

## NORTHUMBRIA POLICE AND CRIME COMMISSIONER

### Key Decisions

#### Title and Reference: Adoption of Governance Framework

#### Summary

A Governance Framework has been drafted for the purposes of the Police and Crime Commissioner of Northumbria.

The purpose of the Governance Framework is primarily to provide an integrated scheme of governance in order to give clarity to the way the two corporations' sole, Police and Crime Commissioner and Chief Constable of Northumbria Police, will govern both jointly and separately. The Governance Framework includes a Statement of Corporate Governance, a Scheme of corporate Governance, Financial and Contract Regulations and the Governance Structures, Procedures, Protocols and Memoranda.

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

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

Operating within this framework, the PCC and the Chief Constable intend to build upon existing good governance principles and experience and this is reflected in the document.

#### Recommendation/ Findings:

It is recommended that the Commissioner adopts the Governance Framework.

#### Northumbria Police and Crime Commissioner

I hereby approve the recommendation above.

Signature



Date 7<sup>th</sup> August 2014

# **GOVERNANCE FRAMEWORK**

**2014/2015**

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# **Statement of Governance for the Police and Crime Commissioner and Chief Constable of Northumbria Police**

## **Introduction**

The purpose of this statement is primarily to provide an integrated scheme of governance in order to give clarity to the way the two corporations' sole, Police and Crime Commissioner and Chief Constable of Northumbria Police, will govern both jointly and separately.

## **Context**

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

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

Operating within this framework, the PCC and the Chief Constable intend to build upon existing good governance principles and experience.

In accordance with the CIPFA / SOLACE framework on corporate governance, the PCC and Chief Constable are required to produce separate annual governance statements to show how their respective organisations have complied with this joint code of corporate governance.

## **Principles**

The core principles to be adopted by both corporations sole will be those highlighted by the good governance standard for public services<sup>1</sup>:

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

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<sup>1</sup> Also referred to as the Nolan Principles

## **Framework / Instruments of governance**

The corporate governance framework within which the PCC and Chief Constable will govern, both jointly and separately will consist of:

- Statement of corporate governance – statutory framework and local policy,
- Scheme of corporate governance – defines the parameters within which the corporations sole will conduct their business,
- Separate policy and procedures for each corporation sole, with protocols and other governance documents where they operate jointly.

## **Scheme of Corporate Governance 2014/15**

### **Definitions within this Scheme of Governance**

1. The Police and Crime Commissioner shall be referred to as the PCC
2. The PCC's chief finance officer shall be referred to as the PCC CFO
3. The Chief Constable's chief finance officer (CC CFO) is the Director of Finance
4. The 'Force' shall refer to the Chief Constable, police officers, police civilian staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under the Chief Constable's direction and control
5. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders

This scheme sets out the common understanding and agreement of the PCC and Chief Constable as to the ways in which certain functions will be governed and managed.

The scheme includes, but is not limited to, formal delegations by the PCC and the Chief Constable. It also includes activities where the Chief Constable acts in her own right and/or pursuant to the duty to exercise her power of direction and control in such a way as is reasonable to assist the PCC to exercise her functions<sup>2</sup>.

### **Delegation**

The PCC may not arrange for any constable or any person employed by the Chief Constable to exercise any of the PCC's functions (section 18 PRSRA). Under this scheme, there is no formal delegation of any function from the PCC to any constable or member of police staff. Where this scheme refers to a delegation, that is a reference to a delegation of a function or power:

- (a) By the PCC to the Deputy PCC or to a member of her own staff; or
- (b) By the Chief Constable to another police officer or member of police civilian staff

### **Chief Constable's own functions**

The statutory restriction on delegation does not prevent the Chief Constable carrying out functions in her own right. That is a wide-ranging power: in addition to broad functions of keeping the peace and enforcing the law, the Chief Constable also has the power "to do anything which is calculated to facilitate, or is conducive or incidental to, to the exercise of

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<sup>2</sup> PRSR Act section 2(5)

[her] functions”<sup>3</sup>. This scheme also deals with the ways in which certain of the Chief Constable’s functions will be exercised in such a way as is reasonable to assist the PCC to exercise her functions. For the avoidance of doubt, these are not delegations from the PCC. Nothing in this scheme is intended to fetter the Chief Constable’s operational independence.

### **Consent**

There are certain statutory restrictions on the Chief Constable’s power to exercise certain functions in her own right: the Chief Constable may not acquire or dispose of land, and needs the consent of the PCC to enter into contracts and to acquire or dispose of property. This scheme also sets out the conditions on which the PCC has given consent to the Chief Constable to enter into contracts - other than contracts of employment - and to acquire or dispose of property (other than land<sup>4</sup>). For the avoidance of doubt, this is not a delegation from the PCC – it is the PCC giving consent to the Chief Constable to exercise certain functions in her own right, subject to compliance with this Scheme.

The PCC gives consent to the Chief Constable to enter into contracts and to acquire or dispose of property other than land, subject to the requirements of Financial Regulations, including Contract Regulations up to a value of £500,000.

Notwithstanding any specific requirements in this Scheme, the Commissioner shall be consulted in relation to any projects/areas of work which may have a significant impact on any of the communities in the Northumbria Police area. The Commissioner requires consultation at both outline business case and full business case stage, including evaluation of the business case.

In particular, but not exclusively, the PCC shall approve :-

- i. All Contracts considered by the Chief Constable to be of a sensitive nature (politically, ethically, reputationally or in any other way) irrespective of value.
- ii. All land acquisitions and disposals.

A quarterly report will be submitted to the PCC setting out all contracts awarded which exceed a value of £20,000.

### **Key Principles**

Officers and staff of the Chief Constable may assist the PCC to exercise her functions; indeed the Chief Constable is under a statutory duty to exercise direction and control in such a way as is reasonable to give that assistance<sup>5</sup>. This scheme sets out some of the ways in which that assistance will be given. For the avoidance of doubt, these are not delegations from the PCC.

The statutory officers are responsible for ensuring that members of staff they supervise are aware of and comply with the provisions and obligations of this Scheme of Delegation

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<sup>3</sup> PRSR Act, schedule 2, paragraph 7(1)

<sup>4</sup> Land includes the buildings thereon

<sup>5</sup> PRSR Act section 2(5)

The PCC must not restrict the operational independence of the police force and the Chief Constable who leads it.

To enable the PCC to exercise the functions of her office effectively she will need reasonable access to information held by the Force and police officers and civilian staff employed by the Chief Constable. This access must not be unreasonably withheld or obstructed by the Chief Constable or any of her employees.

## **1. Introduction**

- 1.1 The Statement of Governance gives clarity to the way the two corporations sole (i.e. PCC and Chief Constable) will govern both jointly and separately to ensure they are conducting business in a lawful and efficient manner.
- 1.2 This Scheme of Corporate Governance sets out the delegations from the PCC and the Chief Constable to their respective staff. In addition, it incorporates other instruments such as the financial regulations and standing orders relating to contracts.
- 1.3 This Scheme aims to clarify those powers which, for the benefit of good business practice, are given to the statutory officers. The PCC and Chief Constable may limit these powers and/or remove delegation.
- 1.4 This Scheme provides a framework which ensures business is carried out lawfully and efficiently, ensuring that decisions are not unnecessarily delayed and are taken at the appropriate level. It forms part of the overall corporate governance framework of the two corporations sole.
- 1.5 Powers are given to the PCC and Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the PCC and/or the Chief Constable or, as in the case of police regulations, the Secretary of State for the Home Department.
- 1.6 Any powers or duties placed on other statutory officers should be exercised lawfully in accordance with the PCC's and Chief Constable's respective delegations, standing orders and financial regulations, and also relevant policies, procedures, plans, strategies and budgets
- 1.7 This Scheme does not identify all the statutory duties which are contained in specific laws and regulations, however it provides the framework in which the various duties and powers are exercised.

## **2. General principles of delegation**

- a. The persons appointed as the PCC's Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officer<sup>6</sup> have statutory powers and duties relating to their positions and therefore, do not rely on matters being delegated to them to carry out these specific powers and duties.
- b. This scheme provides an officer with the legal authority to carry out appropriate duties of the PCC and/or Chief Constable. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
  - The Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act (e.g. policing Protocol Order).
  - Financial Regulations

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<sup>6</sup> appointed under Schedule 1, paragraph 6(1)(b) of the PRSR Act 2011



- Contract Regulations
  - Home Office Financial Management Code of Practice
  - CIPFA Statement on the role of the Chief Financial Officer of the PCC and the director of Finance of the Chief Constable
  - The PCC and Chief Constable's joint governance framework
  - The PCC's and Northumbria Police policies and procedures.
  - The Data Protection Act 1998 and the Freedom of Information Act 2000
  - Health and safety at work legislation and codes.
- c. This Scheme is a record of the formal delegations that are in effect at the time of its publication. The PCC and Chief Constable's joint governance framework, including this Scheme will be reviewed at least annually. With the exception, of those matters listed in paragraph 4.6, any person to whom a power is delegated under this scheme may sub-delegate that power as they deem appropriate. The formal responsibility and accountability to the PCC or Chief Constable for the effective discharge of such sub-delegated powers legally remains with the person to whom the power was delegated by the PCC or Chief Constable.
- d. The PCC and/or Chief Constable may ask that a specific matter be referred to them for a decision and not be dealt with under powers of delegation.
- e. The scheme does not attempt to list all matters which form part of everyday management responsibilities.
- f. Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the PCC and/or Chief Constable for a decision if the officer thinks this is appropriate (for example, because of sensitive community and stakeholder issues or any matter which may have a significant operational or financial implications).
- g. The PCC and Chief Constable may set out their reporting arrangements on actions undertaken by their own staff in respect of the use of powers delegated to them.

### **3. Financial Regulations, including Contract Regulations**

- 3.1 Financial regulations explain the working financial relationship between the PCC, the Chief Constable and their respective chief finance officers, having regard also to the role played by the Chief Executive.
- 3.2 Financial Regulations ensure that financial dealings are conducted properly and in a way which incorporates recognised best practice and focuses on bringing operational and financial management together with timely and accurate financial information. They also include sufficient safeguards for both chief finance officers who are responsible for ensuring that the financial affairs of the PCC and police force are properly administered to discharge their statutory obligations.
- 3.3 Embedded within Financial Regulations are the Contract Regulations which is a single set of standing orders relating to contracts. These regulations explain the procedures to be followed for procurement, tenders and contracts, including tender thresholds and authorisation levels.

## **4. Role of the PCC**

4.1 The role and primary responsibilities of the PCC includes:

- Providing a link between the police and the community, which involves obtaining and representing the views of local people, councils and other criminal justice organisations
- Setting out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan
- Setting out the Force's budget and community safety grants
- Setting the policing and crime precept
- Overseeing community safety, the reduction of crime and value for money in policing
- Commissioning victims' and witness services , including restorative justice
- Holding the Chief Constable to account for the performance of the Force, including that of police officers and civilian staff under her direction and control
- Appointing the Chief Constable (and dismissing them when necessary)
- Preparing and publishing an annual report on progress in the delivery of the Police and Crime Plan

4.2 The PCC owns all land and buildings and will sign contracts in accordance with the requirements of financial regulations. In approving the annual treasury management strategy she approves borrowing limits for both her own office and the Force.

4.3 The PCC will receive government grants and the council tax precept. Other sources of income received by the Force will be paid into the police fund. How this funding is allocated to operational activities is for the Chief Constable to decide in consultation with the PCC, and in accordance with the priorities and objectives set out in the Police and Crime Plan, the Strategic Policing Requirement, or in accordance with any Government grant terms and conditions.

