*

## **SECTION C – Management of Risk and Resources**

### **C1 Risk Management**

- 17 The Chief Constable shall be authorised to settle civil claims up to the value shown below. Claims in excess of this amount must be approved by the Commissioner:

*£20,000 excluding legal cost*

### **C5 Assets**

#### **C5A Valuation**

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

*Land & Buildings - All values*

*Vehicles - All values*

*Computers - All values*

*Plant & Equipment - £10,000*

#### **C5B Stocks and Stores**

4. Obsolete stock, or equipment and materials surplus to requirements may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the Commissioner's CFO for approval.

*Individual items £10,000*

*Overall annual limit on all stock £10,000*

- 6 Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the Commissioner's CFO for approval.

*Individual items £10,000*

*Overall annual limit on all stock £10,000*

## **SECTION D Systems and Procedures**

### **D2 Income**

- 13 Individual amounts may be written off by the Chief Constable or Commissioner's CFO up to the level shown below. Amounts for write off above this value must be referred to the Commissioner's CFO for approval.

*£10,000*

*All cases where write off action results from theft or fraud shall be referred to the Commissioner's CFO and the Chief Constable's CFO for approval up to a maximum of £10,000 and to the Commissioner for approval of amounts in excess of that sum.*

### **D8 Ex Gratia Payments**

- 2 The Chief Constable may make ex gratia payments to members of the public, police officers or police staff.

*Up to £5,000. Payments above this level to be approved by the Commissioner.*

## **Legal – Claims/Settlements**

1. The Chief Constable may approve the financial settlement of all claims or requests for compensation felt to be non significant because:-
- The compensation to be paid is £10,000 or less (to include multiple or linked claims/claimants) except in the case of accident claims where the threshold will be £50,000 or less ex gratia payments for damage caused by officers and staff where the threshold will be £5,000 or less
  - they do not involve a high profile claimant including Association of Chief Police Officer (ACPO) rank chief officers
  - there is no particular public interest in the case
  - there is no real risk that the Commissioner or Chief Constable will be exposed to serious public criticism or that serious weaknesses in the organisation or policies and procedures will be revealed
  - it is not the nature of a test case.

## SECTION H - GUIDANCE NOTES ON BREACH OF STANDING ORDERS OR FINANCIAL REGULATIONS

1. These guidance notes are supplemental to the Commissioner and Chief Constable's Anti-Fraud and Anti Bribery Strategy and Fraud Response Plan and should be read in conjunction with those documents.
2. The Commissioner's CFO and the Chief Constable's CFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to either of them that any person holding any office or employee or member of any collaborative body on which the Commissioner or the Constabulary is represented:
  - has made, or is about to make a decision which involved or would involve the Commissioner or the Chief Constable incurring expenditure which is unlawful;
  - has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Commissioner or the Chief Constable; and
  - is about to enter an item on account, the entry of which is unlawful.
3. It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the Commissioner with respect to any proposal, decision or omission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the Commissioner's CFO and the Chief Constable's CFO.
4. A copy of such a report shall be sent to the external auditor.
5. To provide for effective action to deal with any fraud and bribery and to assist the Commissioner's CFO and the Chief Constable's CFO in the performance of their duties to ensure the financial affairs of the Constabulary and the Commissioner are properly conducted, the following procedures will be adhered to in the circumstances of any suspected or actual breach of financial regulations or standing orders.

**SECTION I - ANTI FRAUD AND ANTI BRIBERY STRATEGY****Introduction**

1. This statement has been prepared in response to the recommendations contained in the Audit Commission document "Protecting the Public Purse – Ensuring Financial Probity in Local Government 2001 Update, Promoting Good Governance."
2. The Commissioner does not tolerate fraud or bribery and has the intention to eliminate fraud and bribery as far as practically possible. The main aim of this policy is to protect the property and finance of the Commissioner.
3. In administering their responsibilities in relation to fraud, both the Commissioner and Chief Constable are committed to an effective Anti-Fraud and Anti Bribery Strategy designed to:
  - Encourage prevention;
  - Promote detection; and
  - Identify a clear pathway for investigation.
4. The Commissioner will take all necessary steps to counter fraud and bribery in accordance with this policy.
5. The expectation regarding propriety and accountability is that the Commissioner, the Chief Constable and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices will be above reproach.
6. The Commissioner and the Chief Constable also require individuals and organisations with whom they come into contact, to act with integrity.
7. This policy relates to all forms of fraud and bribery and is intended to provide direction and help to employees who may identify suspected fraud. It provides a framework for responding to suspicions of fraud, advice and information on various aspects of fraud and implications of an investigation. It is not intended to provide a comprehensive approach to preventing and detecting fraud. The overall aims of this policy are to:
  - Improve the knowledge and understanding of everyone in the Office of the Police and Crime Commissioner, irrespective of their position, about the risk of fraud and bribery within the organisation and its unacceptability
  - Assist in promoting a climate of openness and a culture and environment where staff feel able to raise concerns sensibly and responsibly
  - Sets out the Commissioners responsibilities in terms of deterrence, prevention, detection and investigation of fraud and bribery.
  - Ensure the appropriate sanctions are considered following an investigation, which may include any or all of the following:
    - Criminal prosecution
    - Civil prosecution
    - Internal/external disciplinary action
8. The Commissioner and the Chief Constable are also aware of the high degree of external scrutiny of their affairs by a variety of bodies including:-

