

FINANCIAL REGULATIONS AND CONTRACT STANDING ORDERS

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These Financial Regulations will be reviewed in September 2009. In the meantime, due to a change of job title, please read Deputy Chief Executive and Treasurer where there is currently reference to Director of Performance and Resources.

INTRODUCTION

PURPOSE

1. The purpose of this document is to set out the Financial Regulations of the Humberside Police Authority having due regard to the overall regulatory framework of the Authority and its approach to financial management.
2. To conduct its business effectively, the Authority needs to ensure that it has sound financial management policies in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters of the Authority are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the Authority of its members, police officers, police staff, secretariat and in particular the need for openness, accountability and integrity.
3. The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the Authority, the Force and its officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member, officer and member of staff of the service and anyone acting on its behalf.
4. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the following criteria set out in the Home Office Financial Management Code of Practice which states that the Financial Regulations of Police Authorities should:
 - (a) ensure that the financial dealings of the Authority and of the Force are conducted properly and in a way which meets the requirement of best practice;
 - (b) include sufficient safeguards for the Police Authority Treasurer who is responsible for ensuring that their financial affairs are properly administered to discharge properly his or her statutory obligations; and
 - (c) encourage the delegation of responsibility to the lowest level consistent with (a) and (b). This applies to the delegation of financial responsibility between the Police Authority and the Police Force, and within the Force and the Authority.
5. Providing that the necessary risk assessment and approval safeguards are in place within the regulatory framework, innovation should be encouraged.

STATUS

1. The Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the terms of reference of committees, codes of conduct for members and officers, schemes of delegation and standing orders for tenders and contracts.
2. Reference to the term "officer" in these regulations shall mean that the regulations apply to both police officers, police staff, and officers of the secretariat unless the specific financial regulation clearly stipulates otherwise.
3. All members, and officers have a general responsibility for taking appropriate action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

4. The Police Authority is responsible for approving or amending Financial Regulations. The Treasurer is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Police Authority, after consulting with the Chief Executive and Monitoring Officer and the Chief Constable.

5. The Chief Constable is responsible for ensuring that all officers, contractors and agents are aware of the existence and content of the Authority's Financial Regulations and that they are complied with (this applies equally to the Chief Executive and Monitoring Officer and the Treasurer for officers under their direct supervision). Copies will be available on the Police Authority's website, on the Force Intranet and in hard copy.

6. A delegation in Financial Regulations to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented.

7. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings. Such cases shall be reported in the first instance to the Assistant Chief Officer (Support), who will decide what further action needs to be taken, in consultation with the Director of Performance and Resources. Further guidance is set out in Section H.

8. The Regulations shall only be suspended on the resolution of the Police Authority.

THE REGULATIONS

1. The Financial Regulations are divided into a number of sections. References are made in the individual sections to delegated limits of authority with the actual value of each limit set out in Section G. Changes to delegated limits can then be made without reviewing the whole document.

Section A - Financial Management Framework

Section B - Financial Planning and Control

Section C - Management of Risk and Resources

Section D - Systems and Procedures

Section E - External Arrangements

Section F - Contract Standing Orders

Section G - Delegated Limits

Section H – Guidance Notes on Breaches of Standing Orders and Financial Regulations

2. The regulations will be supplemented by more detailed guidance contained in the Financial Management Guide. Guidance can only be issued with the approval of the Chief Constable after appropriate consultation with the Director of Performance and Resources. The Financial Management Guide is available on the Force Intranet.

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 THE ROLE OF THE POLICE AUTHORITY

1.1 In terms of financial management, the Authority is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of a medium term financial strategy. It is responsible for approving the overall framework of accountability and the control and monitoring compliance with it.

1.2 The Police Authority is responsible for approving procedures, for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions. This includes decisions delegated to and taken by its committees.

1.3 The Home Office Code of Practice on Financial Management requires the establishment of an audit committee. The Finance Committee fulfils this requirement. It has a specific responsibility within the overall control framework of assessing the audit function and Force financial performance. The committee receives reports from both the internal and external auditors. The committee is responsible for reviewing the external auditor's reports and the annual audit letter and internal audit's work.

A2 POLICY FRAMEWORK

2.1 The Police Authority is responsible for agreeing the policy framework. This may comprise some or all of the following statutory plans and strategies:

- Strategic Plan
- Local Policing Plan
- Medium Term Financial Strategy
- Annual revenue budget
- Capital programme
- Treasury management policy statement
- Estates Strategy
- Risk management policy and strategy
- Anti fraud and corruption strategy
- Whistle blowing policy
- Members' code of conduct
- Registering of interests
- Gifts and hospitality policy
- Sponsorship policy
- Efficiency plan
- Procurement Strategy
- People Strategy
- Human Resources policies e.g. diversities, equalities
- Information and Communications Technology Strategy
- Data Protection

2.2 The Police Authority is responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework and for determining the circumstances in which a decision will be deemed to be contrary to the budget or policy framework.

A3 THE ROLE OF STATUTORY AND KEY OFFICERS

Introduction

3.1 The Treasurer, the Director of Performance and Resources, has certain statutory obligations and the Chief Executive has a specific monitoring role. However, within the terms of the policy framework determined by the Police Authority, financial management within the Force should be delegated as far as possible to the Chief Constable. The Force itself has a system of devolved financial management to local divisional commanders and branch managers.

3.2 Since the Police Authority has ultimate responsibility for all funds spent by the Police Force, there is no distinction in law between the financial responsibilities of the Police Authority and the financial responsibility of the Force. Therefore, within the framework of delegated financial management, the Chief Constable is accountable to the Police Authority.

The Treasurer

3.3 The Treasurer has statutory duties that provide overall responsibility for the financial administration of the Authority. The statutory duties arise from:

- Section 151 of the Local Government Act 1972
- The Local Government Finance Act 1988
- The Local Government Act 2003
- The Accounts and Audit Regulations 2003

3.4 The Treasurer is the Police Authority's professional adviser on financial matters and shall be responsible for:

- Advising on setting and monitoring compliance with financial management standards, including ensuring that financial regulations are observed and kept up to date and that the Chief Constable has effective internal and managerial control systems in place;
- Reporting both to the Members of the Police Authority and to the external auditors any unlawful, or potentially unlawful, expenditure by the members or officers of the Police Authority or Force;
- Advising on the overall financial position of the Authority and on the key financial controls necessary to secure sound financial management;
- Advising the Authority on the robustness of the estimates, the adequacy of financial reserves and the prudential requirements;
- Providing financial advice to the Police Authority on all aspects of its activity, including the strategic planning and policy making process;
- Ensuring that the annual statement of accounts are prepared;
- Ensuring the provision of an effective internal audit service;
- Overseeing the treasury management function, including loans and investments;
- Advising, in consultation with the Chief Executive, on the safeguarding of assets, including risk management and insurance; and
- Arranging for the determination and issue of the precept

3.5 The Treasurer, in consultation with the Chief Executive and the Chief Constable, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the Authority.

The Chief Executive

3.6 The Chief Executive is responsible for the leadership and general administration of the Police Authority. The Chief Executive shall also be the designated Monitoring Officer for the Authority, appointed under section 5(1) of the Local Government and Housing Act 1989. The Chief Executive has responsibility for ensuring the legality of the actions of the Police Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented.

3.7 In the capacity of Monitoring Officer, the Chief Executive is responsible for

- Ensuring that procedures for recording and reporting key decisions are operating effectively;
- Advising members and officers about who has authority to take a particular decision;
- Advising the Authority about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework; and
- Advising the Authority on matters relating to standards of member conduct

The Chief Constable

3.8 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.