4.4 When exercising her duties and functions, the PCC must have regard to the following:

- The views of the people in the Northumbria Police area, including victims of crime
- Any report or recommendation made by the Police and Crime Panel in respect of the Police and Crime Plan, the proposed annual precept, and the annual report for the previous financial year.
- The Police and Crime Plan and any guidance issued by the Secretary of State, including specifically the Strategic Policing Requirement.

(Note: this list is a summary and is not exhaustive)

4.5 The PCC may arrange for any person (who is not the Deputy PCC) to exercise any of her functions, with the exception of those listed below:

- Determining the policing and crime objectives in the Police and Crime Plan

- Issuing the Police and Crime Plan
  - Calculation of the budget requirement
  - Appointing or suspending the Chief Constable, or calling upon the Chief Constable to retire or resign
  - Attendance at the Police and Crime Panel in compliance with a requirement by the Panel to do so
  - Attendance at, and presenting the annual report to, the Police and Crime Panel.
- 4.6 The Police and Crime Panel exercises checks and balances on the PCC through reviewing and/or scrutinising her decisions and actions, but not those of the Chief Constable.
- 4.7 The PCC may appoint a deputy to exercise her functions, with the exception of those which cannot be delegated as defined by the Police Reform and Social Responsibility Act 2011, as listed below:
- Issuing the Police and Crime Plan
  - Appointing or suspending the Chief Constable, or calling upon the Chief Constable to retire or resign
  - Calculation of the budget requirement.
- 4.8 The PCC will be responsible for handling complaints and conduct matters in relation to the Chief Constable, monitoring the Chief Constable's handling and investigation of complaints against police officers and civilian staff, and complying with the requirements of the Independent Police Complaints Commission.
- 4.9 The PCC has wider community safety, crime reduction and criminal justice responsibilities than those solely relating to the responsibilities and activities of the police force.

## **5. Role of the PCC's Chief Executive**

- 5.1 The PCC must appoint a person to be the head of the PCC's staff (referred to as the Commissioner's 'chief executive') to act as the head of the body's paid service under Section 4 of the Local Government and Housing Act 1989.
- 5.2 The Chief Executive is the head of the PCC's staff, and is also the Monitoring Officer for the PCC.
- 5.3** The formal delegations from the PCC to the Chief Executive, which are in effect at the time of the publication of this scheme, are listed in Appendix 1.

## **6. Role of the PCC's Chief Finance Officer (CFO)**

- 6.1 The PCC must appoint a person to be responsible for the proper administration of the PCC's financial affairs, in accordance with the Financial Management Code of Practice, as issued by the Home Office.

- 6.2 As the chief finance officer to the PCC, the post-holder has a statutory responsibility to manage the PCC's financial affairs in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 6.3 The detailed financial management responsibilities of the PCC's CFO, which includes a number of delegated powers, are set out in the financial regulations .

## **7. Role of the Chief Constable**

- 7.1 The Chief Constable is responsible for maintaining the Queen's peace and for the direction and control of the Force.
- 7.2 The Chief Constable is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, and management of resources and expenditure by the police force.
- 7.3 The list of delegations from the Chief Constable to key Force Personnel is attached at Appendix 2.
- 7.4 The Chief Constable shall appoint suitably qualified and experienced heads of department.

## **8. Role of the Director of Finance**

- 8.1 The Chief Constable must appoint a person to be responsible for the proper administration of the Force's financial affairs, in accordance with the Financial Management Code of Practice, as issued by the Home Office.
- 8.2 As the chief finance officer appointed by the Chief Constable there is a statutory responsibility for the post-holder to manage the force's financial affairs, in accordance with sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended).
- 8.3 The detailed financial management responsibilities of the Director of Finance, which includes a number of delegated powers, are set out in the Financial Regulations

## **9. Role of the Assistant Chief Officer**

- 9.1 The Assistant Chief Officer (Corporate Services) is a member of the Chief Officer Team responsible for providing strategic leadership to ensure professional and transactional services within the Corporate Services portfolio are integrated and aligned to force priorities in the most efficient and effective way and for developing the strategic business framework to ensure the force has the capacity and capability to achieve its policing objectives.

## **10. Role of the Director of Legal Services**

- 10.1 To institute, defend or participate in legal actions to protect the interests of Northumbria Police and the Office of the PCC
- 10.2 To provide advice, institute and defend legal proceedings on behalf of the PCC when requested to do so and where there is no identifiable conflict of interest between the PCC and the Chief Constable.

## **11. Heads of Department**

- 12.1 In addition to those mentioned above the Chief Constable will appoint appropriate Heads of Department to assist with the governance of the force.

## **11. Urgency Provisions**

### PCC

- 13.1 If any matter which would normally be referred to the PCC (or Deputy PCC) for a decision arises and cannot be delayed, in the absence of the PCC or Deputy PCC the matter may be decided by the appropriate chief officer.
- 13.2 The appropriate chief officers authorised to decide urgent matters are:
  - the Chief Executive (all issues);
  - the PCC's Chief Finance Officer (financial and related issues).
- 13.3 Urgent decisions taken must be reported to the PCC as soon as practicably possible.

### Police Force

- 13.4 If any matter which would normally be referred to the Chief Constable (or Deputy Chief Constable) for a decision arises and cannot be delayed, in the absence of the Chief Constable, or Deputy Chief Constable the matter may be decided by an appropriate member of the Chief Constable's Management Team.
- 13.5 Urgent decisions taken must be reported to the Chief Constable as soon as practicably possible.

**DELEGATIONS FROM THE PCC**

**Delegations from the PCC to the Chief Executive**

1. To sign contracts on behalf of the PCC and to affix the Common Seal of the Commissioner in accordance with the Financial and Contract Regulations.
2. To issue or serve any notice, licence, order, consent or approval in respect of any matter delegated to an officer at the request of that officer.
3. To be the person responsible for the management of the Property Function.
4. To place orders (but not determine the need for orders) for goods, services and work within budgetary provision up to the value at which European Procurement Directives apply, subject to:-
  - I. compliance with Financial and Contract Regulations;
  - II. a report being submitted to the Commissioner for information.
5. To appoint Technical Consultants as and when required to progress the Capital Programme.
6. To add firms to or delete firms from the Commissioner's approved list of Building Contracts and Architectural Services Consultants in accordance with approved criteria.
7. To negotiate a tender and appoint a consultant selected from the Approved list of Architectural Services Consultants in accordance with the criteria submitted where he/she considers it to be in the best interests of the Commissioner and where the fee (inclusive of expenses) is within budgetary provision and is estimated to be less than the value at which European Procurement Directives apply.
8. To authorise persons to enter and survey land pursuant to section 15 of the Local Government (Miscellaneous Provisions) Act 1976 and section 324 (6) of the Town and Country Planning Act 1990.
9. In consultation with the Commissioner to grant licences and fees for radio installations / masts and aerials which conform to approved standards and to report such approvals retrospectively to the Commissioner for information.
10. To let non-surplus empty properties to be managed in-house and let at

- market rents after being advertised on the open market, subject to retrospective reporting to the Commissioner.
11. To arrange for the service of notices to quit in order to obtain possession of land for a purpose already approved by the Commissioner or to enable a variation to be made in the terms upon which a tenancy of land is held.
  12. To acquire and / or dispose of property at its open market value as certified by a qualified valuer, the capital value of which does not exceed £120,000 and which is included in the Strategy outlined for the year in the Police and Crime Plan, such transactions to be reported retrospectively to the Commissioner.
  13. To make application to the Highway Authority for the grant of licences for apparatus over, in and under streets.
  14. To be responsible for preparing for the Commissioner's approval and keeping under review the delegations in this part.
  15. The Chief Executive has responsibility for ensuring that all decisions taken by the Commissioner are duly made and recorded in accordance with the requirements and in a form to be prescribed by the Chief Executive, and to maintain and publish appropriate records and minutes of such decisions.

### **General Delegation to the Chief Executive**

1. Such matters as are referred for decision by the Chief Executive in the Financial and Contract Regulations.

## **Delegation from the PCC to the Chief Finance Officer**

1. To prepare and keep under review the Scheme of Consent, in consultation with the Chief Executive the Chief Constable and her Director of Finance
2. To approve the arrangements for the Treasury Management function, including the day to day management, production of a Treasury Management Strategy and supporting policies and procedures approved by the Commissioner.
3. To provide information to the Police and Crime Panel, as reasonably required to enable the Panel to undertake its functions.
4. seek assurances there are appropriate arrangements in place within the Force for proper financial management.
5. To undertake the day to day financial management of the Commissioner's budget.
6. To commit expenditure within the approved budget to meet the policies and objectives agreed with the Commissioner and reflected in the Police and Crime Plan.
7. In accordance with the Financial and Contract Regulations, advise the Commissioner of performance against the approved capital programme and revenue budget;.
8. To manage the financial arrangements in relation to any grants awarded by the Commissioner or Deputy Commissioner.
9. To authorise payments, without having to obtain approval and regardless of whether or not provision has been made in the revenue budget in relation to:
  - I. payments required by law;
  - II. payments ordered by the court;
  - III. payments due under any agreement entered into by the Commissioner.
10. To make necessary arrangements for preparing the Commissioner's accounts and group accounts and seek assurances that there are appropriate arrangements in place for the preparation of Northumbria Police's accounts.
11. To make all the necessary banking arrangements on behalf of the Commissioner, including approving the opening of all bank accounts and signing cheques on behalf of the Commissioner.
12. To authorise virement in accordance with the Financial and Contract Regulations.
13. To effect all necessary insurance cover against risks in accordance with the policy of the Office of the Police and Crime Commissioner, undertake the day to day management of the insurance function and to negotiate claims.
14. To arrange the funding of the acquisition costs relating to vehicles, plant and equipment.
15. To maintain an adequate and effective internal audit service.
16. To write off accounts in accordance with the Financial and Contract Regulations.
17. To advise, upon and negotiate, in consultation with the Chief Executive, variations to any bought in services having regard to the requirements of the Commissioner.
18. Such matters as are referred for decision by the Treasurer in the Financial and Contract Regulations.



19. To act as 'Money Laundering Reporting Officer' under the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 for the Commissioner's Office, and seek assurances that the Chief Constable has appropriate arrangements in place.
20. To determine when goods are surplus to requirements or obsolete and arrange for disposal in line with Financial and Contract Regulations.
21. To report to the Commissioner and the Joint Independent Audit Committee and the external auditor any unlawful or potentially unlawful spending by her officers or those under the direction and control of the Chief Constable.
22. To provide information to the Joint Independent Audit Committee, as reasonably required to enable it to undertake its functions.
23. To prepare from time to time Draft Financial and Contract Regulations for approval by the Commissioner in consultation with the Chief Executive, the Chief Constable and the Chief Constable's Director of Finance.

**DELEGATIONS FROM THE CHIEF CONSTABLE**

It is recognised that, unless a power or function of the Chief Constable must, as a matter of law, be exercised personally by her; such functions or powers need not be exercised by the Chief Constable personally but may be exercised on her behalf by such officers and staff as the Chief Constable thinks fit. There are numerous functions and powers of the Chief Constable which, as a matter of inevitable everyday practice, are in fact exercised on her behalf by other officers and members of staff. Case law recognises that where the responsibilities of an office created by statute are such that delegation is inevitable, there is an implied power to delegate. In such circumstances, there is a presumption that, where statutory powers and duties are conferred, there is a power to delegate the same unless the statute conferring them expressly or by implication provides to the contrary.

The specific delegations set out in this Appendix are not, therefore intended to be an exhaustive list of the functions and powers of the Chief Constable which may be exercised on her behalf by another person. However, where the delegation of a specific function or power is set out in this Appendix, it must only be exercised as provided for in this Appendix (unless specifically agreed otherwise by both Chief Constable and PCC) in accordance with any relevant force policy.