- Her Majesty's Inspector of Constabulary
  - Internal and External Audit
  - HM Customs and Excise
  - Inland Revenue
  - The Audit Commission, and
  - The General Public
  - Information Commissioners Office
9. This Policy applies to all employees of the Commissioner, regardless of position held as well as consultants, vendors, contractors, service users, committee members and/or any other parties who have a business relationship with the Commissioner..

### **Culture**

10. The Commissioner and the Chief Constable are determined that the culture and tone of their organisations are honesty and opposition to fraud and bribery. They are absolutely committed to maintaining an honest, open and well intentioned atmosphere within the Office of the Police and Crime Commissioner, so as to best fulfil the objectives of the Commissioner. They are therefore also committed to the elimination of fraud and bribery within the Officer of the Police and Crime Commissioner, to the rigorous investigation of any such allegations and to taking appropriate action against wrong doers, including possible criminal prosecution, as well as taking steps to recover any assets lost as to a result to fraud and/or bribery.
11. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Constabulary and the Commissioner will act with integrity, and that Commissioner and the Chief Constable and staff at all levels will lead by example in these matters.
12. All staff are positively encouraged, and expected, to raise any concerns that they may have. Concerns may be about something that:
- Is unlawful
  - Is contrary to Financial Regulations or policies
  - Falls below established standards or practices
  - Results in waste or loss
  - Amounts to improper conduct.
13. Staff can do this in the knowledge that such concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:
- The Commissioner's CFO (01480 422463)
  - The Chief Constable's CFO (01480 422230)
  - Head of Internal Audit (01908 577450)
  - Professional Standards Confidential Reporting Line (01480 422527)
  - Audit Commission Fraud Hotline (0207 630 1019)
  - Public Concern at Work; Independent charity offering free advice on fraud or other issues of malpractice (020 7404 6609)

14. The Public Interest Disclosure Act 1988 protects employees, who report suspected fraud or bribery activities, from any reprisals as long as they meet the rules set out in the Act.
15. In simple terms 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.
  - The designated officer required under the Act to receive disclosures is the Commissioner's CFO.
16. Members of the public are also encouraged to report concerns through any of the above avenues.
17. 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.
18. Senior management is responsible for following up any allegation of fraud or bribery 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 Commissioner's CFO, and implementing disciplinary procedures where appropriate.
19. Bribery of any kind is absolutely prohibited. This means that you will not offer, promise, reward in anyway or give a financial or other advantage to any person in order to induce that person to perform his/her function or activities improperly. It does not matter whether the other person is a UK or foreign public official, political candidate, party official, private individual, private or public sector employee or any other person (including creating the appearance of an effort to improperly influence another person).
20. Off the book accounts and false or deceptive book keeping entries are strictly prohibited. All gifts, payments or any other contribution made under the Anti-Fraud and Bribery Strategy, whether in cash or in kind, shall be documented, regularly reviewed and properly accounted for on the books of the Commissioner. Record retention and archival policy must be consistent with the Commissioner's and the Chief Constable's accounting standards, tax and other applicable laws and regulations.
21. The Commissioner procures goods and services ethically and transparently with the quality, price and value for money determining the successful supplier/contractor,

not by receiving (or offering) improper benefits. The Commissioner will not engage in any form of bribery, neither in the UK nor abroad. The Commissioner and all staff members, independent of their position, shall at all times comply with the Bribery Act 2010 and with this Strategy.