3.9 The Chief Constable shall prepare a Financial Management Guide to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes delegated to the Chief Constable in support of the Treasurer. The Chief Constable is responsible for ensuring that all officers are aware of the existence and content of the Financial Management Guide and that its requirements are complied with. All officers must have access for reference and receive training and awareness programmes as appropriate.

The Assistant Chief Officer (Support)

3.10 The Authority shall appoint a suitably qualified Assistant Chief Officer (Support), to act as the Force Finance Director, who shall be responsible to the Chief Constable for all financial activities undertaken within the Force or contracted out under the supervision of the Force.

3.11 The Assistant Chief Officer (Support) shall be responsible for ensuring the effective and efficient use of the resources available to the Force. He or she will take account of the Treasurer's views and advice in carrying out his or her financial responsibilities.

3.12 It must be recognised that financial regulations cannot foresee every eventuality. The Assistant Chief Officer (Support), in consultation with the Treasurer, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

3.13 He or she should possess a recognised accountancy qualification and manage all officers working on financial matters within the Force. He or she will be part of the Force senior management team.

3.14 The Chief Constable may also delegate the management of other support service functions to the Assistant Chief Officer (Support) as he or she sees fit.

A4 FINANCIAL MANAGEMENT STANDARDS

Overview & Control

4.1 All members and officers have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

4.2 Members shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the Authority's external auditor.

Requirements

4.3 The Chief Constable shall ensure that all officers are aware of, and comply with, proper financial management standards, including these Financial Regulations.

4.4 All officers are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

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

A5 ACCOUNTING SYSTEMS, RECORDS AND RETURNS

Overview and Control

5.1 The Treasurer is responsible for determining the accounting policies for the Authority, in accordance with recognised accounting practices, and for approving the main accounting systems and procedures employed by the Chief Constable. All officers are to operate within the required accounting policies and published timetables.

5.2 The financial systems of the Authority are used to record the financial transactions of the Authority. With possible minor exceptions, these are computerised systems. Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources.

5.3 The following rules should be followed as a general principle:

- Those with the duty of examining or checking the accounts of cash transactions must not themselves be engaged in these transactions;
- The duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them.

Requirements

5.4 The Chief Constable shall

- Obtain the approval of the Treasurer before making any fundamental changes to accounting records and procedures or accounting systems;
- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis;
- Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements; and
- Ensure that reconciliation procedures are carried out on recognised control accounts on a timetable agreed with the Treasurer to ensure transactions are correctly recorded

5.5 Prime documents are to be retained in accordance with legislative requirements and the internal needs of the Authority. The format of such documents shall satisfy the requirements of internal and external audit. The Treasurer, Chief Executive and Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

A6 THE ANNUAL STATEMENT OF ACCOUNTS

Overview and Control

6.1 The Authority has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. The Treasurer must ensure that the accounts are prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (the SORP). The Police Authority's Finance Committee has the delegated authority to approve the annual accounts.

6.2 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that proper arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

Requirements

6.3 The Treasurer shall

- Consults with the Chief Constable and external auditor and ensure that a timetable for final accounts preparation is drawn up;
- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Comply with the SORP;
- Prepare, sign and date the statement of accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended;
- Publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable

6.4 The Chief Constable shall comply with accounting guidance provided by the Treasurer and supply the Treasurer with appropriate information upon request within a reasonable timescale.

6.5 The Finance Committee shall consider for approval the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview and Control

1.1 The Authority is a complex organisation responsible for delivering a range of policing activities. It needs to develop systems to enable scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.

1.2 The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.

1.3 The planning process should be continuous and the planning period should cover 5 years. The process should include a more detailed annual plan, the budget, covering the forthcoming financial year. This allows the Authority and Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.

1.4 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate.

1.5 It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by central government on resource allocation.

Medium Term Financial Strategy

Requirements

1.6 The Treasurer shall determine the format of the Medium Term Financial Strategy to be presented to the Finance Committee and the Police Authority, in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

1.7 The Chief Constable, in consultation with the Treasurer, shall prepare at least a 5 year financial forecast of proposed income and expenditure for submission to the Police Authority each year. This will cover the forthcoming financial year and the 4 following years. When preparing the forecast, the Chief Constable shall have regard to:

- Policy requirements approved by the Police Authority as part of the policy framework;
- Unavoidable future commitments, including legislative requirements;
- Initiatives already underway;
- Spending patterns and pressures revealed through the budget monitoring process; and
- Proposed service developments and plans

1.8 The Treasurer, in consultation with the Chief Constable, shall prepare a 5 year forecast of potential resources, including options for appropriations to and from

reserves and use of provisions, based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.

1.9 Given that there is likely to be a gap between available resources and required resources, spending plans should be prioritised carefully by the Chief Constable to enable the Police Authority to make the best informed judgements as to future funding levels and planning the use of resources.

Annual Revenue Budget Preparation

Requirements

1.10 The Treasurer shall determine the format of the budget to be presented to the Police Authority, in consultation with the Chief Constable. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

1.11 The Chief Constable shall prepare budget estimates for the forthcoming financial year in accordance with the timetable agreed with the Treasurer. This will identify inflation and other commitments, budget changes, efficiency savings and service development proposals.

1.12 The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown in Section G.

1.13 The Treasurer shall advise on the appropriation to or from the general reserve, earmarked reserves or provisions.

1.14 The Chief Executive shall ensure that the Police Authority meet to consider formally the budget proposals and that the Police Authority acts in accordance with any legal requirements in respect of budget resolutions and the timely setting of the budget.

1.15 The Treasurer and Chief Constable shall submit estimates in the agreed format to the Police Authority budget meeting for approval, including details of council tax implications and precept requirements.

1.16 Upon approval of the annual budget, the Treasurer shall ensure that the Budget Requirement return is submitted to central government and that precept requests to appropriate bodies in accordance with the legal requirement.

B2 BUDGETARY CONTROL

Overview and Control

2.1 Budget management ensures that once the Police Authority has approved the budget, resources allocated are used for their intended purpose and are properly accounted for, subject to virement rules. Budgetary control is a continuous process, enabling the Authority to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

2.2 Budget holders shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.

2.3 Management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

Revenue Budget Monitoring

Overview and Control

2.4 By continuously identifying and explaining variances against budgetary targets, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget holder is required to manage expenditure within their budget allocation, subject to the rules of virement.

Requirements

2.5 The Chief Constable is responsible for providing appropriate financial information to enable budgets to be monitored effectively.

2.6 The Chief Constable shall ensure that each element of income or expenditure within operational policing has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.

2.7 The Chief Executive and Treasurer are responsible for that part of the Police Authority's budget that is not delegated to the Chief Constable.

2.8 It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided by the Chief Constable. They should report to the Chief Constable on variances within their own areas. They should also take any action necessary to avoid an adverse variation to their budget allocation and alert the Chief Constable and Treasurer to any problems. Detailed budget monitoring is to be undertaken by budget holders on a monthly basis and reported to the Assistant Chief Officer (Support).

2.9 The Chief Constable shall ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.

2.10 The Chief Constable shall ensure that total spending for operational policing remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, the Treasurer shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the Finance Committee. The same responsibilities apply to the Chief Executive and Treasurer for the Police Authority's own budget.

2.11 The Chief Constable and Treasurer shall submit a budget monitoring report to each meeting of the Finance Committee, containing the most recently available financial information. Updated information must be available between Committee

meetings. The monitoring reports shall show spending to date and compare projected outturn compared with the latest budget. The reports shall be in a format agreed by the Treasurer and Chief Constable, and approved by the Finance Committee.

2.12 Major revenue projects need not be referred back to the Finance Committee for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section G.

Revenue Virement

Overview and Control

2.13 A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is considered to be a line in the Authority's published budget and the Chief Constable shall nominate budget holders to be responsible for managing specific budgets. The scheme of virement is intended to enable the Chief Constable to manage the budget with a degree of flexibility within the overall policy framework determined by the Police Authority and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.

