



Lancashire
Constabulary
police and communities together

POLICE AND CRIME COMMISSIONER FOR LANCASHIRE

FINANCIAL REGULATIONS

CONTENTS

These Financial Regulations cover the following matters:-

1. General Principles and Roles
2. Revenue Expenditure
3. Capital Expenditure
4. Police and Crime Plan and Performance Review
5. Treasury Management
6. Receipts and Payments
7. Salaries and Pensions
8. Accounting Procedures and Systems
9. Contracts, Agreements and Purchasing
10. Inventories and Stocks and Stores Records
11. Insurance
12. Irregularities
13. Internal Audit
14. Voluntary Funds
15. Sponsorship and Third Party Agreements
16. Reserves and Provisions

An explanation of some of the terms used in these Regulations is provided as an Appendix.

INTRODUCTION

Each Police and Crime Commissioner (PCC) and their respective Chief Constable is established in law as a corporation sole under the Police Reform and Social Responsibility Act 2011 (2011 Act). As such, both are enabled by law to employ staff and hold funds in their official capacity. The public accountability for the delivery and performance of the Constabulary is placed into the hands of the PCC on behalf of their electorate. The PCC draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable, and is accountable to their electorate. The Chief Constable is accountable to their PCC. The Police and Crime Panel within the force area is empowered to maintain a regular check and balance on the PCC in this context.

The Policing Protocol Order 2011 sets out how the functions of the PCC, the Chief Constable and the Police and Crime Panel will be exercised in relation to each other. It also

sets out the high level financial responsibilities of the PCC and Chief Constable making clear that the former is ultimately accountable to the public for the management of the Police Fund, while the latter has day to day responsibility for managing their allocated budgets after these have been approved by the PCC.

A considerable amount of secondary legislation and guidance on financial matters will continue to apply including:-

The Account and Audit (England) Regulations 2011

The Code of Practice on Local Authority Accounting issued by CIPFA/LASAAC

The Public Sector Internal Audit Standards (PSIAS) issued by CIPFA

Delivering Good Governance in Local Government issued by CIPFA/SOLACE

Statement on the Role of the Chief Finance Officer issued by CIPFA

CIPFA Statement on the role of the CFO of the PCC and the CFO of the Chief Constable

Standing Guide to Commissioning Local Authority Work and Services issued by CIPFA

Prudential Code for Capital Finance in Local Authorities issued by CIPFA

Treasury Management in the Public Services Code of Practice and Cross Sectoral Guidance Notes issued by CIPFA

Statement of Principles on Schemes of Governance

Delivering Good Governance in Local Government: Guidance Note for Police issued by CIPFA

PCCs spend large sums of money and have a duty to account clearly for the money they spend to the public, who pay for the spending through various forms of taxation. These Financial Regulations establish the principles of financial control and embody the principles of the Code of Practice on Financial Management (revised October 2013) made under the provisions of the Police Act 1996 and the 2011 Act.

These Financial Regulations are a part of the overall control framework within which the PCC operates and governs the relationship between the PCC and the Chief Constable in financial matters. They have been developed in close consultation with the Chief Constable, the two Chief Finance Officers and the Director. Rather than a barrier to action they should be viewed as a mechanism to ensure that the financial dealings of the PCC and of the Chief Constable are conducted properly and in a way which incorporates recognised best practice (as set out in guidance published by relevant bodies) and which focuses on bringing operational and financial management together with accurate, complete and timely financial information.

They also include sufficient safeguards for both Chief Finance Officers who are responsible for ensuring that the financial affairs of the force and of the PCC are properly administered to discharge properly their statutory obligations.

The financial control framework can be seen as a hierarchy as the table below illustrates.

Standing Orders	Approved by PCC
Financial Regulations	Approved by PCC
Financial Instructions	Approved by PCC/CC
Lancashire Constabulary Scheme of Devolved Financial Management (DFM)	Approved by the Chief Constable
Manuals of Guidance/Work Procedures	Approved by the Chief Constable

The PCC's Scheme of Consent in conjunction with the PCC Financial Regulations and the Constabulary's Scheme of Devolved Financial Management enables appropriate authority to be provided to the Chief Constable to carry out the day to day financial management of the Constabulary's agreed budget in line with the requirements of the Financial Management Code of Practice for the Police Forces of England and Wales (FMCP)

The Chief Constable, Director/Monitoring Officer and both Chief Finance Officers are responsible for the observance of regulations relating to their service area and for the training of staff to ensure compliance with these Regulations.