**Delegations to the Assistant Chief Officer (ACO).**

1. To oversee all appeals made by police officers retired due to ill health, and to implement the subsequent awards made in line with the provisions of the Police and Pensions Regulations, subject to second stage transfer.
2. To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1986.
3. To make decisions on behalf of the Chief Constable on all matters under powers delegated in the Local Government Pension Scheme not specifically listed in the Force Local Government Pensions Scheme (LGPS) discretions policy and to implement the Force Local Government Pensions Scheme (LGPS) discretions policy in accordance with the specific delegations set out in that policy.
4. To bring into effect national agreements on salaries, wages and conditions of service.
5. To approve bonus and/or honoraria payments for taking on significant additional responsibilities, undertaking work of a particularly demanding or unpleasant nature save that in any such case there shall be a limit of £500. Nothing in this paragraph shall permit

the making of payments to chief officers of payments in connection with, or related to, performance or performance review.

6. To negotiate and reach agreements (in consultation with the PCC) with recognised trade unions and staff associations on any matter that can be decided locally.
7. To grant essential or casual car user allowances to police staff/police officers.<sup>7</sup>
8. Subject to any approval necessary from the Secretary of State<sup>8</sup> to approve non-exceptional cases of police advice and assistance to international agencies.<sup>9</sup>
9. To establish appropriate schemes covering the reimbursement of removal expenses and to apply the same towards expenses incurred by police officers in accordance with those schemes and with the law.<sup>10</sup>
10. Managing posting, secondment and corporate special leave decisions
11. Decisions relating to Police Staff suspensions and dismissal from employment
12. Determination of Job Evaluation appeals
13. The payment of removal allowances, housing and relocation costs for senior officers and staff and hard to recruit specialist roles.

### **Delegations to the Director of Finance**

1. To undertake the day to day management of the budget allocated to Northumbria Police in accordance with Financial and Contract Regulations and to ensure that the financial affairs of Northumbria Police are properly administered having regard to probity, legality, and appropriate standards.
2. Commit expenditure within the approved budget to meet the policies and objectives of the Chief Constable as agreed with the PCC and as contained in the Police and Crime Plan.
3. To authorise virement for any purpose within the Force revenue budget up to a limit of £250,000 in any single case and subject to:-

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<sup>7</sup> Regulation 34 & 35 Police Regulations 2003 state it is for the Secretary of State to determine entitlement to allowances and expenses. The level of car allowance from time to time is set by the Secretary of State in consultation with the Police Negotiating Board.

<sup>8</sup> S.26 Police Act 1996

<sup>9</sup> S.26 Police Act 1996 ( as amended by paragraph 2.5, Schedule 16 PRSRA. Subject to the limitations set out in this section a PCC may provide advice and assistance to an international organisation or any personal body engaged outside the UK in carrying out activities similar to the PCC or Chief Constable.

<sup>10</sup> Regulation 35 Police Regulations 2003 Annex V.

- a) PCC approval if a virement could amount to a change in the PCC's policy, have revenue implications in future years or any financial implications of a capital nature.
  - b) Maintenance of a schedule of virement authorised which will be forwarded to the Treasurer quarterly.
4. In relation to business cases for schemes within the capital programme:-
  - a. To approve business cases for schemes within the approved capital programme where the estimated cost is below the amounts stated in European Procurement Directives.
  - b. To approve in consultation with the Chief Executive business cases/schemes within the approved capital programme where the estimated costs is above the amounts stated in European Procurement Directives.
5. To place orders against, and sign contracts, including framework contracts, on behalf of the Chief Constable for goods and services within budgetary provision, subject to:-
  - a) Compliance with the Financial and Contract Regulations.<sup>11</sup>  
[b. removed – query]
6. To maintain effective internal audit of the Chief Constable's affairs.
7. To report to the Chief Constable, the PCC, the CFO, and the external auditor any unlawful or potentially unlawful spending by the Force's officers.
8. Provide information to the Joint Independent Audit Committee, as reasonably required to enable it to undertake its functions.
9. To accept offers of gifts, loans of property or sponsorship within the limits and subject to the conditions in the Financial and Contract Regulations<sup>12</sup>.
10. To authorise the writing off of accounts under £10,000 subject to submitting an annual statement of accounts written off to the PCC.
11. Subject to compliance with the Financial and Contract Regulations<sup>13</sup> to approve agreements for the provision of services to other organisations within the force area.
12. To manage the payroll and administer the pension arrangements of active members.
13. To undertake the day to day management of the procurement function (including the provision or obtaining of expert advice) subject to the limits and conditions in the Financial and Contract Regulations.<sup>14</sup>
14. To undertake the day to day management of the property function<sup>15</sup> subject to the provisions of the Financial and Contract Regulations<sup>16</sup>.
15. To determine when stores, equipment, vehicles or materials are obsolete or in excess of requirements and to arrange for their disposal in accordance with Financial and Contract Regulations.
16. At the Direction of the Chief Constable to prepare Reports for the PCC in accordance with Regulation 7. (Retention of property for policing purposes). The Chief

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<sup>11</sup> See Section 5 of the Financial and Contract Regulations

<sup>12</sup> Section C para 4.9.10 a) up to £20,000 or above that limit with PCC approval. 4.9.10 b) requires the submission of an annual report to the PCC. See Reg 4.2.12 of the Financial and Contract Regulations

<sup>13</sup> See Reg 6 of the Financial Contract Regulations

<sup>14</sup> see Section 5 of the Financial and Contract Regulations

<sup>15</sup> Including the maintenance of buildings and assets.

<sup>16</sup> See Reg. 3.5 of the Financial and Contract Regulations

Constable's Director of Finance will ensure that the power prescribed by the regulations applies to the property and that the statutory time periods for retention have been complied with.<sup>17</sup>

17. To undertake the administration and disposal of evidential and non evidential property in accordance with the Police (Property) Regulations 1997 and Financial and Contract Regulations.
18. To authorise payments, without having to obtain approval and regardless of whether or not provision has been made in the revenue budget in relation to payments required by law and payments ordered by a competent court or tribunal
19. To ensure that records for any covert accounts required for operational policing purposes, are maintained in accordance with clear procedures approved by the Treasurer.

#### **Delegations to the Director of Legal Services**

1. Subject to the restrictions and conditions set out in the table below, the Director of Legal Services can institute, defend, case manage and settle all or any claims brought against the Chief Constable (including Employment Tribunal Claims).
2. The Director of Legal Services shall have the power to instruct Counsel/other agents/experts within the allocated budget or otherwise approved by the Chief Constable or where costs of same are to be met by the insurance company.

<b>Type of Claim</b>	<b>Against</b>	<b>Who Deals</b>	<b>Decision Making Authorities</b>	<b>Conditions</b>
1. Public Liability (Insured)	Chief Constable and PCC	Force Legal Department	To be determined jointly by Chief Executive and PCC	1. Exceptional claims to be determined in consultation with the PCC on case by case basis. 2. Director provides monthly report
2. Employers Liability (Insured)	Chief Constable or PCC	Force Legal Department	As above	As above
3. Road Traffic Collision (Insured)	Chief Constable and PCC	Force Legal Department	To be determined jointly by Chief Executive and PCC	As Above
4. Employment Tribunal Claims <sup>18</sup>  Employment Appeal Tribunal (not insured)	Chief Constable and/or PCC	Force Legal Department	Chief Constable up to £25,000 subject to conditions. PCC over £25,000	1. Exceptional claims notified to PCC and conducted in consultation with PCC (as requested) on case by case basis. 2. Director provides quarterly report
5. Breach of	PCC <sup>19</sup>	If operational <sup>20</sup>	Chief Executive	These cases are rare. Force

<sup>17</sup> See Regulations 4(1) and 5(1) Police (Property) Regulations 1997

<sup>18</sup> S42 Equality Act 2010 (as amended by PRSRA) treats holding the office of Constable as "employment" by the Chief Officer. S.43(1)(c) The Employment Rights Act 1996 treats an officer as an employee, employed by the "relevant officer" defined as the Chief Constable. S.41 Working Time Regulations 1998 – a contract of employment is treated as being with the "relevant officer" defined as the Chief Officer of Police.

<sup>19</sup> No consents to enter into commercial contracts are yet in place. At this stage all contracts are in the name of the PCC, even if the staff under the direction and control of the Chief Constable manage the day to day tendering/procurement and operation of any contract.

Contract (sometimes insured)		matter only – Force Legal Department Otherwise Chief Executive	Up to £20,000 PCC over £20,000	Legal Department to liaise with Chief Executive throughout.
6. Non insured public liability Claims	Chief Constable	Force Legal Department	Chief Constable up to £10,000 <sup>21</sup>	Director provides quarterly return through Chief Constable/Chief Executive

## Appendix 3

### FINANCIAL & CONTRACT REGULATIONS

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<sup>20</sup> An example of an operational breach of contract claim is an action brought by a CHIS.

<sup>21</sup> The Chief Constable may delegate to Area Commanders and the Director of Legal Services, provided this is in a published force procedure.

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## Content

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

## Definitions within the Regulations

2. For the purposes of these Regulations Northumbria Police, when used as a generic term, shall refer to:
  - The PCC
  - The Office of the PCC (OPCC)
  - The Force
3. The PCC's chief finance officer is formally designated as the Treasurer.
4. The Chief Constable's chief finance officer is the Chief Constable's Director of Finance. Where the context requires, and a relevant delegation exists, the term "Chief Constable" includes either the Chief Constable's Director of Finance or Assistant Chief Officer (Corporate Services) as the case may require.
5. The Chief Executive also fulfils the monitoring officer role.
6. The 'Force' shall refer to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under her direction.
7. Chief Officers when referred to as a generic term shall mean the Chief Constable, Chief Executive, Treasurer and Chief Constable's Director of Finance.
8. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family.
9. The expression 'authorised officer' refers to employees authorised by a chief officer.
10. 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 Force or their affiliated bodies.

11. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
12. 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 Treasurer, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Treasurer.
13. The terms Chief Constable, Chief Executive and Treasurer include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
14. The Police and Crime Commissioner for Northumbria is referred to in these Regulations either as the 'Commissioner' or the 'PCC'.

## **1.1** *Financial Management*

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

- 1.1.1 The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of consent. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the PCC will provide professional advice and recommendations.
- 1.1.2 The PCC shall appoint a Chief Finance Officer (the Treasurer) to be responsible for the proper administration of the Commissioner's financial affairs. She shall also appoint a Chief Executive.
- 1.1.3 The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable. She is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
- Police and Crime Plan
  - Annual Revenue Budget
  - Capital Programme
  - Medium Term Financial Strategy
  - Treasury Management Policy Statement and Strategy, including the annual investment strategy
  - Estates Strategy
  - Fleet Strategy
  - ICT Strategy
  - Risk Management Strategy
  - Governance policies
- 1.1.4 The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 1.1.5 The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 1.1.6 The PCC shall provide her Treasurer with appropriate resources to allow him to secure such staff, accommodation and other resources as are in her opinion necessary to allow her duties under this Section to be performed.
- 1.1.7 The PCC may appoint a Deputy PCC (DPCC) for their area and arrange for the DPCC to exercise any function of the PCC, subject to any statutory exceptions.

## **The Deputy Police and Crime Commissioner (DPCC)**

- 1.1.8 Subject to the 2011 Act the DPCC may exercise any function conferred on him/her by the PCC.