2.14 The overall budget is agreed by the Police Authority and budget holders are expected to incur expenditure in accordance with the estimates that make up the budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement does not create additional overall budget liability. The Chief Constable is expected to exercise discretion in managing budgets responsibly and prudently. Virements are not intended to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the Police Authority.

2.15 Overall, the rules on virement are designed to allow the Chief Constable greater flexibility to meet operational requirements and to facilitate the decision making process. The Chief Constable shall still be held to account by the Police Authority for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.

Requirements

2.16 The limits that apply on virements between budget headings are defined in Section G.

2.17 The exceptions to the above framework are that:

- (a) Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect the long term revenue commitments of the Authority;
- (b) The Authority has no power to vire from capital to revenue but the Chief Constable may authorise the financing of capital expenditure from the revenue budget, up to a level as set out in Section G. Each instance must be reported to the Authority as part of the capital programme monitoring arrangements;
- (c) When the virement is between an income budget line and an expenditure budget line which is directly related, approval is by the Assistant Chief Officer (Support).

2.18 Budget lines will be cash limited and defined each year as part of the budget approval.

2.19 All requests for virement must be made in the format prescribed by the Assistant Chief Officer (Support).

Treatment of Year End Balances

Overview and Control

2.20 A year end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year, dependent upon the direction of the budget variation. Carry forwards will be undertaken in accordance with the approved scheme for that purpose.

2.21 The carry forward of underspent and overspent budgets is permitted only within the delegation limits set out within the carry forward scheme. Carry forwards are to be the subject of a report to the Authority as part of the year end outturn report. Budget Holders will be required to satisfy the Chief Constable that expenditure proposed against carry forward underspendings is in accordance with Policing Plan priorities and is non recurrent in nature.

Requirements

2.22 Devolved budget holders who overspend their budget in any financial year may have their budget reduced for the following financial year, subject to the determination of the Chief Constable after consultation with the Treasurer.

2.23 Budget holders who identify planned underspend in any financial year may have this budget carried forward to the following financial year, subject to the limits indicated in Section G.

2.24 All carry forwards outside of the parameters stipulated in these Regulations, require the prior approval of the Finance Committee.

B3 CAPITAL PROGRAMME

Overview and Control

3.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or IT systems. Capital assets shape the way services are delivered in the long term and may create ongoing financial commitments in the form of financing costs and revenue running costs.

3.2 The Authority is able to undertake capital investment providing the capital spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the Authority will consider its capital spending plans.

3.3 The capital programme should be linked to the Estates and other Strategies involving proposals for significant investment in capital assets.

Requirements

3.4 Capital expenditure should be in accordance with the requirements of the approved appropriate strategy and the capital programme setting and monitoring process.

3.5 Each capital project shall have a named person responsible for instigating the scheme, monitoring progress and ensuring completion of the scheme.

3.6 For each capital project the responsible officer shall prepare a scheme in accordance with the appropriate project management guidelines. Capital proposals shall undergo a project appraisal that demonstrates the cost and benefits of the scheme to the service. The results of the project appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme.

3.7 The Chief Constable, in consultation with the Treasurer, shall prepare at least a 5 year programme of proposed capital expenditure for submission for approval together with the annual budget. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.

3.8 Property leases may constitute a capital liability. The Chief Constable shall notify the Treasurer of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section G shall be approved by the Authority.

3.9 Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the Finance Committee for approval.

3.10 The Treasurer, in consultation with the Chief Constable, shall identify funding for the capital programme. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

3.11 Given that there is likely to be a gap between available resources and required resources, spending plans should be prioritised carefully by the Chief Constable to enable the Police Authority to make the best informed judgements as to future funding levels and planning the use of resources.

3.12 No capital expenditure shall be incurred unless the scheme is approved by the Police Authority.

3.13 The Chief Constable is responsible for monitoring progress of the capital programme and for controlling costs of capital projects within the programme each year.

3.14 Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the Finance or other Committee for further approval unless the cost of the scheme exceeds the limits shown in Section G, or amendments to the nature of the scheme are sought.

3.15 Finance leases shall not be entered into without the prior approval of the Chief Constable and Treasurer.

3.16 The Chief Constable and Treasurer shall submit capital monitoring reports to the Finance Committee on a regular basis, containing the most recently available financial information. Updated information must be available between Committee meetings. The monitoring reports will show spending to date and compare projected outturn with the approved programme. The reports shall be in a format agreed by the Treasurer and Chief Constable, and approved by the Finance Committee.

3.17 The Treasurer and Chief Constable shall report capital expenditure for the year and cumulative expenditure on individual schemes to the Police Authority as part of the closure of accounts arrangements.

B4 MAINTENANCE OF RESERVES

Control and Overview

4.1 The general reserve is maintained as a matter of prudence. This enables the Authority to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that spending requirements will occur in the future.

Requirements

4.2 The Treasurer shall advise the Police Authority on reasonable levels of reserves and take account of any views of the external auditor in this matter.

4.3 The Police Authority shall approve the creation and appropriations to and from reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT

Overview and Control

1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the Authority. This should include the proactive participation of all those associated with planning and delivering services.

1.2 All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial well being of the organisation. In essence it is, therefore, an integral part of good business practice.

1.3 The Police Authority shall be responsible for ensuring that the financial management of the organisation is adequate and effective and a sound system of

internal control is in place that facilitates the effective exercise of its functions and which includes arrangements for the management of risk.

1.4 Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

Requirements

1.5 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing the Authority's risk management policy statement. They are responsible for promoting a culture of risk management awareness throughout the Authority and reviewing risk as an ongoing process.

1.6 The Chief Executive and Treasurer are responsible for advising the Police Authority on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.

1.7 The Police Authority is responsible for approving the risk management policy statement and strategy and for reviewing the effectiveness of risk management.

1.8 The Chief Constable shall, in consultation with the Treasurer:

- Ensure that insurance cover is provided where appropriate and take account of all new risks as appropriate;
- Ensure that claims made by the Force against insurance policies are made promptly;
- Make all appropriate officers aware of their responsibilities for managing relevant risks and provide information on risk management initiatives;
- Ensure that anyone covered by the Authority'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; and
- Approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the Authority chooses to provide insurance cover itself.

1.9 The Chief Constable shall notify the Treasurer of:

- Anything that may result in a significant claim against the Police Authority and/or its Members;
- The terms of any indemnity which the Police Authority is required to provide;
- Any new risks which might require to be insured, together with changed circumstances affecting existing risks.

1.10 The administration of insurance matters, including the settlement of insurance liability claims shall be delegated to the Chief Constable.

1.11 The Chief Constable shall be authorised to settle civil claims and other legal actions up to the limits shown in Section G. Information on the settlement of Civil Claims will be reported to the Finance Committee.

1.12 The Chief Executive shall evaluate and authorise any terms of indemnity that the Authority is requested to give by external parties.

C2 INTERNAL CONTROLS

Overview and Control

2.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.

2.2 The Authority is complex and beyond the direct control of individuals. Therefore, it requires internal controls to manage and monitor progress towards strategic objectives. The Authority has statutory obligations, and, therefore, requires internal controls to identify, meet and monitor compliance with these obligations.

2.3 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:

- Efficient and effective operations
- Reliable financial information and reporting
- Compliance with laws and regulations
- Risk management

Requirements

2.4 The Chief Constable is responsible for implementing effective systems of internal control and the Treasurer has the responsibility for advising on those systems. 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.

2.5 The Chief Constable shall ensure that internal controls exist for 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 systems is to promote ownership of the control environment by defining roles and responsibilities.

2.6 The Chief Constable shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguard for assets, segregation of duties, authorisation and approval procedures and robust information systems.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview and Control

3.1 The requirement for an internal audit function is set out in the Accounts and Audit Regulations 2003 which requires that the Authority "maintains an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper internal audit practices".