The responsibility for the creation and maintenance of the financial control framework rests with the PCC's Chief Finance Officer (PCCCFO), who will take into account any recommendations and guidelines issued by the Consultative Committee of Accountancy Bodies.

Amendments to the framework of a significant nature (changing materially a process or approach) shall only be approved by the PCC, after consideration of the proposal is given by the Director/Monitoring Officer and PCCCFO and consultation has taken place with the CCCFO. If the Director/Monitoring Officer and PCCCFO are of the view that the proposal is unlawful, then it shall be rejected with proper reasons being given. Otherwise, the Director/Monitoring Officer or PCCCFO shall prepare a report with such recommendations for consideration by the PCC.

Amendments to the framework of a minor nature may be approved by the PCCCFO, in consultation with the PCC, after consideration by the Director/Monitoring Officer, but only those which are lawful may proceed.

The responsibility for reviewing and advising on the effectiveness of the financial control framework rests with the PCCCFO (see Financial Regulation 13). Advice and assistance can be obtained from the Chief Internal Auditor (01772 534898), and Audit Manager (01772 534904).

The Director welcomes feedback on the operation of Financial Regulations and Financial Instructions to ensure they remain relevant and effective. Constabulary finance staff and the PCCCFO staff are ready and willing to provide assistance in all areas relating to financial management and financial control. Initially the Finance Manager (01772 412131) should be contacted if you have comments on the application or operation of particular regulations or instructions.

1. General Principles and Roles

Specific roles and responsibilities are defined as follows:

1.1. The Police and Crime Commissioner (the PCC)

The PCC's main responsibilities in respect of financial matters are to:

- (a) appoint a person to be responsible for the proper administration of the PCC's financial affairs, referred to as the PCC Chief Finance Officer (PCCCFO)
- (b) agree a budget requirement and set the precept, on the advice of the PCCCFO; the proposed precept must be submitted to the Police and Crime Panel (PCP) for scrutiny and the PCC must have regard to the PCP's views
- (c) approve the proposed overall allocation of resources for the Chief Constable;
- (d) monitor financial outcomes;
- (e) identify and agree longer term spending commitments;
- (f) approve new capital development schemes and the overall setting of the capital programme.

1.2. The PCCCFO

Under paragraph 6 of Schedule 1 to the 2011 Act, every PCC outside London is required to appoint a person to be responsible for the proper administration of the PCC's financial affairs, referred to as the Chief Finance Officer.

The statutory responsibilities of the Chief Finance Officer are set out in section 114 of the Local Government Finance Act 1988 (as amended by paragraph 188 of Schedule 16 to the 2011 Act).

The qualifications required of the Chief Finance Officer are set out in section 113 of the same Act.

The Accounts and Audit (England) Regulations 2011 impose further responsibilities.

Taken together these mean that:

- 1.2.1. The PCCCFO is the officer charged with the responsibility for acting as financial adviser to the PCC.
- 1.2.2. All accounts and financial records must be kept in a form approved by the PCCCFO, in order to enable accurate and consistent information on all financial matters to be obtained.
- 1.2.3. For the purpose of complying with these Regulations the Director and the Chief Constable must provide the PCCCFO with any information which may be required and in addition must allow the PCCCFO access where necessary to the records and documents under their control.

- 1.2.4. All reports to the PCC, which include financial content, must be agreed with the PCCCFO. The PCCCFO, or her representative, has the right to attend meetings of the PCC to give advice or to report on financial matters when deemed necessary to do so to fulfil her statutory duties.
- 1.2.5. The PCCCFO shall review the Financial Regulations annually in conjunction with the Chief Constable's Chief Finance Officer, and submit these for consideration by the PCC. Any financial limits contained within these Regulations shall be reviewed annually by the PCCCFO in conjunction with the Chief Constable's Chief Finance Officer.
- 1.2.6. The PCC's Financial Regulations will apply in relation to any activities carried out by the PCC or their employees, the CC and his officers and staff carrying out work to assist the PCC in the exercise of his function or police officers on behalf of a third party, such as the role of acting as the accountable body for a partnership of authorities, subject to any overriding requirements of the third party for whom the PCC is acting.