## **The Chief Constable**

- 1.1.9 The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC.
- 1.1.10 The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the Force. At all times the Chief Constable, her constables and staff, remain operationally independent in the service of the public.
- 1.1.11 To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their Force, the Chief Constable shall have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 1.1.12 The Chief Constable shall appoint a Chief Finance Officer (Chief Constable's Director of Finance) to be responsible for the proper administration of the Chief Constable's financial affairs. General administrative responsibilities shall be undertaken on behalf of the Chief Constable by the Assistant Chief Officer (Corporate Services)
- 1.1.13 The Chief Constable must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC. The Chief Constable will discharge this through the Chief Constable's Director of Finance who will lead for the Force on financial management.
- 1.1.14 When the Chief Constable intends to make significant change of policy or seeks to move significant sums of their budget then the approval of the PCC shall be sought.
- 1.1.15 The Chief Constable is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the Chief Constable shall comply with the approved policies and framework of accountability.
- 1.1.16 The Chief Constable shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes delegated to the employees of the PCC under the direction and control of the Chief Constable. The Chief Constable shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

## **The Joint Independent Audit Committee**

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

### **The Treasurer**

- 1.1.21 The Treasurer is the PCC's Chief Finance Officer with responsibility for proper financial administration and a personal responsibility for the stewardship and safeguarding of public money and for demonstrating that high standards of probity exist.
- 1.1.22 The Treasurer's statutory responsibilities are set out in:
- paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
  - section 151 of the Local Government Finance Act 1972 (officer nominated to take responsibility for the proper administration of the financial affairs)
  - section 114 of the Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure )
  - the Accounts and Audit Regulations 2011
- 1.1.23 The Treasurer is the PCC's professional adviser on financial matters and shall be responsible for:
- (a) ensuring that the financial affairs of the PCC 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 PCC, the Police and Crime Panel and to the external auditor:
    - i. any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;

- ii. when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
- (e) advising the PCC 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 Director of Finance
- (g) ensuring the provision of an effective internal audit service, in conjunction with the Chief Constable's Director of Finance;
- (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) planning the overall annual revenue and capital budgets, which will include a separate Force budget, and prudential indicators
- (k) arranging for the determination and issue of the precept
- (l) liaising with the external auditor; and
- (m) advising the PCC on the application of value for money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.

1.1.24 The Treasurer, in consultation with the Chief Executive, Chief Constable's Director of Finance and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of Northumbria Police.

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

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

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

### **The Chief Constable's Director of Finance**

- 1.1.27 The Chief Constable's Director of Finance is the Chief Constable's Chief Finance Officer with responsibility for proper financial administration and a personal responsibility for the stewardship and safeguarding of public money and for demonstrating that high standards of probity exist.
- 1.1.28 The Chief Constable's Director of Finance is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.
- 1.1.29 The Chief Constable's Director of Finance'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 151 of the Local Government Finance Act 1972 (officer nominated to take responsibility for the proper administration of the financial affairs)
  - (c) Section 114 of the Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
  - (d) The Accounts and Audit Regulations 2011
- 1.1.30 The Chief Constable's Director of Finance is the Chief Constable's professional adviser on financial matters and shall be responsible for:
- (a) ensuring that the financial affairs of the Force are properly administered and that these financial regulations are observed and kept up to date;
  - (b) Reporting to the Chief Constable, the PCC, the Treasurer and the external auditor:
    - i. any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
    - ii. when it appears that any expenditure of the Chief Constable is likely to exceed the resources available to meet that expenditure
  - (c) advising the Chief Constable on value for money in relation to all aspects of the Force's expenditure;
  - (d) advising the Chief Constable and the PCC on the soundness of the budget in relation to the Force;
  - (e) liaising with the external auditor;
  - (f) working with the Treasurer's staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
- 1.1.31 The Chief Constable's Director of Finance has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The Chief Constable's Director of Finance will need to observe the locally agreed timetable for the compilation of the group accounts by the Treasurer.
- 1.1.32 The Chief Constable's Director of Finance is the Chief Constable's professional adviser on financial matters. To enable him/her to fulfil these duties the Chief Constable's Director of Finance:
- (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 PCC'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.

1.1.33 It must be recognised that Financial Regulations cannot foresee every eventuality. The Chief Constable's Director of Finance, in consultation with the Treasurer, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

### **The Chief Executive**

1.1.34 The Chief Executive is responsible for the leadership and general administration of the PCC's office

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

1.1.36 The monitoring officer is responsible for:

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

## **1.2 Financial Management Standards**

### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

1.2.1 To ensure the proper administration of the financial affairs of the OPCC and the Force.

1.2.2 To ensure that proper practices are adhered to.

1.2.3 To advise on the key strategic controls necessary to secure sound financial management.

1.2.4 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.

1.2.5 To ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.



- 1.2.6 To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

### **1.3 Accounting Records and Returns**

#### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

- 1.3.1 To determine the accounting procedures and records in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the PCC and the Chief Constable. All employees shall operate within the required accounting policies and published timetables.
- 1.3.2 To make proper arrangements for the audit of the PCC's and the Force's accounts in accordance with the Accounts and Audit Regulations 2011.
- 1.3.3 To prepare and publish the audited accounts in accordance with the statutory timetable.
- 1.3.4 To ensure that all claims for funds including grants are made by the due date.
- 1.3.5 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
- 1.3.6 To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- 1.3.7 To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- 1.3.8 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. A detailed schedule of requirements shall be provided and made available to all appropriate officers.

#### **Responsibilities of the Chief Constable's Director of Finance**

- 1.3.9 To obtain the approval of the Treasurer before making any fundamental changes to accounting records and procedures or accounting systems

### **1.4 The Annual Statement of Accounts**

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

- 1.4.1 To draw up the timetable for final accounts preparation, in consultation with the Chief Constable's Director of Finance and external auditor.
- 1.4.2 To select suitable accounting policies and apply them consistently.
- 1.4.3 To make judgements and estimates that are reasonable and prudent.

- 1.4.4 To comply with the Code of Practice on Local Authority Accounting.
- 1.4.5 To prepare, sign and date the statement of accounts of the OPCC, and the Group Accounts stating that it presents a true and fair view of the financial position at the accounting date and its income and expenditure for the financial year just ended.
- 1.4.6 To publish the approved and audited accounts each year, in accordance with the statutory timetable.
- 1.4.7 To produce summary accounts for publication on the website.

#### **Responsibilities of the Chief Constable's Director of Finance**

- 1.4.8 To comply with accounting guidance provided by the Treasurer and supply him / her with appropriate information upon request within the agreed timescale.
- 1.4.9 To make judgements and estimates that are reasonable and prudent.
- 1.4.10 To comply with the Code of Practice on Local Authority Accounting.
- 1.4.11 To prepare, sign and date the statement of accounts of the Force, stating that it presents a true and fair view of the financial position at the accounting date and its income and expenditure for the financial year just ended.

#### **Responsibilities of the PCC**

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

## **2.1 Financial Planning**

### **Medium Term Financial Planning**

- 2.1.1 The PCC and Chief Constable share a responsibility to provide effective financial and budget planning. They achieve this by preparing a medium term (3 years) financial strategy (MTFS), taking into account the revenue forecast and capital programme.

#### **Responsibilities of the PCC**

- 2.1.2 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 shall take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It shall have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local authorities. The strategy shall be aligned with the Police and Crime Plan.

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

- 2.1.3 To determine the format and timing of the medium term financial plans to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.4 To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the Treasurer shall have regard to:
- (a) the Police and Crime Plan;
  - (b) policy requirements approved by the PCC as part of the policy framework;
  - (c) the Strategic Policing Requirement;
  - (d) unavoidable future commitments, including legislative requirements;
  - (e) initiatives already underway;
  - (f) revenue implications of the draft capital programme;
  - (g) propose service developments and plans which reflect public consultation;
  - (h) the need to deliver efficiency and/or productivity savings;
  - (i) government grant allocations; and
  - (j) potential implications for local taxpayers.
- 2.1.5 The Treasurer shall prepare a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and an assumption about future levels of government funding.
- 2.1.6 A gap may be identified between available resources and required resources. Requirements shall be prioritised by the Chief Constable and will enable the PCC to make informed judgements as to future funding levels and planning the use of resources.

### **Joint Responsibilities of the Chief Constable and Chief Constable's Director of Finance**

- 2.1.7 To prepare a Medium Term Financial Forecast for submission to the Treasurer in accordance with the agreed timetable for producing the Medium Term Financial Strategy for submission to the Commissioner. When preparing the forecast, the Chief Constable shall have regard to:
- (a) The Police and Crime Plan;
  - (b) Policy requirements approved by the Commissioner as part of the policy framework;
  - (c) The Strategic Policing Requirement;
  - (d) Unavoidable future commitments including legislative requirements;
  - (e) Initiatives already underway;
  - (f) Revenue implications of the draft capital programme;
  - (g) Proposed service developments and plans which reflect public consultation; and
  - (h) The need to deliver efficiency and / or productivity savings.

- 2.1.8 The Forecast should include prioritisation of spending requirements to enable the Commissioner to make informed judgements as to future funding levels and planning the use of resources.

### **Annual Revenue Budget**

- 2.1.9 The revenue budget provides an estimate of the annual income and expenditure requirements and sets out the financial implications of the PCC's strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the OPCC and the Force.
- 2.1.10 The PCC shall consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate Force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. This shall meet the statutory requirements to achieve a balanced budget and be completed in accordance with the statutory timeframe.
- 2.1.11 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 shall be clearly identified.

### **Responsibilities of the PCC**

- 2.1.12 To agree the planning timetable with the Chief Constable.
- 2.1.13 To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.
- 2.1.14 To present the proposed budget and council tax recommendations to the Police and Crime Panel for approval in accordance with the statutory timetable.
- 2.1.15 To approve and publish the budget and council tax precept.

### **Responsibilities of the Treasurer**

- 2.1.16 To determine the format of the revenue budget to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.17 To obtain timely and accurate information from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
- 2.1.18 To prepare detailed budget estimates in relation to the OPCC for the forthcoming financial year.
- 2.1.19 To advise the PCC on the appropriate level of general balances, earmarked reserves or provisions to be held.

- 2.1.20 To calculate a draft council tax precept for approval by the Commissioner.
- 2.1.21 To submit a report to the PCC on:
- (a) the robustness of the estimates and the adequacy of reserves and
  - (b) 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 PCC.
- 2.1.22 Upon approval of the annual budget, to submit the council tax requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 2.1.23 To produce and issue to the billing authorities, in accordance with statutory requirements, the council tax information leaflet.

### **Joint Responsibilities of the Chief Constable and Chief Constable's Director of Finance**

- 2.1.24 To prepare detailed budget estimates for the Force for the forthcoming financial year in accordance with the timetable agreed with the Treasurer.
- 2.1.25 To submit estimates in the agreed format to the Treasurer for approval by the PCC.

## **2.2 Budgetary Control**

### **Joint Responsibilities of the Chief Constable and Chief Constable's Director of Finance**

- 2.2.1 To provide appropriate financial information to enable budgets to be monitored effectively.
- 2.2.2 To ensure that each element of income or expenditure in the Force budget has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility shall be aligned as closely as possible to the decision making process that commits expenditure.
- 2.2.3 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 Treasurer and PCC shall be alerted immediately and proposals for remedy shall be put forward as part of the regular reporting process to the PCC.
- 2.2.4 To submit a budget monitoring report to the PCC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format and of a frequency agreed with the PCC and Treasurer.

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

- 2.2.5 To provide appropriate financial information to enable budgets to be monitored effectively.
- 2.2.6 To ensure that each element of income or expenditure in the OPCC budget has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility shall be aligned as closely as possible to the decision making process that commits expenditure.
- 2.2.7 To ensure that total spending for the OPCC 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 Executive, both the Treasurer and PCC shall be alerted immediately and proposals for remedy shall be put forward as part of the regular reporting process to the PCC.
- 2.2.8 To submit a budget monitoring report to the PCC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format and of a frequency agreed with the PCC and Treasurer.