3.2 Internal audit is an independent and objective appraisal function established by an authority for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

3.3 Internal audit is required to comply with the Auditing Practices Board's guidelines "Guidance for Internal Auditors", as interpreted by CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.

Requirements

3.4 The Treasurer shall ensure the provision of an effective internal audit service.

3.5 Internal audit shall have direct access to the Chief Executive, Treasurer and Chief Constable, all levels of management and directly to members of the Police Authority, where necessary.

3.6 The Chief Constable shall ensure that internal auditors have the authority to:-

- Access Authority premises at reasonable times
- Access all assets, records, documents, correspondence, control systems and appropriate personnel
- Receive any information and explanation considered necessary by the auditor concerning any matter under consideration
- Require any police officer or police staff of the Authority to account for cash, stores or any other Authority asset under their control
- Access records belonging to third parties, such as contractors, when required

3.7 Any instances where the Chief Constable considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the Treasurer.

3.8 The Treasurer, taking advice from internal audit and after consulting with the Chief Constable and external auditor, is responsible for preparing an annual audit plan covering the forthcoming financial year. The plan is to take account of the characteristics and relative risks of the activities involved.

3.9 The Treasurer, in consultation with the Chief Constable, shall submit the audit plan to the Finance Committee for approval.

3.10 The Chief Constable shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

3.11 The Chief Constable shall 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.

External Audit

Overview and Control

3.12 The Audit Commission is responsible for appointing external auditors to each police authority. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999. In particular, section 4 of the 1998 Act requires the Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report on:

- The Authority's financial statements and its statement on internal control
- Whether the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

3.13 The Authority's accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts 'presents fairly' the financial position of the Authority and its income and expenditure for the year in question and complies with the legal requirements.

Requirements

3.14 The Treasurer shall liaise with the external auditor and advise the Finance Committee and Police Authority on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

3.15 The Chief Constable shall ensure that the external auditors are given the same levels of access as determined for internal audit for the purposes of their work.

Other Inspection Bodies

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

C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

4.1 The Authority will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside the Authority.

4.2 The Authority's expectation of propriety and accountability is that members and officers at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

4.3 The Authority also expects that individuals and organisations, such as suppliers, contractors, and service providers, with whom it comes into contact will act towards the Authority with integrity and without thought or actions involving fraud or corruption.

Requirements

4.4 All members and officers shall act with integrity and lead by example.

4.5 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing an effective anti-fraud and corruption strategy and maintaining a culture that will not tolerate fraud or corruption.

4.6 The Police Authority is responsible for approving an effective anti-fraud and corruption strategy.

4.7 Appropriate legislation, including the Public Interest Disclosure Act 1998, shall be adhered to.

4.8 The Chief Executive, in consultation with the Chief Constable, shall maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both members and officers in accordance with any relevant statutory code of conduct. The Police Authority shall adopt such a policy. A register of interests and a register of hospitality and gifts shall be maintained for members and officers in a manner to be determined by the Chief Executive, in consultation with the Chief Constable.

4.9 A whistle blowing policy shall be implemented to provide a facility that enables officers, 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 Chief Constable and Chief Executive shall ensure that all officers are aware of any approved whistle blowing policy.

4.10 The Chief Constable shall notify the Treasurer immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources, in accordance with any approved procedures. In such instances, the Chief Constable and Treasurer shall agree any further investigative process. Pending investigation and reporting, the Chief Constable shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

4.11 The Chief Constable may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

4.12 The Authority's Anti-Fraud and Corruption Statement and Fraud Response Plan are set out at Section I.

C5 ASSETS

Overview and Control

5.1 The Authority holds valuable assets in the form of land, property, vehicles, equipment, furniture etc. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal and replacement of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register or an asset management plan is to provide the Authority with information about fixed assets so that they are:

- Accurately recorded and classified
- Safeguarded against loss
- Used efficiently and effectively
- Adequately maintained
- Valued in accordance with statutory and management requirements

5.2 Intellectual property is a generic term that includes inventions and writing. If these are created by an officer during the course of employment, then, as a general rule, they belong to the Authority, not the individual. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Authority may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the Authority decides to become involved in the commercial exploitation of inventions, the matter must be brought to the attention of the Finance Committee.

Requirements

Security

5.3 Resources are only to be used for the purposes of the Authority, are to be available for use when required and are to be properly accounted for.

5.4 The Chief Constable shall ensure that 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.

5.5 Attractive and portable items such as computers, cameras and video recorders should be identified with security markings as belonging to the Authority.

5.6 The Chief Constable shall ensure that all officers are aware of their responsibilities with regard to safeguarding the Authority's assets and information, including the requirements of the Data Protection Act and software copyright legislation.

5.7 The Chief Executive shall ensure where appropriate that title deeds to the Authority's property are held securely.

Valuation

5.8 The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown in Section G, in a form approved by the Treasurer. Assets are to be recorded when they are acquired by the Authority and this record updated as changes occur with respect to location, and ownership. Assets are to be valued:

- In accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice in accordance with the requirements specified by the Treasurer
- For insurance purposes

5.9 Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.

Inventories

5.10 The Chief Constable shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section G. Such inventories shall record each item, its value, description

including model number, serial number and location. Budget Holders are required to check the existence of a random sample of inventory items on an annual basis.

Stocks and Stores

5.11 The Chief Constable shall make arrangements for the care, custody and control of the stocks and stores of the Authority and maintain detailed stores accounts in a form approved by the Treasurer. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.

5.12 Stock checks are to be undertaken at least once per year either by means of continuous or annual stock takes. Stock takes shall be undertaken and certified by an authorised person who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.

5.13 Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.

5.14 Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the level shown in Section G. Amounts for write off above this value must be referred to the Finance Committee for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

5.15 Obsolete stock, or equipment and materials surplus to requirements may be written off by the Chief Constable up to the level shown in Section G. Amounts for write off above this value must be referred to the Finance Committee for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

Intellectual Property

5.16 The Chief Executive, Treasurer and Chief Constable jointly are responsible for preparing guidance on intellectual property procedures and ensuring that officers are aware of these procedures.

Asset Disposal

5.17 Assets shall be disposed of when in the best interests of the Authority and at the most advantageous price. Where this is not the highest offer, the Chief Constable shall prepare a report for the next meeting of the Finance Committee outlining the reasons. The Chief Constable may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section G. Disposals above this value are to be reported to the Finance Committee for prior approval.

5.18 Items above the estimated value shown in Section G shall be disposed of by public auction or sealed bids after advertisement.

5.19 All asset disposals shall be recorded in the asset register or inventory as appropriate.

C6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Control and Overview

6.1 It is important that the Authority's money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security and proper stewardship of the Authority's funds.

Requirements

6.2 The Police Authority adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

6.3 Accordingly, the Authority shall create and maintain, as the cornerstone for effective treasury management:

- A treasury management policy statement, stating the policies and objectives of its treasury management activities
- Suitable treasury management procedures, setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and treasury management procedures will follow the recommendations contained in the Code of Practice.

6.4 The Authority shall receive reports on its treasury management policies, procedures and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close.

6.5 The Authority delegates responsibility for the implementation and monitoring of its treasury management policies and procedures to the Finance Committee, and for the execution and administration of treasury management decisions to the Chief Constable in consultation with the Treasurer, acting in accordance with the organisation's policy statement, treasury management procedures and any relevant Standard of Professional Practice on Treasury Management.

6.6 All investments and borrowings shall be in the name of the Police Authority.

6.7 The arrangements for the operation and supervision of the Authority's bank accounts shall be in a form agreed by the Chief Constable and agreed by the Treasurer. All bank accounts shall be in the name of the Police Authority unless authorised by the Treasurer and Chief Executive. The opening and closing of bank accounts requires the authorisation of the Treasurer.