22. The Commissioner may, in certain circumstances, be held responsible for acts of bribery committed by intermediaries acting on its behalf such as subsidiaries, clients, business partners, contractors, suppliers, agents, advisors, consultants or other third parties. The use of intermediaries for the purpose of committing bribery is prohibited.
23. All intermediaries shall be selected with care, and all agreements with intermediaries shall be concluded under terms that are in line with this policy. The Commissioner will contractually require its agents and other intermediaries to comply with the Anti-Fraud and Bribery Strategy and to keep proper books and records available for inspection by the Commissioner, auditors or investigating authorities. Agreements with agents and other intermediaries shall at all times provide for the necessary contractual mechanisms to enforce compliance with the anti-bribery regime. The Commissioner will monitor performance and, in case of non-compliance, require the correction of deficiencies, apply sanctions, or eventually terminate the agreement even if this may result in a loss of business
24. Where the Commissioner is engaged in commercial activity (irrespective as to what happens to the profit) it could be considered guilty of a corporate bribery offence if an employee, agent, subsidiary or any other person acting on its behalf bribes another person intending to obtain or retain business or an advantage in the conduct of business for the Commissioner and it cannot demonstrate that it has adequate procedures in place to prevent such. The Commissioner does not tolerate any bribery on its behalf, even if this might result in a loss of business for it. Criminal liability must be prevented at all times.

### **Definitions**

25. Fraud – any person who dishonestly makes a false representation to make a gain for himself or another or dishonestly fails to disclose to another person, information which he is under a legal duty to disclose, or commits fraud by abuse of position, including any offence as detailed in the Fraud Act 2006.
26. Bribery – a bribe is offering, promising, or giving a financial, or otherwise, advantage to another person with the intention of bringing about improper performance or reward. The Bribery Act 2010 also states that a person is guilty of an offence if they request, agree to receive, or accept a financial or other advantage intending that a relevant function or activity should be performed improperly by them or another. It further states that offering or agreeing to accept a bribe is an offence even if no money or goods have been exchanged.
27. Facilitation Payments – Facilitation payments are small amounts made to secure or expedite the performance of a routine action, typically by a government official or agency (e.g. issuing licenses or permits, installation of a telephone line, progressing goods through customs, etc.) to which the payer (or the company) has legal or other entitlement.

28. Facilitation payments are prohibited under the Bribery Act 2010 like any form of bribe. They shall not be given by the Commissioner's employees in the UK or any other country.

#### **Public Service Values**

- High standards of corporate and personal conduct; these three fundamental public service values are:
- Accountability – Everything done by those that in the Commissioner must be able to stand the test of parliamentary scrutiny, public judgements on property and professional codes of conduct
- Probity – Absolute honesty and integrity should be exercised in all dealings
- Openness – The Commissioners actions should be sufficiently public and transparent to promote confidence between the Commissioner and the public.

#### **Nolan Principles**

29. In addition, all those working for or who are in contact with the Commissioner should exercise the following principals when undertaking their duties:
- Selflessness - ...should take decisions solely 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 - ...should not place themselves under any financial or obligation to outside individuals or organisations that might influence them in performance of their official duties.
  - Objectivity - ...should, in carrying out public business, (including making public appointments, awarding contracts or recommending individuals for reward or benefits), make choices on merit.
  - Accountability - ...are accountable for their decisions and actions to the public and must submit them to whatever scrutiny is appropriate to their office.
  - Openness - ...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 demands.
  - Honesty - ...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 - ...should promote and support these principles by leadership and example.
30. These standards are national benchmarks that inform our local policies and procedures. The arrangements made in this policy have been designed to ensure compliance with the national standards

#### **Prevention**

31. The Commissioner and the Chief Constable recognise that a key preventative measure in the fight against fraud and bribery 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 by the Chief Executive and Chief

- Constable and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
32. All employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the published Rules of Conduct. This code and the role that appropriate staff are expected to play in the Corporate Governance Framework and systems of internal control will be featured in staff induction procedures.
  33. The Commissioner and Deputy Commissioner are required to adhere to the Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests. This should be done on an annual basis as a minimum and whenever a pecuniary interest should change for a staff member. The duty is on the staff member to inform the Commissioner of any such changes.
  34. The Commissioner, Chief Constable and all staff are 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.
  35. All offers of gifts and hospitality should be recorded, even if the item was declined. All items over the value of £20 should be politely refused and handed back to the offerer.
  36. 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 Constabulary and the Office of the Commissioner's financial systems is independently monitored by both Internal Audit and External Audit. Senior management place great weight on being responsive to audit recommendations.
  37. The Independent Audit Committee provides an independent and objective view of internal control by receiving and considering audit plans, reports and management letters and reports as appropriate to the Commissioner.
  38. As part of the prevention approach the Commissioner and the Chief Constable will participate in National Fraud Initiatives organised by the Audit Commission. The Audit Commission and External Audit will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and bribery.