In addition the PCCCFO is responsible for :

- (a) ensuring that the financial affairs of the PCC and the Constabulary 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 funding, precept, other contributions and recharges;
- (d) reporting to the PCC, the Police and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC
- (e) reporting to the PCC, the Police and Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- (f) advising the PCC on the robustness of the budget and the adequacy of the financial reserves;
- (g) ensuring production of the statement of accounts of the PCC;
- (h) ensuring receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts;
- (i) liaising with the external auditor;
- (j) advising the PCC on the application of value for money principles by the police force to support the PCC in holding the Chief Constable to account for efficient and effective financial management;
- (k) (as delegated by the PCC) maintaining an effective internal audit function, operating in accordance with best practice as recommended by the CIPFA Code of Practice for Internal Audit as well as statutory obligations and regulations;
- (l) providing timely and accurate financial information to the PCC;
- (m) assisting the PCC in seeking to obtain Continuous Improvement;
- (n) securing treasury management including loans and investments;
- (o) advising, in consultation with the Director, on the safeguarding of the assets, including risk management and insurance;

- (p) advising on budgetary matters including any consequent long term implications;
- (q) establishing and maintaining appropriate financial systems and procedures that are subject to internal audit review;
- (r) advising on the financial implications of new policy developments;
- (s) attending appropriate meetings of the PCC and the CC as required to provide information and advice.

1.3. The Director/Monitoring Officer of the PCC

- 1.3.1. The Director has responsibility for the general administration of the Office of the PCC. All reports and decisions for consideration by the PCC must be cleared by the Director.
- 1.3.2. The PCC has a duty under Section 5 of the Local Government and Housing Act 1989 (as amended by paragraph 202 of Schedule 16 of the 2011 Act) to appoint a Monitoring Officer. The Monitoring Officer is responsible for ensuring the legality of the actions of the PCC and their officers, including ensuring that agreed procedures are followed and that all applicable statutes, regulations and other relevant statements of good practice are complied with.

1.4. The Chief Constable

The Chief Constable's main responsibilities in respect of financial matters are as follows:

- 1.4.1. The Chief Constable is required to appoint a person to be responsible for the proper administration of the Chief Constable's financial affairs, referred to as the Chief Constable's Chief Finance Officer (CCCFO).
- 1.4.2. The Chief Constable shares a responsibility with the PCC to provide efficient management of the policing budget and to secure value for money on behalf of the public. The Chief Constable is accountable to the PCC for the delivery of efficient and effective policy, management of resources and expenditure by the Constabulary.
- 1.4.3. The Chief Constable has day to day responsibility for managing their allocated budget which has been approved by the PCC and ensuring that this remains consistent with the objectives and conditions set by the PCC.
- 1.4.4. The financial management and administration of the CC will be integrated with the Police and Crime Plan.
- 1.4.5. With regard to any report or information for the PCC which relates to budget planning and monitoring, or upon which policy decisions or consultation are to be based, the Chief Constable is responsible for ensuring that the PCC and CC CFOs are consulted about any information to be included about the finances of the PCC, its services and activities.

1.5. CCCFO

Under paragraph 4 of Schedule 2 to the 2011 Act, every Chief Constable is required to appoint a person to be responsible for the proper administration of the Chief Constable's financial affairs, referred to as the Chief Finance Officer.

The statutory responsibilities of the Chief Finance Officer are set out in section 114 of the Local Government Finance Act 1988 (as amended by paragraph 188 of Schedule 16 to the 2011 Act).

The qualifications required of the Chief Finance Officer are set out in section 113 of the same Act.

The Chief Constable's Chief Finance Officer is responsible to the Chief Constable for:

- a) ensuring that the financial affairs of the Constabulary are properly administered and that Financial Regulations drawn up by the PCC (developed in close consultation with the Chief Constable, the two CFOs and the Director) are observed and kept up to date
- b) reporting to the Chief Constable, the PCC and the external auditor any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
- c) reporting to the Chief Constable, the PCC and the external auditor when it appears that expenditure of the Chief Constable is likely to exceed the resources available to meet that expenditure;
- d) advising the Chief Constable on value for money in relation to all aspects of the Constabulary's expenditure;
- e) advising the Chief Constable and the PCC on the soundness of the budget in relation to the Constabulary;
- f) liaising with the external auditor;
- g) producing the statement of accounts for the Chief Constable;
- h) providing information to the PCC CFO as required to enable production of group accounts;
- i) (as delegated by the CC) maintaining an effective internal audit function, operating in accordance with best practice as recommended by the CIPFA Code of Practice for Internal Audit as well as statutory obligations and regulations;
- j) providing timely and accurate financial information to the PCC and CC;
- k) assisting the CC in seeking to obtain Continuous Improvement;
- l) advising on budgetary matters including any consequent long term implications;
- m) advice on the financial implications of new policy developments;
- n) establishing and maintaining appropriate financial systems and procedures, in consultation with the PCCCFO, that are subject to internal audit review;
- o) attending appropriate meetings of the PCC and the CC as required to provide information and advice.