6.8 The Chief Constable shall provide appropriate officers with cash or bank imprests to meet minor expenditure on behalf of the Authority. The Chief Constable shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

6.9 The Chief Constable shall prepare detailed guidance for dealing with petty cash, to be agreed with the Treasurer, and these shall be issued as appropriate.

6.10 The use of procurement and credit cards shall be allowed for undertaking Police Authority business. Requirements as to their use are set out in contract standing orders (see Section F3).

C7 STAFFING

Overview and Control

7.1 Pay costs form a significant element of the annual revenue budget of the Police Authority. In order to provide the highest level of service and ensure effective use of resources, it is crucial that the Authority recruits and retains high calibre, knowledgeable officers qualified to an appropriate level.

7.2 The Chief Constable is responsible for providing overall management of officers within the Force and ensuring that there is a proper use of the evaluation or other agreed systems for determining the remuneration of a job.

Requirements

7.3 The Chief Constable shall ensure that the pay budget provides an accurate forecast of officer levels, that it accords with the approved policies of the Police Authority and shall advise the Police Authority on the budget provision necessary to cover estimated officer levels.

7.4 The Chief Constable shall ensure that officers are appointed and employed in accordance with police regulations and the agreed personnel policies of the Authority and that service records are properly maintained.

C8 ACTIVITY BASED COSTING (ABC)

Overview and Control

8.1 Activity based costing provides a way of calculating the activity and costs associated with the provisions of policing. It is used to measure and cost the time officers spend on various tasks. The results can be used to help ensure activities and resources are aligned with local policing plan priorities.

Requirements

8.2 The Chief Constable shall ensure that activity analysis studies are conducted on an annual basis in accordance with any Home Office guidance.

8.3 The Chief Constable shall ensure that appropriate reports using activity analysis and activity based costing are prepared and presented to Chief Officers, Divisional Commanders and Branch Managers and to the Authority as appropriate to assist the Force and Authority to consider the most effective allocation of resources.

C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY

Voluntary Unofficial Funds

Overview and Control

9.1 These are deemed to be funds, other than those of the Authority, which are controlled wholly or partly by officers of the Authority or force by reason of their employment.

Requirements

9.2 The Chief Constable shall be informed of the existence of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.

9.3 Any officer controlling such funds shall follow the procedure set out in the Financial Management Guide.

Custody of Private Property

Overview and Control

9.4 The Chief Constable is required to exercise a duty of care and safeguard found or seized property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody.

Requirements

9.5 The Chief Constable is responsible for the safekeeping of the private property of a person, other than an officer under his guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate officers.

9.6 The Chief Constable is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate officers.

9.7 The Chief Constable shall be informed without delay in the case of loss or diminution in value of such private property.

SECTION D

SYSTEMS AND PROCEDURES

D1 GENERAL

Overview and Control

1.1 There are many systems and procedures relating to the control of the Authority's assets, including purchasing, costing and management systems. The Authority is reliant on technology for financial management purposes. Information must be accurate, and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

1.2 It is imperative that operating systems and procedures are secure and that basic data exists to enable the Authority's objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

1.3 The Authority will continually develop its use of appropriate systems and technology in a controlled manner that ensures its financial affairs are conducted efficiently and effectively.

Requirements

1.4 The Chief Constable and Treasurer are responsible for determining the accounting systems, procedures and supporting financial records, and any changes to them, and issuing guidance and procedures for officers acting on the Authority's behalf.

1.5 The Chief Constable shall ensure, in respect of systems and processes, that:-

- Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice;
- Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
- A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa; and
- Systems are documented and officers trained in operations

1.6 The Chief Constable shall ensure that there is a documented and tested business continuity plan to allow 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.

1.7 The Chief Constable shall establish a scheme of delegation, identifying officers authorised to act on the Chief Constable's behalf in respect of income collection, placing orders, making payments and employment.

D2 INCOME

Overview and Control

2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.

2.2 The responsibility for cash collection should be separated from that:

- for identifying the amount due
- for reconciling the amount due to the amount received

Requirements

2.3 The policy on charging under Section 25 of the Police Act 1996 shall be prepared by the Chief Constable for approval by the Police Authority.

2.4 The Chief Constable shall make arrangements for the collection of all income due to the Authority, including the appropriate and correct charging of VAT.

2.5 The Chief Constable shall review scales of fees and charges at least annually, in line with ACPO guidance produced for this purpose. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the Police Authority.

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

2.7 Income is to be paid fully and promptly into the Authority's bank account in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis by the Chief Constable. Income must not be used to cash personal cheques or other payments.

2.8 The Police Authority shall determine a policy for the receipt of sponsorship income. Such income shall be brought into the accounts of the Authority and entered into a Sponsorship Register in accordance with the approved policy.

2.9 The Chief Constable shall maintain an appropriate debt policy including recovery procedures, and legal action where necessary, for debts that are not paid in accordance with the Authority's terms and conditions. Debt recovery will also take account of the Late Payment of Commercial Debts (Interest) Act 1998.

2.10 Income due to the Authority shall not be written off until the Chief Constable is satisfied that all reasonable steps have been taken for its recovery. Individual amounts may be written off by the Chief Constable and the Treasurer up to the level shown in Section G. Amounts for write off above this value must be referred to the Finance Committee for approval, supported by a written report explaining the reasons for the write off.

2.11 The Chief Constable shall include in the Financial Management Guide procedures for dealing with income, to be agreed with the Treasurer, and these shall be issued as appropriate.

D3 ORDERING OF GOODS AND SERVICES

Overview and Control

3.1 Public money should be spent with the highest demonstrable standard of probity and in accordance with the Authority's policies. The Authority has a duty to achieve best value, in part through economy and efficiency. The Authority's procedures should help to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders, set out in Section F.

Requirements

3.2 The Chief Constable is responsible for preparing a procurement strategy covering the principles to be followed for the purchase of goods and services. The Police Authority is responsible for approving the procurement strategy.

3.3 Every member and officer of the Authority or Force has a responsibility to declare any links or personal interests that they may have with current and prospective purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the Authority.

3.4 All orders issued shall be in accordance with the Authority's approved procurement strategy. Official orders must be issued for all work, goods or services to be supplied to the Authority, 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.

3.5 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Authority contracts.

3.6 Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.

3.7 Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in Section G.

3.8 Commitments incurred by placing orders are to be identified as commitments against the appropriate budget allocation and should be taken into account in budget monitoring reports.

3.9 Other than in exceptional circumstances, a different person should authorise the payment from the person who signed the order.

3.10 The Chief Constable shall include in the Financial Management Guide procedures for dealing with ordering, to be agreed with the Treasurer, and these shall be issued as appropriate.

D4 PAYMENTS FOR GOODS AND SERVICES

Requirements

4.1 All payments are to be made in accordance with the Authority's approved procurement strategy.

4.2 Payments are not to be made unless goods and services have been received by the Authority at the correct price, quantity and quality in accordance with any official order.

4.3 Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Payments will be made within stated terms or within 30 days where not stated, of receipt of a correct invoice.

4.4 Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.

4.5 The Chief Constable shall include in the Financial Management Guide procedures for dealing with payments, to be agreed with the Treasurer, and these shall be issued as appropriate.

D5 PAYMENTS TO OFFICERS AND MEMBERS

Overview and Control

5.1 Pay costs are the largest item of expenditure for the Authority. Therefore, it is important that payments are accurate, timely, made only where they are due for services to the Authority and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that members' allowances are authorised in accordance with the scheme adopted by the Police Authority.

5.2 All overtime claims and other claims for remuneration, travel and subsistence and members' allowances should be submitted on a monthly basis. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

Requirements

5.3 Proper authorisation procedures are to be in place for starters, leavers, variations and enhancements, and police pensions. Appointments are to be made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available.