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

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

### **Responsibility of the Treasurer**

- 2.2.10 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.

### **Revenue Virement**

#### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

- 2.2.11 To have powers to exercise virement under the main budget heads up the limit set out in Section 7 of the Regulations in any one case provided that:
  - (a) there are no revenue implications in future years or any financial implications of a capital nature; and
  - (b) there has been no direction to the contrary given by the PCC.
  - (c) a record of all virements is maintained
- 2.2.12 To have the power to approve any virement where the additional costs are fully reimbursed by other bodies.

### **Treatment of Devolved Budget Year End Balances**

### **Responsibilities of the Chief Constable's Director of Finance**

- 2.2.13 To ensure that Budget Managers report any overspend on their budgets in any financial year.
- 2.2.14 To consider reducing devolved budgets for the following financial year where overspending has occurred or is expected to occur.
- 2.2.15 To consider requests from Devolved Budget Managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year, in accordance with the approved scheme for that purpose.

### **Responsibilities of the PCC**

- 2.2.16 To take account of the arrangements for carrying forward underspends when considering the level of reserves and balances as part of the development of the financial strategy.

## **2.3 Capital Programme**

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

- 2.3.1 To develop and implement the approved Estates Strategy.

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

- 2.3.2 To develop and implement the approved ICT and Fleet Management strategies.

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

- 2.3.3 To prepare a financial strategy for consideration and approval by the PCC.

### **Responsibilities of the Treasurer**

- 2.3.4 To prepare a Medium Term Financial Strategy for consideration and approval by the Commissioner including all financial implications of the Estates Strategy and other strategies involving proposals for significant investment in capital assets.
- 2.3.5 To prepare a three-year capital programme for consideration and approval by the Commissioner.

### **Capital Programme**

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

- 2.3.6 To prepare a rolling programme of proposed capital expenditure for consideration by the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- 2.3.7 To prepare project appraisals for schemes in the draft medium term year capital programme which shall be submitted to the Treasurer and PCC for consideration and scheme approval. This will include all additional revenue and capital costs.

- 2.3.8 Each capital scheme shall have a named officer responsible for sponsoring the scheme, monitoring progress, incurring expenditure and ensuring completion of the scheme.
- 2.3.9 To identify, in consultation with the Treasurer, available sources of funding for the capital programme, including the identification of potential capital receipts from disposal of property.
- 2.3.10 A gap may be identified between available resources and required capital investment. Requirements shall be prioritised by the Chief Constable to enable the PCC to make informed judgements as to which schemes shall be included in the capital programme and on advice from the Treasurer, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
- 2.3.11 All schemes within the capital programme shall incorporate an estimate of future price inflation.
- 2.3.12 Approval of the annual capital programme by the PCC in February each year authorises the Chief Executive and Chief Constable to seek planning permissions, incur professional fees and preliminary expenses as appropriate, to incur expenditure on schemes providing the project appraisal has been approved and expenditure on the scheme does not exceed the sum contained in the approved programme in accordance with limits set out in Section 7 of the Regulations.
- 2.3.13 To prepare a business case for all new capital schemes not included in the agreed programme for submission to the PCC for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

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

- 2.3.14 To prepare and report the proposed capital programme to the Commissioner and make recommendations to him / her on the most appropriate levels of revenue support, self financing and borrowing, under the Prudential Code, to support the capital programme.

#### **Responsibilities of the PCC**

- 2.3.15 To agree the Annual Capital Programme, and how it is to be financed.

#### **Monitoring of Capital Expenditure**

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

- 2.3.16 To ensure that adequate records are maintained for all capital contracts.
- 2.3.17 To monitor expenditure throughout the year against the approved programme.



- 2.3.18 To ensure the total spending remains within the overall agreed capital allocation and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total agreed allocation of resources, proposals for remedy shall be put forward as part of the regular reporting process to the PCC.
- 2.3.19 To submit capital monitoring reports to the Treasurer 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.

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

- 2.3.20 To submit a capital monitoring report quarterly to the PCC, following consultation with the Chief Constable's Director of Finance and Chief Executive, recommending revised estimates where appropriate.
- 2.3.21 To submit a report to the PCC on the outturn of capital expenditure as part of the annual report on the statutory accounts.
- 2.3.22 To co-ordinate a joint budget monitoring report for presentation to the Police and Crime Panel, as directed by the Commissioner, containing the most recently available financial information.

### **2.4 Maintenance of Balances and Reserves**

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

- 2.4.1 To advise the PCC on reasonable levels of balances and reserves following consultation with the Chief Constable's Director of Finance.
- 2.4.2 To draft a Reserves Policy for consideration by the PCC including lower and upper parameters for the level of general balances.
- 2.4.3 To provide a statement to the PCC on the adequacy of reserves and balances before he / she approves the annual budget and council tax precept.
- 2.4.4 To approve appropriations to and from each earmarked reserve consistent with the agreed Reserves Policy. These will be separately identified in the Annual Statement of Accounts.

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

- 2.4.5 To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.
- 2.4.6 To manage the Devolved Budget Reserve consistent with the agreed Reserves Policy.
- 2.4.7 To present a business case to the Treasurer and PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

### **Responsibilities of the Chief Constable's Director of Finance**

- 2.4.8 To advise the Treasurer on reasonable levels of Devolved balances and reserves following consultation with the Chief Constable.
- 2.4.9 To draft a Delegated Reserves Policy for consideration by the Treasurer including lower and upper parameters for the level of balances.
- 2.4.10 To approve appropriations to and from the Devolved Budget Reserve consistent with the agreed Reserves Policy. These will be separately identified in the Annual Statement of Accounts.

### **Responsibilities of the PCC**

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

## **3.1 Risk Management, Insurance and Business Continuity**

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

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

### **Responsibilities of Chief Officers**

- 3.1.2 To prepare the risk management policy statement and for promoting a culture of risk management awareness throughout the OPCC and the Force and reviewing risk as an ongoing process.
- 3.1.3 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 shall be formalised and conducted on a continuing basis.
- 3.1.4 To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.

### **Responsibilities of the Treasurer**

- 3.1.5 The Treasurer, in consultation with the Chief Executive will be responsible for advising the PCC on insurance and risk management and will effect all insurance cover on terms to be agreed by the PCC and negotiate all claims in consultation with the Chief Constable's Director of Finance and technical officers as required.

- 3.1.6 All employees of the PCC will be included in a suitable fidelity guarantee insurance.

### **Responsibilities of the Chief Constable's Director of Finance**

- 3.1.7 The Chief Constable's Director of Finance must notify the Treasurer of all new risks, properties or vehicles which require to be insured and of any alterations affecting existing risks or insurances.
- 3.1.8 The Chief Constable's Director of Finance must immediately notify the Treasurer in writing of any loss, liability or damage or of any event likely to lead to a claim. All monies due and received from insurers must be paid to the Treasurer.
- 3.1.9 The Chief Constable's Director of Finance must consult the Treasurer and Chief Executive on the terms of any indemnity which the PCC is requested to give.
- 3.1.10 To make all appropriate employees aware of their responsibilities for managing relevant risks.
- 3.1.11 To ensure that employees, or anyone covered by the PCC's insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 3.1.12 To ensure that a comprehensive risk register for the Force 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.

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

- 3.1.13 To evaluate and authorise any terms of indemnity that is requested by external parties.

## **3.2 Internal Control System**

### **Responsibilities of Chief Officers**

- 3.2.1 To implement effective systems of internal control, in accordance with advice from the Chief Executive and Chief Constable's Director of Finance. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
- 3.2.2 To ensure that effective key controls are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.

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

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

3.2.4 To arrange for the production of Annual Governance Statements for consideration and approval by the Independent Audit Committee. Following approval;

- The Chief Constable's Annual Governance Statement will be signed by the Chief Constable and Chief Constable's Director of Finance; and
- The PCC's by the Commissioner and the Chief Executive.

3.2.5 The PCC will place reliance on the governance processes within the Force, as reflected in the Chief Constable's Annual Governance Statement which is published alongside the accounts of the Chief Constable.

3.2.6 The Police and Crime Commissioner's Annual Governance Statement is published alongside the Group Accounts.

### **3.3 Audit Requirements**

#### **Internal Audit**

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

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

- (a) advising the PCC and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy.
- (b) approving (but not directing) the internal audit annual programme.
- (c) approving the Annual Governance Statements for the PCC and the Chief Constable.
- (d) overseeing and giving assurance to the PCC and Chief Constable on the provision of an adequate and effective internal audit service; receiving progress reports on the internal audit work plan and ensuring appropriate action is taken in response to audit findings, particularly in areas of high risk.
- (e) considering Internal Audit's Annual Report and annual opinion on the internal control environment for the OPCC and the Force; seeking assurance that appropriate action is taken to address any areas for improvement.
- (f) reviewing and monitoring the effectiveness of policies on fraud, irregularity and corruption.

3.3.2 To approve the Internal Audit Plan and Charter, which sets out:

- (a) internal audit objectives and outcomes;
- (b) how the work of Internal Audit will form and evidence an opinion on the control environment to support the Annual Governance Statement;

- (c) how Internal Audit's work will identify and address significant local and national issues and risks;
- (d) how the service will be provided, i.e. internally, externally, or a mix of the two; and what resources and skills are required for the delivery of the strategy; and
- (e) the resources and skills required to deliver the plan.

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

- 3.3.3 To ensure the provision of an independent impartial adequate and effective internal audit service.

### **Responsibilities of the PCC, Chief Constable, Treasurer and Chief Constable's Director of Finance**

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

- (a) access OPCC and the Force premises at reasonable times;
- (b) access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
- (c) receive any information and explanation considered necessary concerning any matter under consideration;
- (d) require any employee to account for cash, stores or any other OPCC or the Force asset under their control; and
- (e) access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

- 3.3.5 Internal audit shall have direct access to all Chief Officers and employees, where necessary.

### **Responsibilities of the Treasurer**

- 3.3.6 To ensure the delivery of an effective internal audit service, operating in compliance with UK Public Sector Internal Audit Standards and specifically providing:

- a) The preparation of an internal audit plan developed in consultation with the PCC, Chief Constable and Chief Constable's Director of Finance;
- b) Quarterly progress reports against the plan, matters arising from internal audits and the extent to which agreed actions in response to issues raised in the audit reports have been implemented; and
- c) An independent annual report and opinion on the effectiveness of the internal control environment within the OPCC and the Force.

- 3.3.7 To notify the Chief Executive immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of police property or resources. Pending investigation and reporting, all necessary steps shall be taken to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall be carried out by Internal Audit. At the conclusion of the investigation 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.

### **Responsibilities of Chief Officers**

- 3.3.8 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 Director of Finance**

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

### **External Audit**

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

- 3.3.11 To approve the annual work plan and fee.
- 3.3.12 To receive and respond to the External Audit Annual Governance Reports.
- 3.3.13 To receive the annual audit letter.
- 3.3.14 To receive scheduled External Audit updates and progress reports.

#### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

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

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

#### **Responsibilities of the Chief Constable, Chief Executive, Treasurer and Chief Constable's Director of Finance**

3.3.17 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.

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

### **3.4 Preventing Fraud and Corruption**

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

3.4.1 To maintain an effective anti-fraud and anti-corruption policy.

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

3.4.3 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCC, Chief Constable and all employees. A register of interests and a register of hospitality and gifts received by or given in a form to be agreed by the Commissioner shall be maintained for the PCC, the Chief Constable, Chief Officers and all employees.

3.4.4 To adopt and adhere to a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC and Chief Constable shall ensure that all employees are aware of any approved whistle blowing policy.

3.4.5 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all members and employees.