1.6. Strategic and Financial Planning

The PCC and CC share a responsibility to provide effective financial and budget planning for the short, medium and long term.

The medium term financial strategy (MTFS) for both revenue and capital will take into account multiple years, the interdependencies of revenue budgets and capital investments, the role of reserves and the consideration of risks.

It should also have regard to affordability and also CIPFA's Prudential Code for Capital Finance in Local Authorities and should be aligned with the Police and Crime Plan.

- 1.6.1 With regard to any report or information for the PCC which relates to budget planning and monitoring, or upon which policy decisions or consultation are to be based, the PCC is responsible for ensuring that the CC is consulted about that portion of the resources which are under the day to day control of the Chief Constable.

2. Revenue Expenditure

- 2.1. Estimates of expenditure and income shall be prepared by the PCC CFO and the CC CFO in consultation with the Director and the Chief Constable for submission to the PCC for such periods and at such times as shall be determined by the PCC, and in a format agreed by the PCCCFO in consultation with the CC CFO.
- 2.2. The Director and the Chief Constable shall control and manage their respective revenue budgets within any overall "cash limit", within available resources and in accordance with any guidelines issued by the PCC, and shall seek approval from the PCC for any proposal that involves a new policy or a change to a policy where this would have a significant financial effect on the PCC's forward planning of resources.
- 2.3. Subject to regulation 2.4, the Director and the Chief Constable shall be responsible for ensuring that the amount provided in any estimate approved by the PCC shall not in whole or in part be used for any purpose other than that for which it is authorised.
- 2.4. **The Chief Constable's CFO may transfer or move budgets between budget headings, on a permanent or temporary basis up to a value of £100,000, notifying the PCC through the agreed financial and budget reporting process. All proposed virements outside this limit must be reported to the PCC's CFO for approval by the PCC**
- 2.5. **Any forecast over or under spending on the revenue budget should be reported to the PCC as soon as possible. The Chief Constable and Director shall ensure provision is made to meet/apply any over or underspend during the relevant financial year and report action required to the PCC.**
- 2.6. The Director and the Chief Constable shall be empowered to incur expenditure within the approved estimates subject to compliance with the Financial Regulations of the PCC but no expenditure, capital or revenue, shall be incurred in connection with the adoption of any new policy or extension of existing policy without the prior approval of the PCC following consideration of a report.

- 2.7. Where significant savings or increased income were not included in the Budget, but arise fortuitously because of external factors outside the PCC's and/or the CC's control, these new resources should be reported to the PCC before any decision is taken about their utilisation.
- 2.8. The PCC CFO and CC CFO may write off of individual non-pay debts up to a value of £11,000.

3. Capital Expenditure

- 3.1. For the purpose of this financial regulation, capital expenditure shall be expenditure primarily on the acquisition of assets which have a long term value in the provision of services mainly in relation to land and buildings i.e. purchase, construction, improvement or adaptations and expenditure on vehicles, plant and equipment including computer equipment. The PCC CFO, in consultation with the CC CFO will, from time to time, issue guidance on expenditure which is to be treated as capital expenditure.
- 3.2. Programmes of capital expenditure estimates shall be prepared by the Commissioner's Chief Finance Officer in consultation with the Chief Constable's Chief Finance Officer for submission to the Commissioner.
- 3.3. Capital expenditure estimates should be set in accordance with limits as required by CIPFA's Prudential Code for Capital Finance, introduced from 1 April 2004. The PCC CFO shall submit the necessary Prudential Indicators for approval by the PCC as part of the capital programme process.
- 3.4. Approval by the PCC of the programme of capital expenditure estimates (The Capital Programme) shall constitute the authority for the Director and the Chief Constable to incur expenditure. Additions and amendments to the authorised Capital Programme may be made at any time with the approval of the PCC.
- 3.5. For individual major capital schemes the estimated expenditure committed under the above authority must not exceed by more than 10% (or £100,000, whichever is the lower), the amount in the Capital Programme.
- 3.6. If estimated expenditure, based on the tender valuation for an individual scheme, does exceed the approved Capital Programme figure by more than the above limits then approval to the excess must be sought from the PCC before any commitment is entered into.
- 3.7. In the case of minor works, where a 'block' allocation is approved by the PCC as part of the capital expenditure estimates (The Capital Programme), estimated expenditure committed must not exceed by more than 10% (or £100,000, whichever is the lower), the total amount in the 'block' approval within the Capital Programme.
- 3.8. If estimated expenditure, based on the tender valuation, does exceed the total amount in the 'block' approval approved in the Capital Programme figure by more than the above limits, then approval to the excess must be sought from the PCC before any commitment is entered into.