5.4 The Chief Constable shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers. Adequate and effective systems are to be in place and procedures operated so that:

- Payments are only authorised to bona fide officers and members
- Payments are only made where there is a valid entitlement
- Conditions and contracts of employment are applied correctly
- Individual's names listed on the payroll are checked at regular intervals to verify accuracy and completeness

5.5 The Chief Constable shall make arrangements for the payment of all travel and subsistence claims. The Chief Executive shall make arrangements for the payment of all members' allowances. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly by the Authority, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to a maximum level of approved national or local rates.

5.6 All overtime payments are to be made on the basis of authorised timesheets or claims.

5.7 Payroll transactions are to be 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 requirements. The HM Revenue & Customs applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.

5.8 The Chief Constable shall ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HM Revenue & Customs.

5.9 The Chief Constable shall comply with all HM Revenue & Customs regulations and record and make arrangements for the accurate and timely payment of tax, national insurance, pension and other statutory or voluntary deductions from pay.

5.10 The Chief Constable shall include in the Financial Management Guide procedures for dealing with payments to officers, to be agreed with the Treasurer, and these shall be issued as appropriate.

D6 TAXATION

Overview and Control

6.1 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe.

6.2 It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.

Requirements

6.3 The Chief Constable shall ensure the completion of all HM Revenue & Customs returns regarding PAYE and that due payments are made in accordance with statutory requirements.

6.4 The Chief Constable shall ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HM Revenue and Customs regulations. The Chief Constable shall ensure the completion of VAT claims, receipts and payments are made in accordance with statutory requirements.

6.5 Where construction and maintenance works are undertaken, all contractors shall fulfil the necessary construction industry tax deduction requirements. The Chief Constable shall provide details to the HM Revenue & Customs regarding the construction industry tax deduction scheme.

6.6 The Chief Constable shall maintain up to date guidance for appropriate officers on taxation issues in a readily accessible tax manual.

D7 EX GRATIA PAYMENTS

Overview and Control

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

Requirements

7.2 The Chief Constable may make ex gratia payments up to the level shown in Section G in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Authority. The Chief Constable shall maintain details of such payments in a register.

7.3 Amounts greater than those specified in Section G must be referred to the Finance Committee for approval.

SECTION E

EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

Overview and Control

1.1 Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the well being of the area. A partner may be defined as:

- An organisation joining with another organisation(s) to undertake, part fund or participate as a beneficiary in a joint project, or
- A body whose nature or status give it a right or obligation to support a joint project

1.2 The main reasons for entering into a partnership with others are:

- To provide new and better ways of delivering services
- To comply with statutory requirements
- The ability to access new resources
- The desire to find new ways to share risk
- To forge new relationships

1.3 Partners undertaking a joint venture have common responsibilities:

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

1.4 The Police Authority should welcome the opportunity for forming partnerships with other local organisations to address local needs.

Requirements

1.5 The Chief Constable, in consultation with the Chief Executive, shall be responsible for undertaking the partnership funding arrangements and shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.

1.6 The Chief Constable, upon taking appropriate advice, shall ensure that:

- Before entering into the agreement, a risk management appraisal has been prepared
- Such agreements do not impact adversely upon the services provided by the Authority

- Project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
- All arrangements are properly documented
- Regular communication is held with other partners throughout the project in order to achieve the most successful outcome
- Audit and control requirements are satisfied

1.7 The Chief Constable shall ensure that all officers involved in partnership arrangements are given access to Financial Regulations and Contract Standing Orders. If circumstances arise where it is not possible to comply with these Regulations, prior approval of the Police Authority to enter into the partnership arrangement and to waive the Regulations should be sought.

E2 EXTERNAL FUNDING

Overview and Control

2.1 External funding can be a very important source of income. The main source of such funding for this Authority will tend to be specific government grants.

2.2 Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

Requirements

2.3 The Chief Constable shall ensure that any conditions placed on the Force in relation to external funding are in accordance with the approved policies of the Police Authority. In such cases, The Chief Constable shall comply with the key conditions determined by the funding body and any statutory requirements.

2.4 The Chief Constable shall pursue actively any opportunities for additional funding where this is considered to be in the interests of the Police Authority.

2.5 Sponsorship arrangements will be subject to the delegated limit detailed in Section G.

2.6 The Chief Constable shall ensure that all funding notified by external bodies is received and properly recorded in the Authority's accounts, that all claims for funds are made by the due date and that audit requirements are met.

E3 WORK FOR THIRD PARTIES

Overview and Control

3.1 The Force provides special services to other bodies outside of its normal obligations, for which charges are made e.g. policing inside football grounds. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

Requirements

3.2 The Chief Constable shall ensure that proposals for assistance are costed and that appropriate charges are made for the services provided. Where possible, payment is received in advance of the delivery of the service so that the Authority is not put at risk from any bad debts.

3.3 The Chief Constable shall ensure that appropriate insurance arrangements are in place.

E4 Regional Working

4.1 Humberside Police's contribution towards working with North Yorkshire Police, South Yorkshire Police and West Yorkshire Police, will be contained in the annual budget and medium term financial strategies.

4.2 In terms of flexibility of contributions towards regional working, the Regional Project Director will be allowed to vire £75,000 of Humberside Police's contribution to other schemes, per annum, without reference back to the Police Authority.

4.3 The Regional Programme Director will be required to provide regular financial and performance monitoring information for regional working. Once a contribution has been made to a regional project, in terms of application of the resources, it will be assumed it will be in line with those of the Lead Force for that activity. Humberside Police will have the right to audit all expenditure in relation to all regional projects.

SECTION F

CONTRACT STANDING ORDERS

F1 INTRODUCTION

1.1 All orders and contracts for the supply of goods, materials, services or the execution of any work, made by or on behalf of the Authority shall comply with these standing orders subject to:

- (a) Compliance with any relevant United Kingdom legislation;
- (b) Compliance with any Directives of the European Community; and
- (c) Any other exceptions agreed by the Authority

1.2 The Government's purchasing policies requires that Humberside Police establish a consistent and uniform approach to all procurement activity to achieve best value. To bring this about it is necessary for all divisions and branches with procurement responsibilities to operate to the same principles and objectives.

F2 FINANCIAL AND CONTRACTUAL DELEGATION

2.1 A framework of financial and contractual delegations is fundamental to the whole procurement operation. The delegations to be used for procurement are given in the delegated limits set out in Section G. No procurement can be made without adherence to these delegations. They carry with them the responsibility for sound financial management and for achieving best value. They are structured in such a way as to reduce the risk of fraud and corruption. Financial propriety requires functional separation, wherever possible between the roles of financial approval, contractual approval, certification and authorisation.

2.2 The Assistant Chief Officer (Support) may issue delegations to Chief Officers, Divisional Commanders and Branch Managers for the purpose of devolved

purchasing under the rules outlined in Section G. Each Chief Officer, Divisional Commander or Branch Manager may sub-delegate to named individuals.

2.3 Officers with delegated financial approval will hold a budget relating to specific goods and services. They are responsible for ensuring that the purchase is necessary and for recommending where appropriate that the department commits expenditure and for ensuring that sufficient resources are available within the revenue budget or capital programme.

2.4 The Officer with delegated authority to authorise orders or contracts committing the expenditure does so on behalf of the Chief Constable, or Chief Executive.

2.5 Orders shall not be split so as to avoid the need for competitive tendering.

2.6 Orders and Contracts shall be awarded on the basis of lowest price except where it can be justified under the principles of the 'most economically advantageous tender'. Any such action shall be subject to approval by the Assistant Chief Officer (Support) and the Chief Executive, in accordance with the delegated limits and reported to the Finance Committee.

