



**To:** Joint Audit Committee  
**From:** Chief Finance Officer  
**Date:** 26 September 2014

## **FINANCIAL REGULATIONS UPDATE**

### **1. Purpose**

1.1 For the Joint Audit Committee to note common financial regulations for Bedfordshire, Cambridgeshire and Hertfordshire.

### **2 Recommendation:**

2.1 The Joint Audit Committee to note:

- The content of the report
- The Financial Regulations – This is a Joint Scheme between Bedfordshire, Cambridgeshire and Hertfordshire, which is subject to approval by the respective Police and Crime Commissioners.

### **3 Introduction**

3.1 The Scheme of Governance and the Financial Regulations were updated on 1<sup>st</sup> April 2014, due to the stage 2 transfers coming into effect at this date. At this point the opportunity was taken to adopt a common scheme of governance, in conjunction with Bedfordshire and Hertfordshire. This was endorsed by the Police and Crime Commissioners at the Bedfordshire, Cambridgeshire and Hertfordshire Strategic Alliance meeting held on 1<sup>st</sup> April 2014.

3.2 The Joint Audit Committee was presented with an update on the development of common financial regulations at its meeting on 17<sup>th</sup> June 2014. The update highlighted the actions which had been taken and the proposed main changes to the financial regulations which had been identified at the time of the meeting.

## **4 Financial Regulations**

4.1 The Financial regulations provide a framework for both the Police and Crime Commissioner (PCC) and the Chief Constable (CC) to manage their financial affairs and the approach to financial management, planning and control.

4.2 The current Financial Regulations for the 6 corporations soles (the Police and Crime Commissioner and Chief Constable of Bedfordshire, Cambridgeshire and Hertfordshire respectively) were updated and implemented on 1<sup>st</sup> April 2014. These are unique and solely relate to each individual organisation.

4.3 These have been reviewed with the intention to develop common financial regulations for Bedfordshire, Cambridgeshire and Hertfordshire.

4.4 To recap from the report presented on 17<sup>th</sup> June 2014 the main changes to the financial regulations are as follows:

- Within the role of Statutory and key officers included a section on Chief Executive and Monitoring Officer outlining the Monitoring Officer responsibilities.
- Extended the PCC Chief Finance Officer (PCC CFO) and the CC Chief Finance Officer (CC CFO) to include “Maintaining Proper Accounting Records” and “Preparing and Publishing Accounts” for the respective Corporation Soles. Also any material fundamental changes to accounting records and procedures will need approval of the PCC CFO.
- Within the Annual Revenue Budget preparation included the obligation of the PCC to consult in the planning of the annual budget.
- Revenue Budget Monitoring included separate responsibilities for the PCC to approve increases to the overall approved budget and CC monitor income, expenditure and performance and take action to prevent exceeding the budget.
- Approval by the commissioner, if it is likely that a capital programme will overspend by a set amount/percentage.
- With regards to assets outline the responsibilities of the Chief Constable, Chief Executive, PCC CFO and CC CFO, in respect of acquisition and disposal as well procedure for approving write offs. Consideration is given to whether the Chief Constable acquires and disposes land and property up to a certain level.
- Treasury Management – Greater clarity provided on the proposing and administering of the Treasury Management Strategy Statement by the PCC CFO.
- Gifts, Loans and Sponsorship – Included the responsibility of the Chief Constable and the Chief Executive to develop and maintain an appropriate strategy.
- Systems and procedures – Includes responsibility of the Chief Constable to establish and effectively operate a scheme of delegation.
- Partnerships – The chief constable and the respective CFOs will have responsibility for forming partnerships and ensuring appropriate accounting arrangements are in place.
- Within Joint working arrangements, included a section on regional working.

- Delegation:
  - Defines the financial level at which a project is classified as a “Major Revenue Project” and when they need to be referred to the commissioner.
  - Includes sub section on property leases and acquisition and disposal of land and property.

4.5 Since the Joint Audit Committee meeting the following sections have been reviewed:

- Contract Standing Orders:
  - The procurement team have reviewed the policy and procedures for procurement, which closely align to this section. The main changes are:
    - Procurement competition procedures and authority levels updated to ensure that the appropriate procurement routes are taken. The authority levels have been categorised into Incidental - goods and services, Operational - low spend, Tactical - medium spend and Strategic - high spend. The new proposed procurement levels are as follows:
      - Incidental - goods and services - £0 to £5,000 Catalogue, Purchase Card and Purchase Order. This replaces the £0 to £5,000 one quote.
      - Operational - low spend – £5,000 to £10,000 3 quotations – self authorise against lowest cost. This, in conjunction with Tactical – Medium spend, replaces the £5,000 to £10,000 three quote.
      - Tactical - medium spend £10,000 to £50,000 3 Quotations – Procurement Authorisation before order placement. This, in conjunction with Operational spend, replaces the £10,000 to £30,000 three quotes.
      - Strategic - high spend greater than £50,000 actioned by Procurement Team via tendering or frameworks. This replaces the greater than £30,000, all procurement to be facilitated by Joint Strategic Procurement Team.
    - Updated the section for current policies and to reflect the use of electronic tendering
- Legal settlement limits – A new section has been included (section H) to reflect the arrangements for Hertfordshire. A further review of this will be conducted to assess the feasibility of adopting a common approach across Bedfordshire, Cambridgeshire and Hertfordshire.
- Delegation levels – Two sets of delegation levels have been developed to recognise the complexities of collaboration and potentially the lead authority will be required to award larger contracts. There is local delegation levels which are applied for local decision making and spend and a collaboration delegation level for the lead authority, which is undertaking decisions and spend on behalf of all corporations soles.
- Operating Model – This is not part of the financial regulations, but has been included as an annex to the financial regulations. The operating model shows

the local governance arrangements (which are unique for Bedfordshire, Cambridgeshire and Hertfordshire), the collaborative Bedfordshire, Cambridgeshire and Hertfordshire strategic board and also a process of new projects and services derived from the collaboration programme that is being undertaken by Bedfordshire, Cambridgeshire and Hertfordshire.

## **5 Next Steps**

5.1 Bedfordshire, Cambridgeshire and Hertfordshire are undertaking collaboration in significant areas of business which will result in being required to be updated to ensure that the respective corporation soles can operate both collaboratively and develop and maintain a collaboration governance framework.

5.2 It is proposed that the next steps are:

- Review the legal settlements limits sections to develop a common approach across Bedfordshire, Cambridgeshire and Hertfordshire.
- Update the Operating model as Collaborative Governance Structures are developed and embedded.
- Update the Scheme of Governance for changes within the financial regulations due to developments within the Collaboration of the corporation soles.
- Present updated Scheme of Governance and financial regulations to the Joint Audit Committee in March 2015.

## **6 Recommendation:**

6.1 The Joint Audit Committee to:

- Note the content of the report.
- The Financial Regulations – This is a Joint Scheme between Bedfordshire, Cambridgeshire and Hertfordshire, which is subject to approval by the respective Police and Crime Commissioners.