#### **Joint Responsibilities of the Chief Executive, Treasurer and Chief Constable's Director of Finance**

3.4.6 To prepare an effective anti-fraud and anti-corruption policy for approval by the Commissioner and Chief Constable.

- 3.4.7 To arrange for any suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards (or equivalent officer), the Treasurer and the Chief Constable's Director of Finance and for these to be unrestricted in lines with the agreed anti-fraud and anti-corruption policy.

### **3.5 Assets**

#### **Security**

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

- 3.5.1 To be responsible for the day to day management of the property function and to ensure that:
- (a) records of assets are maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively and adequately maintained in accordance with statutory and management requirements.
  - (b) assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
  - (c) lessees and other prospective occupiers of the PCC's land are not allowed to take possession or enter the land until the Chief Executive has confirmed that a lease or agreement has been established as appropriate.
  - (d) no asset is subject to personal use by an employee without proper authority.
  - (e) valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to the OPCC or the Force.
  - (f) 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.
  - (g) assets no longer required are disposed of in accordance with the law and these Financial Regulations.
  - (h) all employees are aware of their responsibilities with regard to safeguarding the security of the OPCC and the Force ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

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

- 3.5.2 To be responsible for the overall management of the property function and to ensure that:
- (a) records of all property held are maintained to provide information about their condition and so that they are valued in accordance with statutory requirements.
  - (b) title deeds to the Commissioner's property are held securely.
  - (c) draw up leases and licences for Commissioner's property are prepared.
  - (d) no asset is subject to personal use by an employee without proper authority.



(e) all employees are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and the Freedom of Information Act.

(f) property no longer required is disposed of in accordance with the law and these Financial Regulations.

## **Valuation**

### **Responsibilities of the Treasurer**

3.5.3 To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section 7 of the Regulations. Assets are to be recorded when they are acquired. Assets shall remain on the asset register until disposal.

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

3.5.4 Assets are to be valued in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and the requirements specified by the Treasurer.

## **Inventories**

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

3.5.5 To ensure that inventories are maintained for the Force in a format approved by the Treasurer and Chief Constable's Director of Finance that record an adequate description of items with a value in accordance with limits set out in Section 7 of the Regulations. Other items of equipment shall also be recorded if they are deemed to be both valuable, desirable and portable (e.g. laptops).

### **Responsibilities of the PCC**

3.5.6 To ensure that inventories are maintained for the PCCs office in a format approved by the Treasurer that record an adequate description of items with a value in excess of the amount shown in Section 7. Other items of equipment should also be recorded if they are deemed to be both desirable and portable.

## **Stocks and Stores**

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

3.5.7 To make arrangements for the care, custody and control of the stocks and stores of the Force and to maintain detailed stores accounts in a form approved by the Treasurer.

### **Responsibilities of the Chief Constable's Director of Finance**

3.5.8 To arrange for periodical test checks of stocks by persons other than the storekeepers and must ensure that all stocks are checked at least once a year.

3.5.9 To certify any discrepancies at stock taking and retain a record for inspection by the Treasurer.

- 3.5.10 Stores, equipment, vehicles or materials found to be obsolete or in excess of requirements must be disposed of by competitive tender except when, in the opinion of the Chief Constable's Director of Finance, the financial interest of the PCC is served by disposal by other means. The disposal must be authorised in writing by the Chief Constable's Director of Finance and records of all disposals and proceeds of sales must be retained for inspection by the Treasurer.

### **Intellectual Property**

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

- 3.5.11 To ensure that employees are aware of these procedures.

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

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

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

- 3.5.13 To approve the intellectual property policy.

### **Asset Disposal**

#### **Responsibilities of the Chief Constable's Director of Finance**

- 3.5.14 To dispose of vehicles and items of equipment up to the estimated value shown in Section 7 at the appropriate time and at the most advantageous price. Where this is not the most economically advantageous offer, the Chief Constable's Director of Finance shall consult with the Treasurer.
- 3.5.15 To dispose of items above the value in Section 7 by public auction or sealed bids after advertisement except when in the reasonable opinion of the Chief Constable's Director of Finance the financial interests of the PCC in obtaining best value require disposal by alternative means. Where this is not the most economically advantageous offer, the Chief Constable's Director of Finance shall consult with the Treasurer.
- 3.5.16 To record all asset disposals in the asset register or inventory as appropriate, including details of approvals of all disposals.
- 3.5.17 To ensure that income received for the disposal of an asset is properly banked and accounted for.

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

- 3.5.18 To dispose of surplus land and buildings up to the estimated value shown in Section 7 at the appropriate time and at the most advantageous price by public auction or sealed bids after advertisement, to be reported retrospectively to the PCC. Where this is not the most economically advantageous offer, the Treasurer shall be consulted.

- 3.5.19 To ensure that income received for the disposal of an asset is properly banked and accounted for.

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

- 3.5.20 To ensure that appropriate accounting entries are made to remove the value of disposed assets from records and to include the sale proceeds if appropriate.

#### **Acquisitions**

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

- 3.5.21 To acquire freeholds and leaseholds below the limit set in Section 7, which are included in the Strategy outlined for the year and for which budgetary provision exists, to be reported retrospectively to the PCC.

### **3.6 Treasury Management and Banking Arrangements**

#### **Treasury Management**

#### **Responsibilities of the PCC**

- 3.6.1 To approve the annual Treasury Management Strategy Policy including the annual investment strategy and Minimum Revenue Provision Policy ("MRP Policy").
- 3.6.2 To receive and approve an annual report on Treasury Management and as a minimum a mid year report on borrowing and investment activity.

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

- 3.6.3 To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).
- 3.6.4 To advise the PCC on all matters related to Treasury Management.
- 3.6.5 To produce each year a Treasury Management Strategy Policy including the annual investment strategy and MRP Policy setting out a strategy and relevant principles for approval by the Commissioner.
- 3.6.6 To undertake all Treasury Management activities including investment and borrowing in compliance with the CIPFA Code and the PCC's policy.
- 3.6.7 To report to the PCC at the end of the financial year and no later than 30 September each year on the performance of the treasury function, the effect of the decisions taken and the transactions executed during the year and any non-compliance with the agreed Treasury Policy Statement and Treasury Management practices.

## **Banking Arrangements**

### **Responsibilities of the Treasurer**

- 3.6.8 To have overall responsibility for the banking arrangements for the PCC.
- 3.6.9 To produce a policy on the establishment and maintenance of bank accounts, in consultation with the Chief Constable's Director of Finance.
- 3.6.10 To authorise the opening and closing of all Northumbria Police bank accounts. No other employee shall open a bank account.
- 3.6.11 To undertake bank reconciliations on a timely and accurate basis.
- 3.6.12 To determine signatories on all PCC bank accounts.

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

#### **Responsibilities of the Chief Constable's Director of Finance**

- 3.6.13 To provide, with the agreement of the Treasurer, appropriate employees with such imprest accounts to meet minor expenditure on behalf of the Force. The Chief Constable's Director of Finance shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- 3.6.14 To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

### **Money Laundering**

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

- 3.6.15 To be the nominated Money Laundering Reporting Officer (MLRO) for the OPCC and to seek assurances that appropriate arrangements are in place for the Force.
- 3.6.16 Upon receipt of a disclosure to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.
- 3.6.17 To disclose relevant information to the Serious Organised Crime Agency (SOCA).

#### **Responsibilities of the Chief Constable's Director of Finance**

- 3.6.18 To ensure adequate arrangements are in place to deal with disclosure in relation to knowledge or suspicion of money laundering.

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

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

#### **Responsibilities of employees**

- 3.6.20 To notify the Treasurer as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.
- 3.6.21 Cash bankings from a single source over limits set out in Section 7 of these Regulations shall be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act (see Financial Regulation 3.9).

### **3.7 Voluntary Unofficial Funds**

#### **Responsibilities of Chief Constable's Director of Finance**

- 3.7.1 Funds outside of the statutory funds, for example The Police Benevolent Fund, will only be established with the approval of an appropriate senior officer, designated by the Chief Constable.
- 3.7.2 The Chief Constable's Director of Finance will maintain a record of all voluntary unofficial funds in existence and of the senior officers responsible.
- 3.7.3 Voluntary unofficial funds must be subject to an annual inspection by Internal Audit, and copies of the audited account sent to the Chief Constable and relevant responsible officer.
- 3.7.4 The Chief Constable's Director of Finance's record of voluntary unofficial funds and copies of audited accounts will be available for inspection by the Treasurer.

### **3.8 Administration of Evidential and Non-Evidential Property**

#### **Responsibilities of the Chief Constable's Director of Finance**

- 3.8.1 To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under her guardianship or supervision. These procedures shall be made available to all appropriate employees.
- 3.8.2 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.
- 3.8.3 To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act.
- 3.8.4 To determine those items of crime property which may be retained for police purposes subject to consulting with the Commissioner in respect of any single item estimated to be in the value of £5,000.

#### **Responsibilities of all employees**

- 3.8.5 To notify the Chief Constable's Director of Finance immediately in the case of loss or diminution in value of such private property.

### **3.9 Gifts, Loans and Sponsorship**

3.9.1 This section covers gifts, loans and sponsorship which it is felt acceptance of would enable an enhanced or extended police service. It does not include the receipt of hospitality and gifts by individuals.

#### **Context**

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

3.9.3 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.

3.9.4 The total value of gifts, loans and sponsorship accepted, shall not exceed 1% of the Northumbria Police gross expenditure budget annually.

#### **Responsibilities of the PCC**

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

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

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

3.9.7 To refer all gifts, loans and sponsorship above the limit set out in Section 7 of these Regulations to the PCC for approval before they are accepted.

#### **Responsibilities of the Chief Constable's Director of Finance**

3.9.8 To present an annual report to the PCC listing all gifts, loans and sponsorship.

3.9.9 To maintain a central register, in a format agreed by the Treasurer, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the Treasurer, who shall satisfy himself that it provides a suitable account of the extent to which such additional resources have been received.

3.9.10 To bank cash from sponsorship activity in accordance with normal income procedures.

### **4.1 Systems and Processes - Introduction**

#### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

4.1.1 To make arrangements for the proper administration of financial affairs, including to:

- (a) issue advice, guidance and procedures for officers and others acting on behalf of the OPCC and the Force;
- (b) determine the accounting systems, form of accounts and supporting financial records;
- (c) establish arrangements for the audit of the financial affairs of the OPCC and the Force;
- (d) approve any new financial systems to be introduced; and
- (e) approve any changes to existing financial systems.

4.1.2 To ensure, in respect of systems and processes, that

- (a) systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice;
- (b) appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
- (c) a complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa; and
- (d) systems are documented and staff trained in operations.

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

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

## **4.2 Income**

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

4.2.1 To 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.

4.2.2 To ensure that wherever appropriate, those using special police services should pay for them.

4.2.3 Individual sums exceeding the limit set in Section 7 of these Regulations will not be written off except with the approval of the Commissioner.

4.2.4 Sums raised by the Force of less than the limit set in Section 7 of these Regulations may be written off by the Chief Constable's Director of Finance if he is satisfied the debt is irrecoverable or it is uneconomic to recover in view of the costs involved.

- 4.2.5 Sums raised by the OPCC of less than the limit set in Section 7 of these Regulations may be written off by the Treasurer if he is satisfied the debt is irrecoverable or it is uneconomic to recover in view of the costs involved.
- 4.2.6 A summary statement of accounts written off will be submitted to the PCC annually.

#### **Responsibilities of the Chief Constable's Director of Finance and Treasurer**

- 4.2.7 To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, recovery, custody, control and deposit including the correct charging of VAT.
- 4.2.8 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 shall be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
- 4.2.9 To ensure that all income is paid fully and promptly into the designated PCC Income Bank Account. Appropriate details shall be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
- 4.2.10 To ensure income is not used to cash personal cheques or make other payments.