2.7 Requisitions for IT equipment should be referred to the Head of Information Services for technical input and approval before procurement takes place unless a call-off contract or framework agreement is in place.

2.8 The tender process need not apply where competitive procurement activity has already been undertaken by approved third parties. Examples of such bodies are:- Office of Government Commerce (OGC), G-CAT, S-CAT, GTC, National Police Improvement Agency (NPIA), Association of Police Chief Officers (ACPO), other Police Forces/Emergency Services.

F3 PROCUREMENT/ CREDIT CARDS

3.1 The Assistant Chief Officer (Support) shall control the issue of the cards.

3.2 Expenditure on cards must only be for official business.

3.3 Cards will be allocated with individual levels of spend and will be authorised for use against specific product categories and/or suppliers.

3.4 Procurement/ Credit card accounts must be reconciled monthly in a timely manner.

3.5 Full guidance procedures for all users shall be available on the Force Intranet.

F4 ON-LINE ORDERING

4.1 Where contracts are in place that permit on-line ordering by Divisions and Branches, access to these arrangements and the issuing of passwords and user names is controlled by the Assistant Chief Officer (Support).

4.2 Full guidance procedures for all users shall be available on the Force Intranet.

F5 COMPETITIVE PROCUREMENT

5.1 To ensure best value is obtained, the procurement of all goods, services and works are to be submitted to competition in accordance with Section G.

5.2 The use of central contracts that have been set up by the Assistant Chief Officer (Support) for certain goods and services is mandatory.

5.3 In practice there will be a minimum level below which it is not economical to set rules for obtaining competitive prices. However, the principles of objectivity and value for money should still be observed.

5.4 Where the estimated value of the prospective contract exceeds the level set for the EC regulations it will be necessary for the requirement to tender to be advertised in the OJEU (Official Journal of the European Union). Requests for advice on EC Directives should be referred to the Assistant Chief Officer (Support).

5.5 The acceptance of quotations and bids will be based on the principle of best overall value for money and thus the Authority is not bound to accept the lowest quotation or bid on price alone. It is important that the assessment process must be objective, systematic, thorough and fair and seen to be so.

F6 SINGLE TENDER ACTION (STA)

6.1 Single Tender Action (STA) means the selection of a supplier without competition.

6.2 As STA makes it difficult to demonstrate adherence to the principle of objectivity and can reduce the opportunity for obtaining best value it should only be used in very exceptional circumstances. It shall be authorised in writing by the Assistant Chief Officer (Support) in accordance with the delegated limits and shall be time limited.

6.3 The request for a single tender must be submitted in writing and will only be considered when one or more of the following circumstances applies:-

- (a) the items are or relate to proprietary articles or those sold only at fixed prices, or the work to be executed consists of repairs to existing proprietary articles and there is no reasonable satisfactory alternative available;
- (b) there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience;
- (c) genuine security considerations make the use of a particular contractor essential;
- (d) the contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises;
- (e) tendering procedures that comply with all relevant legislation have been undertaken by any consortium, public procurement agency or similar body and the contracts are available for use by the Authority;
- (f) to take advantage of special offers where the terms are more favourable than an existing contract;
- (g) there are other reasons why there would be no genuine competition.

6.4 Single tender action must not be adopted merely for the sake of convenience, or because a firm has rendered satisfactory service in the past, or on occasion has been the only one to make an offer.

6.5 The tenderer should not be advised that STA is being followed.

6.6 Any STA above the limit set out in Section G shall be reported to the Finance Committee for information.

6.7 A report on the use of STA shall be prepared and submitted to the Finance Committee on an annual basis.

F7 COMPETITIVE PROCUREMENT USING TENDERS

7.1 The Authority supports the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system.

7.2 The use of electronic reverse auctions shall be undertaken using the selected service provider to host the activity for products and services where appropriate.

Selection of Tenderers

7.3 The competition procedures give the minimum number of quotations or tenders that must be obtained for each level of expenditure, as set out in Section G.

7.4 The Assistant Chief Officer (Support) must ensure that a fair list of potential tenderers is obtained. It is essential that the tenderers are selected to achieve "best value".

7.5 Tenderers may be chosen from a Select List. The Assistant Chief Officer (Support) is responsible for compiling the Select List. Details of how the lists are compiled and amended are set out below:

- i. Every three years, advertisements shall be placed in local, national trade papers and other such publications as the law may require, inviting expressions of interest for inclusion in the select list of contractors.
- ii. An application form is sent out to all interested parties. This form will vary depending on the type of work, services, or supplies of goods and materials, to which the select list applies.
- iii. Information requested from interested parties shall include:-
 - Details of Directors/Partners/Senior Manager and Secretary.
 - Number of Employees.
 - Geographical area for which they wish to be considered.
 - Details of recent work carried out for Public Authorities.
 - Approval to vet all contractor's personnel.
 - Equal opportunities employment policy.
 - Company accounts (if a non limited company).
 - Company's latest audited financial accounts.
 - Health and Safety Policy.
 - Current licences which apply to the relevant select list, I.E. asbestos.
- iv. A control sheet is made out for each application to record its progress.
- v. The Finance Branch is sent a copy of each application form and company accounts and is asked to carry out a financial appraisal. Using this information a recommendation is made on whether the firm should be included and the value of the work for which they can be considered.
- vi. If a firm fails the financial appraisal, the applicant is informed in writing. If it is a re-appraisal, the rejection is treated as a deletion.
- vii. When a firm has met the financial appraisal criteria, two references are obtained and if satisfactory are passed with all documentation to the appropriate

Division/Branch to decide if they are suitable to be recommended to Members for inclusion on the Select List.

viii. Details of all firms considered suitable are reported to the next meeting of the Authority for approval.

ix. Firms are notified in writing whether they are successful or not, the control sheet is updated and all documents are filed.

x. Firms may seek to obtain inclusion on the select list during the currency of the list and in such circumstances the same vetting procedures are followed as for the three yearly re-appraisal.

xi. If a firm wishes to be considered for higher value works, it may be asked to have its financial limit re-appraised. An application form is completed, another appraisal of financial soundness is carried out, details are reported to the Authority for approval and records updated.

xii. A firm may be deleted from the select list due to financial insolvency which is identified either as a result of vetting procedures at re-appraisal or due to notification that the firm has gone into liquidation or receivership or where the firm is deemed not to have met the standard required. Details are reported to the next Authority meeting.

xiii. Following the report to the Authority the list is amended and the officers concerned are informed.

7.6 The appropriate documentation for tender action will include a letter of Invitation, instructions to tenderers, terms and conditions of contract, specification and returnable schedules. All contract documents must have a unique reference number and shall be returned under a sealed bid procedure. The sealed bid procedure is detailed in the Procurement Manual.

7.7 The period allowed for the submission of tenders shall not normally be less than three weeks. Where EC Directives apply then the period shall be those laid out in the relevant legislation.

F8 TENDER CUSTODY AND OPENING

8.1 Tenders shall be stored in a secure and confidential manner as required by sealed bid procedure.

8.2 The opening of tenders and recording of details shall be subject to the following regulations:-

- They shall not be opened before the appointed time;
- They shall be opened at one time by not less than two persons approved by the Assistant Chief Officer (Support) for the purpose. Any person who has an interest or involvement with a tender activity shall take no part in the tender opening procedure;
- The appropriate tender details shall be recorded on the Tender Opening Certificate which shall be ruled off (to prevent the addition of further entries) and then signed by each member of the tender opening panel.

8.3 After the tender opening is completed, the tender documents should be delivered to the Assistant Chief Officer (Support) in a sealed envelope marked "Restricted – Contracts".

8.4 The object of the tender panel procedure is to protect the organisation and individual officers from allegations of collusion, corruption or other irregularities in the handling of tenders.