- 3.9. The estimated expenditure referred to in paragraph 3.5 shall be the amount of the accepted tender (adjusted if necessary for any non-contract items), or, if there is no tender, the original estimate of cost. This figure shall constitute the approved amount for monitoring purposes.
- 3.10. Cost increases which arise in the course of a project are to be treated as follows:-
- (i) if additional payments arising from cost increases are required to allow a project to continue without delay or if the cost increases arise from fluctuations in the price of loose furniture and equipment, no prior approval is required but retrospective approval must be sought from the PCC;
 - (ii) if total increased costs, including any previous increases are less than 5% of the accepted tender (or less than £50,000, whichever is the lower) approval to the increase may be given by the Director or Chief Constable; for increases between 5% to 10% (or £50,000 to £100,000, whichever is the lower), approval to the increase may be given by the PCC CFO on the recommendation of the Director or Chief Constable, approvals must be reported to the PCC for information;
 - (iii) approval to any other cost increases in excess of this must be sought from the PCC before any expenditure arising from such cost increases is committed.
- 3.11. The PCC CFO shall be responsible for advising the PCC as to the appropriate method of financing all proposed capital schemes, after consultation with the Director, the Chief Constable and the CC CFO.
- 3.12. When the PCC has approved any scheme for the construction of new works or any proposal involving capital expenditure, it shall be the duty of the Chief Constable to submit regular reports to the PCC, as part of the financial monitoring process, on progress being made on the scheme when the scheme extends beyond 12 months' duration.

4. Police and Crime Plan and Performance Review

- 4.1 The PCC is required under the provisions of the 2011 Act to issue a Police and Crime Plan (Plan) which sets out:-
- (i) the police and crime reduction objectives;
 - (ii) the policing which the Chief Constable is to provide;
 - (iii) the financial and other resources which the PCC is to provide to the Chief Constable for policing;
 - (iv) the means by which the Chief Constable will report to the PCC on the provision of policing;
 - (v) the means by which the Chief Constable's performance in providing policing will be measured;
 - (vi) the crime and disorder reduction grants which the PCC is to make and the conditions (if any) to which such grants are to be made.

- 4.2 The PCC may vary the existing Plan or issue a new one at any time and will, in any case, review the Plan in the light of any report or recommendation made by the Police and Crime Panel or any changes to the Strategic Policing Requirement issued by the Secretary of State.
- 4.3 Before issuing or varying a Police and Crime Plan, the PCC must:
- (i) prepare a draft of the plan or variation;
 - (ii) consult the Chief Constable in preparing a draft plan or variation;
 - (iii) send the draft plan or variation to the Police and Crime Panel;
 - (iv) have regard to any report or recommendations made by the Police and Crime Panel on the draft plan or variation;
 - (v) give the Police and Crime Panel and response to their report/recommendations; and
 - (vi) publish any such response.
- 4.4 The PCC must keep the Plan under review, and scrutinise, support and challenge the overall performance of the force, including against the priorities agreed within the plan.
- 4.5 The Chief Constable shall consult the PCC CFO on those parts of the Plan which deal with the financial resources expected to be available and the allocation of those resources, and shall seek the PCC CFO's agreement thereto. The Plan and the Budget finally approved must both be consistent with each other, and clearly show the approved allocation of resources (as required by the Police Reform and Social Responsibility Act 2011, and the CIPFA Service Reporting Code of Practice).
- 4.6 The Chief Constable will maintain accurate and reliable systems to produce the financial performance indicator data required for any performance indicators, according to national criteria and deadlines.
- 4.7 The Chief Constable and the Constabulary will actively seek opportunities for improved financial performance and best value for money, and may also use and will assist the Internal Audit Staff to perform studies and reviews as required.
- 4.8 The PCC will ensure that the planning process complies with all national requirements, including those arising from statutes and regulations and the application of any relevant guidance and Codes of Practice.