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

- 4.2.11 To operate effective debt collection procedures.
- 4.2.12 To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
- 4.2.13 To approve the write off of bad debts in accordance with the limits set out in Section 7 of these Regulations.
- 4.2.14 A summary statement of amounts written off will be submitted to the PCC annually.

#### **Responsibilities of the Chief Constable's Director of Finance**

- 4.2.15 To approve the write off of bad debts, in consultation with the PCC, up to the level shown in Section 7 in these Regulations.
- 4.2.16 A summary statement of amounts written off will be submitted to the PCC annually.
- 4.2.17 To prepare detailed Financial Instructions for dealing with income, to be agreed with the Treasurer, and issue them to all appropriate employees.

### **4.3 Ordering and Paying for Work, Goods and Services**



## **Responsibilities of the Chief Constable's Director of Finance and Chief Executive**

- 4.3.1 To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all purchases are made in accordance with this policy.
- 4.3.2 To issue official orders for all work, goods or services to be supplied to the OPCC and the Force, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the Treasurer. Orders must be in a form approved by the Treasurer, and authorised by staff nominated either by the Chief Executive or Chief Constable's Director of Finance as appropriate.
- 4.3.3 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of OPCC or the Force contracts.
- 4.3.4 Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these Regulations.
- 4.3.5 Verbal orders may only be given in cases of extreme urgency and where possible after an official order has been raised and authorised.
- 4.3.6 Unless agreed otherwise as part of the contract, 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.
- 4.3.7 To ensure that payments are made to the correct person, for the correct amount, on time (i.e. within 28 days) and are recorded properly, regardless of the method of payment.
- 4.3.8 To ensure that VAT is recovered where appropriate.
- 4.3.9 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- 4.3.10 To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in Section 5 of these Regulations.
- 4.3.11 To prepare, in consultation with the Treasurer, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

## **Responsibilities of the Chief Officers**

- 4.3.12 The responsibility of the Chief Officers (the Chief Executive, the Treasurer, the Chief Constable and the Chief Constable's Director of Finance) to ensure that every officer 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 PCC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

#### **4.4 Payments to Employees**

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

- 4.4.1 To ensure in consultation with the Treasurer, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees of the PCC and the Chief Constable by the most economical means.
- 4.4.2 To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
- 4.4.3 To ensure arrangements are in place to pay all valid travel and subsistence claims or financial loss allowance.

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

- 4.4.4 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 shall be sought from them.
- 4.4.5 To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
- 4.4.6 To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.
- 4.4.7 To ensure the submission of the relevant records within an approved timetable to enable payments by the due dates.

#### **4.5 Taxation**

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

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

#### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

- 4.5.4 To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
- 4.5.5 To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.
- 4.5.6 To ensure that any Corporation Tax liability in relation to qualifying trading activities is identified and paid in accordance with statutory requirements.

### **4.6 Purchasing Cards**

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

- 4.6.1 To provide detailed financial instructions to card holders.

#### **Responsibilities of the Chief Constable's Director of Finance**

- 4.6.2 To authorise and maintain control over the issue of cards.
- 4.6.3 To reconcile the purchase card account to the ledger on a monthly basis.
- 4.6.4 To ensure all ordering and payment for goods and services is in accordance with the Force procurement policy, these Regulations and all procedures laid down by the Chief Constable's Director of Finance.

### **4.7 Ex Gratia Payments**

#### **Responsibilities of the Chief Constable's Director of Finance**

- 4.7.1 The Chief Constable's Director of Finance, will have the power to make payments to settle claims for personal injury, damage or loss of property incurred as a result of police action provided they are not otherwise insured, up to the limits set out in Section 7 of these Regulations or the terms of any consent issued by the Commissioner..
- 4.7.2 Prior to making any ex-gratia payment, to take account of, in consultation with the Treasurer, the budgetary implications, insurable

risks and cover available.

4.7.3 To seek approval from the PCC for any payment above the individual limit or in cases involving particular sensitivity.

## 5.1 Contract Regulations

### Key controls

5.1.1 No contract or project shall be deliberately or artificially divided into a number of separate contracts in order to avoid the obligations set out in these Contract Regulations, or any statute or EU Procurement Directive.

5.1.2 Competition shall be encouraged from potential providers to supply Northumbria Police with goods, services, building works, etc.

5.1.3 Every contract concluded on behalf of Northumbria Police shall comply with:

(a) any relevant Directive of the EU for the time being in force in the United Kingdom including any requirement for aggregation;

(b) any laws of the United Kingdom including any Act of Parliament requiring the letting of contracts by competitive tendering or relating to Best Value; and

(c) the requirement of the Code of Practice for Local Authorities on Data Transparency to publish copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector on the website.

5.1.4 Subject to compliance with 5.1.3, exemption from any of the following provisions of these Contract Regulations may only be made:

(a) by direction of the Commissioner or

(b) by a chief officer in an emergency or there is a risk to security that it is not feasible to comply in which case the officer concerned shall consult the Commissioner.

And in which case a procurement exemption report shall be completed and submitted to the Commissioner for information at the earliest opportunity

5.1.5 Every such exception and the reasons for it shall be recorded according to the approved reporting framework.

5.1.6 In addition to adhering to the above, any employee who is engaged in any activities or processes leading to the award of a contract or in its subsequent delivery, shall:

(a) show no undue favour to or discriminate against any contractor or potential contractor;

(b) carry out their work in accordance with the highest standards of

propriety and proper practice (including respecting the confidentiality of commercial information).

(c) not breach the requirements of the Northumbria Police Policy for Gifts and Gratuities, Hospitality, Discounts, Travel and other potential conflicts of interest.

5.1.7 These Contract Regulations shall apply, irrespective of whether the contract is financed with monies provided by the Commissioner or any other person or body e.g. grants from local councils and other partnership monies.

### **Responsibilities**

5.1.9 Northumbria Police Procurement Section shall be responsible for the invitation of tenders and quotations on behalf of Northumbria Police and the OPCC.

## **5.2 Tenders & Quotations - Procedures and Thresholds**

### **Tenders**

5.2.1 Tendering procedures shall be undertaken in accordance with the requirements of EU Procurement Directive where the values exceed the limits set out in the Directive.

5.2.2 All invitations to submit tenders will specify that the tenders will be submitted electronically through Northumbria Police's approved E – Tendering system.

5.2.3 In the event that the organisation is unable to submit an electronic tender they will be permitted to submit a paper based tender in a plain sealed envelope addressed to the officer identified as responsible for inviting tenders marked "tender" followed by the subject to which the content related and without any distinguishing mark indicating the bidder's identity.

5.2.4 The Commissioner's consent is required before tenders can be obtained for any works, supplies or services contracts estimated annually to cost more than the thresholds specified in the Summary of Delegated Financial Limits (section 7)

For the purposes of these Regulations "tender" means a new tender for works, goods and services and does not include or require approval in relation to any existing contract extended or renewed or otherwise on its own terms.

### **Thresholds**

5.2.5 Goods and Services up to £10,000 can be procured through catalogues or established suppliers without the need to obtain competitive quotations providing best value can be demonstrated.

5.2.6 Written quotations shall be obtained for any procurements for Goods and Services between £10,000 and £50,000 from at least three suppliers, or if this is not possible from all capable suppliers.

5.2.7 Written tenders shall be obtained for any procurements in excess of £50,000 (total value over life of contract) from at least three suppliers or if this is not possible from all capable suppliers.

### **Exceptions**

5.2.8 The requirements of 5.2.5 to 5.2.7 shall not apply to procurements

- i) For goods or services which are specialist and can be obtained from only one Contractor.
- ii) For goods purchased in a public auction or electronic auction
- iii) Where the works, goods or services are available through a collaborative framework which Northumbria Police is eligible to participate in. Where further competitive exercises are required under the framework, quotations or tenders shall be invited from the approved suppliers on the framework in accordance with the rules of the framework.
- iv) quotations or tenders have been obtained on behalf of the Commissioner by or via any consortium to which the Commissioner belongs, or by or through a joint arrangement
- v) which does not exceed £50,000 in value for building or maintenance work or both
- vi) A sole tender for a works contract may (subject to compliance in paragraph 5.1.3) be invited from a contractor already engaged by the Commissioner if that is in the Commissioner interests.

### **Advertising and Local Suppliers**

5.2.9 Any procurements in excess of £100,000 (total value) shall be advertised in at least one local newspaper giving suppliers at least 7 days to complete the tender. A specialist trade or professional journal may be used instead of a local newspaper.

5.2.10 Where competitive quotations or tenders are required in accordance with paragraphs 5.2.6 and 5.2.7 a minimum of one local supplier based in the area covered by Northumbria Police should be invited to submit a quotation or tender where possible.

### **Opening of Tenders**

5.2.11 All tenders (including paper based) will be retained by the Northumbria Police Procurement Department.

5.2.12 All Tenders (including any paper tenders) for the same contract will be opened at the same time by an officer responsible for inviting the tenders and an other officer of the Force who is not employed in the Procurement Section.

5.2.13 Any tender received after the deadline for the receipt of tenders

cannot be considered unless the other tenders have not been opened and the Procurement Manager is satisfied that the tender was posted in sufficient time for it to have been received by the deadline in the ordinary course of the post or, in the case of electronic tender, the tender could not have been submitted by the deadline for reasons outside the bidder's control.

### **Evaluation of Tenders**

5.2.14 Assessment criteria may be made on appropriate technical, qualitative and financial grounds which are appropriate to the contract concerned ( most economically advantageous). These shall be agreed before the Tender is issued in consultation with the Procurement Manager or equivalent officer.

5.2.15 Evaluations of the Tender submissions are to be carried out based on the agreed criteria which shall be applied to all bidders fairly, transparently and consistently.

5.2.16 Additional interviews, presentations and site visits for larger contracts may be included in the evaluation process. Such decisions should be made prior to the invitation of tenders, not when evaluating received offers.

5.2.17 Those members of staff involved in the evaluation process shall be mindful of the policy on gifts, loans and hospitality

### **Alterations**

5.2.18 Where an examination of competitive tenders reveals an error or discrepancy which would affect the sum payable in a tender which might otherwise be accepted the bidder must be given the opportunity of confirming or withdrawing the tender. Where the appropriate officer is satisfied that the error or discrepancy is an arithmetical error, the bidder will be given the opportunity to correct it.

### **Post Tender Negotiation**

5.2.19 Where an officer who has received tenders or quotations considers that the most economically advantageous tender or quotation cannot reasonably be recommended for acceptance in view of market price or budgetary provision, he/she may give the most economically advantageous bidder or the two most economically advantageous bidders the opportunity of revising their tenders or quotations. A written record of the negotiations must be retained.

### **Acceptance of Quotations and Tenders**

5.2.20 The following procedures shall be applied for the acceptance of a quotation or tender:

- (a) The Commissioner's terms and conditions shall apply unless otherwise agreed by the Procurement Manager or equivalent officer

- (b) Approval to accept quotations/ tenders shall be obtained in accordance with the delegations specified in the Summary of Delegated Financial Limits: (section 7)

5.2.21 The successful tenderer shall be advised in writing as soon as possible after the decision has been made on the award of a contract. At the same time unsuccessful tenderers shall be advised of the decision.

### **5.3 Contracts**

5.3.1 Save where authorised under delegations in Part B of the Governance Arrangements no employee of the Commissioner or Chief Constable will enter either orally or in writing into any contract on the Commissioner's behalf

#### **Contracts – Form; Custody and Use of the Common Seal**

5.3.2 Every contract above £50,000 in value and any other contract where the Commissioner so decides shall be in writing and in a form approved by the Commissioner.