#### **Gifts and Hospitality**

39. Courtesy gifts and hospitality must not be given or received in return for services provided or to obtain or retain business but shall be handled openly and unconditionally as a gesture of esteem and goodwill only. Gifts and hospitality shall always be of symbolic value, appropriate and proportionate in the circumstances, and consistent with local customs and practices. They shall not be made in cash. Please refer to the Commissioner's/Constabulary Gifts and Hospitality policy and register for more guidance.

#### **Political and Charitable Contributions**

40. The Commissioner does not make any contributions to politicians, political parties or election campaigns.

41. As a responsible member of society, the Commissioner may make charitable donations. However, these payments shall not be provided to any organisation upon suggestion of any person of the public or private sector in order to induce that person to perform improperly the function or activities which he or she is expected to perform in good faith, impartially or in a position of trust or to reward that person for the improper performance of such function or activities.
42. Any donations and contributions must be ethical and transparent. The recipient's identity and planned use of the donation must be clear, and the reason and purpose for the donation must be justifiable and documented. All charitable donations will be publicly disclosed.
43. Donations to individuals and for-profit organisations and donations paid to private accounts are incompatible with the Commissioner's ethical standards and are prohibited.

#### **Sponsoring**

44. Sponsoring means any contribution in money or in kind by the Commissioner towards an event organised by a third party in return for the opportunity raise the Commissioner's profile. All sponsoring contributions must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the consideration offered by the event host. They may not be made towards events organised by individuals or organisations that have goals incompatible with the Commissioner's ethical standards or that would damage the Commissioner's reputation. All sponsorships will be publicly disclosed.
45. Where commercial sponsorship is used to fund Commissioners training events, training materials and general meetings, the sponsorship must be transparent, pursuant to a written agreement, for legitimate business purposes, and proportionate to the occasion. Where meetings are sponsored by external sources, that fact must be disclosed in the papers relating to the meeting and in any published minutes/proceedings.
46. Where sponsorship links to the development of guidelines and advice, this should be carried out in consultation with the Chief Constable and the Commissioner in conjunction with the appropriate OPCC working group independent of the sponsors. While it is recognised that consultation with the industry may be necessary when developing a guideline, the overall decision on what is included should lie with the OPCC working group.

#### **Detection and Investigation**

47. The array of preventative systems, particularly internal control systems within the Constabulary and the OPCC, have been designed to provide indicators of any fraudulent activity.
48. However, it is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or bribery may be in progress.

49. Pro-active reviews will be undertaken of overtime, expense claims and invoices to ensure that the systems in place within the OPCC are robust and the measures in place are successful in mitigating against the risk of both fraud and bribery.
50. Many frauds are discovered by 'whistle-blowing', and arrangements are in place to enable such information to be properly dealt with.
51. All allegations of fraud and bribery will always be quickly and professionally investigated by trained individuals. The investigators will keep the Commissioner regularly informed of all progress and outcomes and will consult with the Chief Constable regarding any potential sanction that shall be applied.
52. Depending on the nature and anticipated extent of the allegations, the Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.
53. The Constabulary and the Commissioner's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviour.
54. All investigations will be brought to the attention of the Chief Constable, Commissioner and the Audit Committee with regular reviews being undertaken.
55. The Commissioner and the Chief Constable will normally wish the police to prepare a case for the CPS regarding the prosecution of offenders where financial impropriety is discovered.

### **Training**

56. The Commissioner and the Chief Constable recognise that the continuing success of its Anti-Fraud and Anti Bribery Strategy and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.
57. To facilitate this, the Commissioner and the Chief Constable support the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
58. The Commissioner and the Chief Constable will issue a public statement highlighting the Commissioner's zero tolerance approach to both fraud and bribery.
59. The possibility of disciplinary action against staff who ignore such training and guidance is clear.

### **Recovery of Losses Incurred to Fraud and Bribery**

60. The seeking of financial redress or recovery of losses should always be considered in cases of fraud and bribery that are investigated where a loss is identified. As a general rule, recovery of the loss caused by the perpetrator should always be sought. The decisions must be taken in the light of the particular circumstance of each case.
61. Redress allows resources that are lost to fraud to be returned to the Commissioner for use as intended.
62. To summarise, local action can be taken to recover money by using the administrative procedures of the Commissioner or the civil law.