5 Treasury Management

- 5.1 The PCC has adopted CIPFA's Treasury Management in Public Services: Code of Practice
- 5.2 The PCC CFO shall create and maintain a Treasury Policy Statement and suitable Treasury Management Practices as recommended in the CIPFA Treasury Management in Public Services: Code of Practice.
- 5.3 The PCC CFO shall undertake to submit reports to the PCC on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its Treasury Management Practices.
- 5.4 The PCC sets its Treasury Management Strategy in line with the indicators required under the CIPFA Prudential Code for Capital Finance.
- 5.5 Within the approved indicators set for the authorised limit and operational boundary for debt, the PCC CFO shall have delegated authority to switch between the levels agreed for borrowing and other credit liabilities.
- 5.6 The PCC is directly responsible for loans, investments and for borrowing money.
- 5.7 The Chief Constable is not able to borrow
- 5.8 Shared banking arrangements will be in operation to ensure surplus funds are pooled and invested.

6 Receipts and Payments

- 6.1 All banking arrangements shall be made solely by the PCC CFO who shall be authorised to open such accounts in the name of the PCC and to give such directions as shall be necessary for the making of payments on behalf of the PCC and deposit of money received by the PCC.
- 6.2 The CC CFO shall ensure that the procedures for any covert accounts required for operational policing purposes are maintained in accordance with clear procedures set by them and approved by the PCC CFO. These shall be subject to normal internal and external audit requirements.
- 6.3 All receipts shall be paid into and all payments shall be made out of the Police Fund by or under the direction of the PCC CFO.
- 6.4 Arrangements for the safe and efficient receipt and accounting of all monies due to the PCC shall be subject to the supervision of both CFOs who may issue such instructions as they deem necessary.
- 6.5 The PCC CFO, in consultation with the CC CFO, shall issue such instructions as they deem necessary on the procedures for the ordering of goods and the

verification of invoices and claims; and they shall be entitled to make enquiries and to receive such information and explanation as they may reasonably require.

- 6.6 Invoices and claims for payment shall be examined, verified and certified in such form and manner as shall be prescribed by both CFOs.
- 6.7 The PCC and CC CFOs shall provide such imprest and advance accounts as they consider suitable for the purpose of defraying petty cash and other expenses, and shall issue the necessary instructions to imprest holders for the setting up and operation of these accounts. Bank accounts required for this purpose must be opened by the PCC CFO and will be subject to Financial Regulation 6.1.
- 6.8 The PCC CFO shall, to the extent they consider necessary, make arrangements to examine, prior to payment, the final accounts of contracts.
- 6.9 Without prejudice to the legal obligations of the nominated Architect, Engineer or Consultant under the contract, on the completion of any contract for Building Construction or Engineering Works, the final certificate of completion shall not be issued until detailed statements of account and other relevant documents have been provided to the PCC by the appointed Architect Consultant or Engineer.

7 Salaries and Pensions

- 7.1 The PCC's responsibility is limited to specific decisions and discretions concerning the pension and retirement of PCC staff and discretion on the application of pension forfeiture.
- 7.2 The assessment, calculation and payment of all salaries, pensions, superannuation payments, compensation and other emoluments or allowances to employees or former employees of the PCC and CC shall be made in a manner determined and approved by both CFOs.
- 7.3 Under the Police Pension Fund Regulations 2007 the Chief Constable is responsible for ensuring the administration of the pension schemes and the appropriate maintenance and provision of the relevant accounts. The Chief Constable is responsible for ensuring that accurate and up to date information is provided to the Home Office on the Force's Pensions Account and future forecasts for police pensions income and expenditure. Any pension returns to the Home Office will be authorised by the PCC CFO
- 7.4 The Chief Constable and PCC are responsible for ensuring the administration of the LGPS which is governed by the LGPS (benefits, Membership and Contributions) Regulations 2007 and the LGPS (Administration) Regulations 2008 under Section 7 of the Superannuation Act 1972 and the appropriate maintenance and provision of the relevant accounts.
- 7.5 **The PCC CFO and CC CFO may write off pension and salary overpayments where any individual debt is below £11,000**

8 Accounting Procedures and Systems

- 8.1 New accounting procedures and systems shall not be introduced or existing systems amended without consultation with, and the prior approval of, the PCC CFO.
- 8.2 The annual accounts of the PCC shall be prepared by the PCC CFO who shall produce a statement of the PCC's accounts, supplemented by such other information relating to the finances of the PCC as may be required, including the receipt and scrutiny of the statement of accounts of the Chief Constable, prepared by the CC CFO and the production of the group accounts.