5.3.3 The Common Seal of the Office of the PCC (for contracts required Under Seal) shall be kept by the Chief Executive and the affixing of the Common Seal shall be attested by the Chief Executive or a person nominated by him/her. A decision of the Commissioner (or a decision properly made by an officer in accordance with delegated powers) shall be sufficient authority for the sealing of any document to give effect to that decision. A record of every such sealing shall be made and kept in a Sealing Register and shall be signed by the person who has attested the Common Seal.

#### **Contracts Register**

5.3.4 A record of all contracts let with a value in excess of £10,000 shall be maintained by the Head of Procurement or equivalent officer.

#### **Contracts - Contents**

5.3.5 Every contract will:

- (a) specify the work to be carried out, or the supplies to be provided, the price to be paid (including any discounts) and the timetable for performing the contract.
- (b) prohibit the contractor from transferring, assigning or sub-letting directly or indirectly, the whole or any part of the contract without written permission.
- (c) include provision to cancel the contract in the event of a) the Contractor failing to provide the agreed service or b) the Contractor or its employees being found to be involved in any collusion or corrupt practice.



5.3.6 Contracts for the provision of services and the execution of work shall provide for appropriate remedy to be provided by the contractor in case the terms of the contract are not duly performed. The PCC may also require sufficient security (e.g. parent company bond) for the due performance of any such contract.

### **Contract Monitoring**

5.3.7 Where appropriate, contracts shall be monitored and measured by way of performance indicators and regular review meetings.

## **5.4 Consultants**

5.4.1 These regulations will also apply to the engagement of any consultant.

## **6.1 Joint Working Arrangements**

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

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

- Partnerships
- Consortia
- Collaboration

6.1.3 Partners engaged in joint working arrangements have common responsibilities:

- (a) to act in good faith at all times and in the best interests of the partnership's aims and objectives;
- (b) to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
- (c) to be open about any conflicts that might arise;
- (d) to encourage joint working and promote the sharing of information, resources and skills;
- (e) to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature; and
- (f) to promote the project.

6.1.4 In all joint working arrangements the following key principles must apply:

- (a) before entering into the agreement, a risk assessment has been prepared;
- (b) such agreements do not impact adversely upon the services provided by the OPCC or the Force;
- (c) project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
- (d) all arrangements are properly documented;

- (e) regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
- (f) audit and control requirements are satisfied;
- (g) accounting and taxation requirements, particularly VAT, are understood fully and complied with ; and
- (h) an appropriate exit strategy has been produced.

6.1.5 The OPCC or the Force element of all joint working arrangements must comply with these Financial Regulations. A register of all joint arrangements shall be maintained by the PCC and the Chief Constable, including a risk register containing an evaluation of any significant risks.

### **Partnerships**

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

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

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

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

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

### **Statutory Based**

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

### **Strategic**

6.1.10 These are partnerships set up to deliver core policing objectives. They can either be Force area wide or local.

### **Ad-Hoc**

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

### **Context**

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

### **Responsibilities of the PCC**

- 6.1.14 To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan and the annual delivery plan.
- 6.1.15 To make appropriate arrangements to commission services from either the Force or external providers.

### **Responsibilities of Chief Officers**

- 6.1.16 To follow the guidance manual for local partnerships, as published on the local policing intranet site.
- 6.1.17 To consult, as early as possible, the Chief Constable's Director of Finance and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.
- 6.1.18 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document shall be signed by the Chief Executive.

### **Consortium Arrangements**

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

### **Responsibilities of Chief Officers**

- 6.1.20 To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 6.1.21 To consult, as early as possible, the Chief Constable's Director of Finance and the Treasurer to ensure the correct treatment of taxation and other accounting arrangements.
- 6.1.22 To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
- 6.1.23 To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document shall be signed by the Chief Executive.

### **Responsibilities of the PCC**

- 6.1.24 To approve OPCC and the Force participation in the consortium arrangement.

### **Collaboration**

- 6.1.25 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the Force concerned.
- 6.1.26 The PCCs shall jointly hold their Chief Constables to account for any collaboration in which their Force is involved.
- 6.1.27 Any such proposal must be discussed with and approved by the Treasurer and Chief Constable's Director of Finance in the first instance.

## **6.2 External Funding**

### **Responsibilities of Chief Officers**

- 6.2.1 To pursue actively any opportunities for additional funding where this is considered to be in the interests of the OPCC and the Force.

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

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

### **Responsibilities of the Treasurer and Chief Constable's Director of Finance**

- 6.2.3 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**

- 6.2.4 To ensure that funds are acquired only to meet policing needs and objectives.
- 6.2.5 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.
- 6.2.6 To ensure that any conditions placed on the OPCC or the Force in relation to external funding are in accordance with the approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.

## **6.3 Work for External Bodies**

- 6.3.1 The Force provides services to other bodies outside of its normal obligations, for which charges are made e.g. training, special services. Arrangements shall 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**

- 6.3.2 To ensure that proposals for assistance are costed, that no contract is subsidised by the Force or the OPCC and that, where possible, payment is received in advance of the delivery of the service so that the Force or the OPCC is not put at risk from any liabilities such as bad debts.
- 6.3.3 To ensure that appropriate insurance arrangements are in place.
- 6.3.4 To ensure that all contracts are properly documented.
- 6.3.5 To ensure that such contracts do not impact adversely on the services provided by the Force or OPCC.
- 6.3.6 The submission of tenders for the supply of goods and/or services shall be approved in accordance with the limits set out in Section 7 of the Regulations.
- 6.3.7 To approve all agreements for the provision of police services to other organisations within the Force Area within the limit set by the PCC.
- 6.3.8 To approve the provision of policing services to external bodies within the limit set by the PCC.

## **7 Summary of Delegated Financial Limits**

### **7.1 Revenue Virement**

(paragraph 2.2.11)

- Threshold: £250,000 in any one case

### **7.2 Capital Programme**

(paragraph 2.3.12)

- Threshold: not exceeding the sum contained in the approved programme by more than 1% or £100,000 which ever is the lower amount.

### **7.3 Valuation of Assets**

(paragraph 3.5.3)

- Thresholds:

Land & Buildings	£40,000
Vehicles	£10,000
ICT hardware	£10,000
Plant & Equipment	£10,000

### **7.4 Inventories**

(paragraph 3.5.5)

- Threshold: £1,000.

(paragraph 3.5.6):

- Threshold: £1,000.

### **7.5 Asset Disposal**

(paragraph 3.5.14)

- Threshold: estimated value of £1,000.

(paragraph 3.5.15)

- Threshold: estimated value of £1,000.

(paragraph 3.5.18)

- Threshold: estimated value of £100,000.

Where this is not the most economically advantageous offer, the Treasurer shall be consulted.

### **7.6 Property Acquisitions**

(paragraph 3.5.21)

- Threshold: £100,000.

Details are to be reported retrospectively to the PCC

## **7.7 Money Laundering**

(paragraph 3.6.21)

- Threshold: £15,000.(or equivalent)

## **7.8 Gifts, Loans and Sponsorship**

(paragraph 3.9.4):

- Threshold: 1% of the Commissioner's annual gross revenue budget for the Force and OPCC.

(paragraph 3.9.7)

- £20,000.

## **7.9 Income**

(paragraph 4.2.3)

- Threshold: Limit for both Treasurer and Chief Constable's Director of Finance: £10,000.

(paragraph 4.2.4)

- Threshold: Limit for Chief Constable's Director of Finance: £10,000

(paragraph 4.2.5)

- Threshold: Limit for Treasurer: £10,000

(paragraph 4.2.13)

- Threshold: Limit for Treasurer: £10,000

(paragraph 4.2.15)

- Threshold: Limit for Chief Constable's Director of Finance: £10,000

## **7.10 Ex Gratia Payments**

(paragraph 4.7.1)

- Threshold: as per the consent issued by the Commissioner.

## **7.11 Tenders and Quotations thresholds**

Paragraph 5.2.4 - Prior Approvals

Thresholds

- Up to 500,00 – The Chief Constable
- Where the total value over the period of the Contract exceeds £500,000– The Commissioner.

Paragraph 5.2.6 – Quotation/Tender thresholds

- Threshold : Between £10,000 and £50,000

Paragraph 5.2.8 – Exceptions

- Threshold: £50,000 for building or maintenance work

Paragraph 5.2.9 - Advertising

- Threshold - £100,000

Paragraph 5.2.20 – Acceptance of Quotations /Tenders

Thresholds

- Annual value up to EU Threshold – The Chief Constable
- Where the annual value exceeds the EU Threshold or the total value over the period of the Contract exceeds £500,000 – The Commissioner. For the purpose of these Thresholds ‘ tender’ means a new tender for goods and services and not to any existing contract extended or renewed.

## **7.12 Contracts**

Paragraph 5.3.2 – Form of Contract

- Threshold - £50,000

Paragraph 5.3.4 - Contracts register

- Threshold - £10,000

## *Appendix 4*

### **Governance Structures Procedures Protocols and Memoranda**

#### **Section 1: Joint Independent Audit Committee**

The Commissioner approves the terms set out below for the scope remit composition and functions of the Joint Independent Audit Committee:

#### **Scope**



The Joint Independent Audit Committee shall consider the internal and external audit reports of both the Commissioner and the Chief Constable. The 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.

The Joint Independent Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis.

### 1.1 **Remit**

The Joint Independent Audit Committee shall 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:

- (a) Advising the Commissioner and Chief Constable on the appropriate arrangements for internal audit and approving the Internal Audit Strategy;
- (b) Approving (but not directing) the internal audit annual programme;
- (c) Approving the Annual Governance Statements for the Commissioner and the Chief Constable;
- (d) 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;
- (e) Considering the Chief Internal Auditor's Annual Report and annual opinion on the internal control environment for the Commissioner and the Force; ensuring appropriate action is taken to address any areas for improvement.
- (f) Reviewing and monitoring the effectiveness of Northumbria Police policies on fraud, irregularity and corruption.

The Joint Independent Audit Committee shall approve (but not direct) the internal audit plan and chapter, which sets out:

- (g) Internal Audit objectives and outcomes;
- (h) How the Chief Internal Auditor or equivalent officer will form and evidence his/her opinion on the control environment to support the Annual Governance Statement;
- (i) How Internal Audit's work will identify and address significant local and national issues and risks;
- (j) How the service will be provided, i.e. internally, externally, or a mix of the two; and what resources and skills are required for the delivery of the strategy; and
- (k) The resources and skills required to deliver the strategy.

### 1.2. **Composition**

The Joint Independent Audit Committee shall comprise five members who are independent of the Commissioner and the Force.

The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.

### 1.3. **Functions**

The functions of the Joint Independent Audit Committee shall be:-

- (a) To approve the annual work plan and fee;
- (b) To receive and respond to the Annual Governance Reports;
- (c) To receive the annual audit letter;
- (d) To receive scheduled External Audit updates and progress reports.

## **Section 2: Rules of Procedure Protocols and Memoranda**

The Commissioner approves the Procedures, Protocols and Memoranda set out below for the functioning of her Office:-

### **Northumbria Governance and Policy Framework**

	Code of Corporate Governance
	PCC Code of Conduct & Register of Interests and Hospitality
	Decision Making and Recording Procedure
	Scrutiny and Monitoring Procedure
	Complaints Handling Procedure
	Relationship Protocols PCC and CC
	FOI Publication Scheme
	Counter Fraud and Corruption Whistleblowing Bribery Act

### **Arrangements for Review**

The Procedures Protocols and Memoranda listed above shall be reviewed annually by the Commissioner at the end of the financial year on advice of the Chief Executive acting in consultation with the Treasurer, the Chief Constable and her Chief Constable's Director of Finance.