63. In cases of serious fraud and bribery, it is recommended that parallel sanctions are applied. For example; disciplinary action relating to the status of staff member in the OPCC; use of civil law to recover lost funds and use of criminal law to apply an appropriate criminal penalty upon the individual(s), and/or a possible referral of information and evidence to external bodies.
64. The Commissioner may also apply to the courts to make a restraining order or confiscation order under the Proceeds of Crime Act 2002 (POCA). This means that a person's money is taken away from them if it is believed that the person benefited from the crime. It could also include restraining assets during the course of the investigation.
65. Actions that may be taken when considering seeking redress include:
- No further action
  - Criminal investigation
  - Civil recovery
  - Disciplinary action
  - Confiscation order under POCA
  - Recovery sought from on-going salary payments or pensions
66. Criminal investigations are primarily used for dealing with any criminal activity. The main purpose is to determine if activity was undertaken with criminal intent. Following such an investigation, it may be necessary to bring this activity to the attention of the criminal courts (Magistrates' Court and Crown Court). Depending on the extent of the loss and the proceedings in the case, it may be suitable for the recovery of losses to be considered under POCA.
67. The civil recovery route is also available to the Commissioner if this is cost effective and desirable for deterrence purposes. This could involve a number of options such as applying through the Small Claims Court and/or recovery through debt collection agencies.
68. The appropriate Senior Officer, in conjunction with the HR department, will be responsible for initiating any necessary disciplinary action. Arrangements may be made to recover losses via payroll if the subject is still employed with the Commissioner; in all cases, current legislation must be complied with.
69. Action to recover losses will be commenced as soon as practicable after the loss has been identified. Given the various options open to the Commissioner, it may be necessary for various departments to liaise about the most appropriate option.
70. In order to provide assurance that policies were adhered to, the Commissioner will maintain a record highlighting when recovery action was required and issued and when the action was taken. This will be reviewed and updated on a regular basis.

### **Conclusion**

71. The Commissioner and the Chief Constable have in place clear networks of systems and procedures to assist it in the fight against fraud and bribery. 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.

72. To this end, a continuous overview of such arrangements, in particular, by the Commissioner's CFO, through the Head of Audit and External Auditor and in Constabulary via the Finance Unit and Professional Standards.

**FRAUD RESPONSE PLAN**

1. All instances of fraud and Bribery will be investigated in accordance with this plan effectively and by professionally trained investigators.
2. Fraud and Bribery may be reported through a range of channels. The means of reporting fraud will be publicised within the Constabulary and the OPCC and will be made known to partners and those individuals and organisations with whom we come into contact.
3. The arrangements for detection and investigation are set out in the Anti Fraud and Anti Bribery Strategy. A protocol between the Commissioner's CFO, the Chief Constable's CFO, the Head of Internal Audit and the Head of Professional Standards has been agreed to ensure that loss and potential fraud is fully investigated and dealt with correctly.
4. The protocol requires the Professional Standards Department to liaise with the Head of Internal Audit. This will enable the Internal Audit to identify any weaknesses in internal control that allowed the irregularity to occur and to ensure that corrective action is taken in order to minimise the risk of any reoccurrence.
5. Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result in dismissal of the employee. Gross misconduct includes fraud and bribery committed by a member of staff against the organisation.
6. Where financial impropriety is discovered the presumption of the Commissioner and the Chief Constable is that arrangements will be made where appropriate for the prosecution of offenders by the CPS.
7. In instances where the misconduct takes another form such as the misuse of systems and equipment that does not result in financial loss then the outcomes will be monitored by the Commissioner and the Chief Constable through the processes in place to oversee Human Resources issues.
8. All investigations will be closely monitored and feedback will be given where appropriate.
9. The Commissioner and the Chief Constable will seek to ensure that it learns lessons from any mistakes made that allowed any instances of fraud or bribery to be perpetrated or to have gone unnoticed. This will be achieved by ensuring that system weaknesses or other contributory factors are identified and addressed. This will normally be achieved through an Internal Audit investigation, report and action plan to ensure that audit recommendations are implemented.
10. The External Auditor also has the powers to investigate fraud and bribery independently and the Commissioner and the Chief Constable will make use of these services in appropriate cases.
11. The Commissioner's CFO and the Chief Constable's CFO will determine if a matter needs to be brought to the attention of the Chief Executive, Commissioner and the Chief Constable.

12. In the event that the Commissioner or the Chief Constable is involved the matter will be brought to the attention of the Monitoring Officer.
13. The Commissioner's CFO, the Chief Constable's CFO and the Head of Internal Audit will maintain a link with the External Auditor in order to keep him updated in serious cases.

**Appendix 1****THE SEVEN PRINCIPLES OF PUBLIC LIFE****SELFLESSNESS**

Holders of public office should act solely 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 seek to influence them in the performance of their official duties.

**OBJECTIVITY**

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and 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.