9 Contracts, Agreements and Purchasing

- 9.1 The Director and the Chief Constable shall keep a record of all written contracts, agreements, awards and other instruments involving the payments or receipt of money by the PCC, in accordance with the requirements of the Standing Orders relating to Contracts.
- 9.2 The Director and the Chief Constable will ensure that all transactions comply with the requirements of any relevant regulations.
- 9.3 Purchase of equipment, goods and materials shall be effected through the most economical and practical means making use of contracts arranged through the Home Office and other bodies where these are available. The PCC CFO, in consultation with the CC CFO, shall issue such general instructions as is deemed necessary and shall be entitled to make such enquiries and to receive such information and explanations as may reasonably be required.
- 9.4 If services are purchased from other PCCs, or from the private sector, the Director/Chief Constable and the PCC CFO must be satisfied that the services bought take into account any Public Contracts Regulations and represent an efficient and effective use of resources. The Chief Constable and Director should have, or secure, the necessary expertise to set up suitable contractual arrangements.
- 9.5 All financial and other support services which are run within the Constabulary, and more generally all procurement of services, commodities and facilities for the PCC and the Constabulary, should be subject to value for money principles.
- 9.6 The Chief Constable and the Director are responsible for ensuring that, where appropriate, standing orders in respect of contracts and tenders and the PCC's approved arrangements in connection with purchasing and supplies are complied with before official orders are issued.
- 9.7 Every employee of the PCC and the Constabulary or member of the Combined Audit Committee has a responsibility to declare any links or personal interests which they may have with suppliers and/or contractors if

they are engaged in contractual or purchasing decisions on behalf of the PCC. It is important for everyone involved in spending public money to demonstrate that they do not benefit personally from decisions that they make, and to avoid any situation which might be regarded as compromising due objectivity and impartiality. The ethical standards of the PCC and the Constabulary should be fully observed when dealing with suppliers or contractors.

- 9.8 All orders or requisitions issued shall be on pre-numbered official stationery as agreed or otherwise authorised by the Chief Constable/Director in liaison with the PCC CFO. Any new systems may only be implemented after prior approval of the Director or the Chief Constable upon the advice of both CFOs.
- 9.9 Use of the internet to place orders electronically shall be in accordance with any overall policy of the PCC and will comply with the procedures and guidance issued by the Director or Chief Constable having regard to advice from both CFOs.
- 9.10 The use of credit or purchasing cards is permissible in specific instances agreed by the Director or Chief Constable and is subject to financial procedures and guidance which he/she will provide having regard to advice from the PCC CFO, and subject to any overall policy of the PCC on this aspect.
- 9.11 The use of regulated auction sites. e.g. 'e bay' for the purchase of goods is not permitted. Where obsolete or surplus goods or equipment are to be sold and it is economically advantageous to dispose of goods through regulated auction sites , the use of such sites is at the discretion of the CFOs.

10 Inventories and Stocks and Stores Records

- 10.1 The Director and the Chief Constable shall be responsible for the safe custody and physical control of stores and equipment and for the maintenance of records in the form approved by the CFOs. The records shall include such items as the CFOs, after consultation with the PCC and Chief Constable, consider necessary.
- 10.2 The Director and the Chief Constable shall arrange annual physical checks of equipment and stores against relevant records by officers other than those responsible for their custody and control.

11 Insurance

- 11.1 The PCC CFO shall arrange and administer all insurances as directed by the PCC.
- 11.2 The Director and the Chief Constable shall notify the PCC CFO promptly of all risks, liabilities, properties or vehicles which require to be insured and of any alterations affecting risks or insurances indicating the amount of cover required.

- 11.3 The Director and the Chief Constable shall immediately notify the PCC CFO of any fire, loss, accident or other event which may give rise to a claim against the PCC's insurers.

12 Irregularities

- 12.1 All financial or accounting irregularities or suspected irregularities, or of any circumstances which may suggest the possibility of irregularities, including those affecting cash, stores, property, remuneration or allowances shall be immediately reported to the PCCs CFO. The PCC CFO in consultation with the CC CFO, shall determine the scope of any internal enquiries or investigations.
- 12.2 The Director and Monitoring Officer, in consultation with the Chief Constable shall decide whether any matter should be referred for Police investigation or other appropriate action be taken.
- 12.3 Reports relating to financial irregularities which reveal irregularities of a serious nature shall be drawn to the attention of the PCC.

13 Internal Audit

- 13.1 Both CFOs shall maintain an adequate and effective internal audit of the accounts and control environment of the PCC, Constabulary and of its officers and submit appropriate reports to the Chief Constable and the combined Audit Committee and the Home Office.
- 13.2 The CFOs shall have regard to any relevant professional codes, guidelines and any audit standards issued by the Auditing Practices Board of the Consultative Committee of Accountancy Bodies and CIPFA.
- 13.3 The PCC CFO or her representative shall have access for any necessary examination and audit, at all reasonable times, to all cash, property, documents, books of account, vouchers and electronic records appertaining in any way to the finances of the PCC, and shall be entitled to require such explanations as may be reasonably considered necessary to satisfy himself of the correctness of any matter under examination. Similar rights of access and explanation shall be given to the PCC's external auditor.

14 Voluntary Funds

- 14.1 Voluntary funds held by an employee acting by virtue of his office or employment shall be notified to the Chief Constable who shall, where necessary, in consultation with, and on the advice of both CFOs, prescribe from time to time procedures for ensuring that such funds are properly administered, accounted for and audited.

15 Sponsorship and Third Party Agreements

- 15.1 Any proposal involving sponsorship, gifts and loans to the Constabulary by a third party will be governed by the relevant policy and acceptance of such must be in accordance with the terms of the policy. Any offers which are outside of the policy will be subject to the approval of the Commissioner.
- 15.2 The PCC is responsible for approving the contractual arrangements for any work by the Constabulary for or with third parties or external bodies. All joint relationships or working arrangements involving the PCC or the Constabulary should be in the name of the PCC, formally agreed and documented by the PCC. All such agreements should be scrutinised by the Monitoring Officer and Constabulary Solicitor before submission by the Chief Constable (in liaison with the Director) to the PCC for approval. This does not apply to the provision of mutual aid by the Chief Constable, nor the charging for routine services provided by the chief constable, such as Policing of football matches nor advice or assistance to international organisations under the Police Act 1996, which are operational matters and exempt but are subject to consultation with the Commissioner.
- 15.3 An annual report of Sponsorship received shall be provided by the Chief Constable to the Commissioner

16 Reserves and Provisions

- 16.1 The PCC shall establish a policy on reserves and provisions (including how they might be used by the Director and the Chief Constable). This should have due regard to the need to ensure the ongoing funding of activities and the requirement to meet exceptional or extraordinary policing and crime operations.
- 16.2 General reserves shall be held by the PCC and managed to balance funding and spending priorities and to manage risk.

17 Fees and Charges

- 17.1 The PCC and Chief Constable shall adopt the 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.

FINANCIAL REGULATIONS - TERMS

Police and Crime Plan

The PCC is required under the provisions of the Police Reform and Social Responsibility Act 2011 to issue a police and crime plan which sets out the strategic direction and objectives of the police force and has regard to the Strategic Policing Requirement set by the Home Secretary. The PCC may vary an existing Plan or issue a new one at any time and will in any case review the plan in the light of any report or recommendation made by the Police and Crime Panel or any changes to the Strategic Policing Requirement issued by the Secretary

Revenue Budget

The revenue budget provides an estimate of the annual income and expenditure requirements for the Police Service and sets out the financial implications of the PCC's policies. It provides PCC to incur expenditure and a basis to monitor financial performance.

Capital Programme

Capital expenditure is an important element in the development of the PCC's services, representing major investment in new and improved assets. The regulations provide a consistent framework for the preparation and appraisal of the capital programme, appropriate authorisation for schemes to proceed, and the proper management of the programme.

Treasury Management

Treasury Management comprises the arrangements for managing the PCC's cash flow, its borrowing activities and its lending activities, and is the responsibility of the PCC CFO, in accordance with the PCC's agreed policies.

Voluntary Funds

These funds are not owned by the PCC, but it is unreasonable to expect contributors to distinguish between them and official monies. Therefore, standards of accounting and propriety need to be the same as those expected for official monies.

Internal Audit

The Accounts and Audit Regulations 1996 require the PCC to maintain an adequate and effective internal audit of the PCC's accounts. This responsibility has been delegated by the PCC to the CFO as 'Responsible Financial Officer'. The Financial Regulations provide the framework for the discharge of this statutory duty.