8.5 The tenders must be treated as “Restricted – Contracts” within the Authority. Once the tenders have been opened they must be circulated only to those directly involved in tender evaluation and contract letting activities prior to awarding the contract.

Tenders not sent in accordance with 'Instructions for tendering'

8.6 Tenders not sent in accordance with the instructions detailed in the invitation to tender shall be treated as not valid. The tenderer shall be advised in writing as soon as practicable.

8.7 No tender received after the other tenders have been opened shall be considered. A tender received after the time fixed for receipt but before the other tenders have been opened may be considered provided there is clear evidence that it was posted or despatched early enough to be received in due time by the normal course of post or despatch.

8.8 In cases where the tender panel decide to reject a late tender, the envelope in which it was received shall be retained until two weeks after the contract has been let and the Returnable Schedules destroyed as confidential waste. The tenderer shall be advised in writing as soon as practicable.

8.9 No tender shall be amended by the tenderer after the date and time fixed for the receipt of tenders. However, if errors are found in a tender the tenderer shall be given the opportunity of either accepting the corrections or withdrawing their tender. In cases where the error is considered to be a genuine arithmetical or typing error a correction shall be permitted.

F9 POST TENDER NEGOTIATION

9.1 Where Post Tender Negotiation is considered appropriate the strategy shall be agreed with the Assistant Chief Officer (Support) in accordance with Section G.

F10 PERFORMANCE GUARANTEE BONDS

10.1 Performance Guarantee Bonds shall be provided by the contractor for Building and Civil Engineering Contracts of a value exceeding £100,000 unless the Assistant Chief Officer (Support) in consultation with the Treasurer decides that such provision is either unnecessary or inappropriate and shall be provided irrespective of the value of the contract if either the Assistant Chief Officer (Support) or Treasurer so advise.

F11 ETHICAL CODE

Declaration of Interest

11.1 Any personal interest which may impinge or might reasonably be deemed by others to impinge on a persons impartiality in relation to any order or contract (for the supply of goods, services or the execution of any works) made by or on behalf of the Authority shall be declared in writing to the Assistant Chief Officer (Support) who will respond confirming action required. A Force Practice Direction sets out guidance on registering business interests.

Business Gifts

11.2 Business Gifts other than items of very small intrinsic value such as business diaries or calendars shall not be accepted. Further advice can be obtained from the Head of Procurement. A Force Practice Direction sets out guidance on receiving gifts.

Hospitality

11.3 A detailed Force Practice Direction defines hospitality for officers, while members are subject to the requirements of their Code of Conduct.

SECTION G

DELEGATED LIMITS

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

SECTION B

B1 Financial Planning

1.12 The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated value shown below:

£250,000

B2 Budgetary Control

2.12 Major projects need not be referred back to the Finance Committee for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown below:

Cost of project varies from approved estimate by lesser of 10% or £250,000.

Virements

2.16 The levels of authorisation for revenue virements are:

Virement to be approved

Limit	Chief Constable	Treasurer
Up to £100,000	✓	
Up to £150,000	✓	✓

For virements between £150,000 and £250,000 the Chief Constable shall consult and agree proposals with the Chair of the Finance Committee. For amounts over £250,000 approval from the Finance Committee is required. Virements to a specific budget line approved within these limits, but with a cumulative value exceeding £250,000, shall be reported to the Finance Committee.

2.17 Virements - from revenue to capital

The Chief Constable may authorise the financing of capital expenditure from the

revenue budget, up to the level shown below:

£50,000 per project

Year End Balances

2.23 Devolved budget holders who underspend their budget in any financial year may carry forward planned underspends declared prior to the budget setting meeting to the following financial year, subject to the limits indicated below:

Operational divisions: 1% of the devolved budget or £75,000, whichever is the higher.

All other departments: 2% of the devolved budget, or £50,000, whichever is the lower.

Planned underspends should be agreed by the Police Authority.

Budget holders who overspend their budget in any financial year may have their budget reduced for the following year subject to the determination of the Chief Constable after consultation with the Treasurer.

B3 Capital Programme

3.8 The Chief Constable shall notify the Treasurer of all proposed property leases or renewals before any agreement is made. Any lease with a value in excess of the limit shown below shall be subject to the Authority's approval:

£50,000 pa or any lease over 5 years in duration

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

£250,000

SECTION C

C1 Risk Management

1.10 The Chief Constable shall be authorised to settle civil claims up to the value shown below:

£20,000 excluding legal cost

Claims in excess of this amount must be approved by the Finance Committee. The value of all claims settled shall be reported to the Finance Committee.

C5 Assets

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

Land & Buildings - All values

Vehicles - All values
Computers - All values
Plant & Equipment - £10,000

5.10 The Chief Constable shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below:

£250

5.15 Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable up to the level shown below. Amounts for write off above this value must be referred to the Finance Committee for approval.

Individual items £15,000
Overall annual limit on all stock £15,000

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

Individual items £15,000
Overall annual limit on all stock £15,000

5.19 The Chief Constable may dispose of surplus land, buildings, vehicles and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the Finance Committee for prior approval.

Land & Buildings £250,000
Equipment £10,000
Vehicles £10,000

5.20 Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement.

Land & Buildings £500,000
Equipment £15,000

SECTION D

D2 Income

2.10 Individual amounts may be written off by the Chief Constable or Treasurer up to the level shown below. Amounts for write off above this value must be referred to the Finance Committee for approval.

£10,000

All cases where write off action results from theft or fraud shall be referred to the Treasurer for approval up to a maximum of £10,000 and to the Finance Committee for approval of amounts in excess of that sum.

D3 Ordering of Goods and Services

3.7 Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in the table overleaf.

D7 Ex Gratia Payments

7.2 The Chief Constable may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Authority. Amounts greater than those specified must be referred to the Police Authority for approval. The circumstances of the proposed payment must not have the effect of circumventing other Authority pay and allowance, policies, rates and rules. Any ex-gratia payment above this limit will require the approval of the Authority.

Up to £10,000 in consultation with the Treasurer

SECTION E

E2 External Funding

2.5 The Chief Constable may enter into arrangements under which the Authority receives sponsorship up to the level shown below.

£15,000

Sponsorship arrangements above this value are to be reported to the Finance Committee for prior approval.

F5 Competition Procedures related to Delegated Value

5.1 The procurement of all goods, services and works are to be submitted to competition in accordance with the following table:

PROCUREMENT COMPETITION PROCEDURES AND AUTHORITY LEVELS

Estimated Value	Quotation / Tender Requirements	Levels of Delegated Authority
£500 to £5,000	Three written quotations shall be obtained (written or verbal) by the delegated authority as appropriate. Where this is carried out under delegated powers by Property Services, all contractors shall be identified from a Select List.	Divisional Commanders and Branch Managers can delegate representation to undertake procurement activity up to a maximum of £5,000 in accordance with the Practice Direction.
Above £5000 and up to £50,000	Three formal written quotations shall be obtained where appropriate. Where this is carried out under delegated powers by Property Services, all contractors shall be identified from the Select List. Requests for Single Tender Action shall be submitted to the Assistant Chief Officer (Support)	Contracts for Property Services to be signed by the Assistant Chief Officer (Support), subject to verification by Purchasing and Contracts Officers. Purchase Orders and Contracts for all other departments to be approved by Purchasing and

	where the purchase is in excess of £10,000.	Contracts Officers.
Above £50,000 and up to £100,000	<p>Where possible at least three Tenders shall be obtained under sealed bid procedure.</p> <p>Where this is carried out under delegated powers by Property Services, contractors shall be identified from the Select List. Requests for Single Tender Action shall be submitted to the Assistant Chief Officer (Support) for approval. Where Post-Tender Negotiation is considered appropriate, the strategy shall be agreed with the Assistant Chief Officer (Support).</p>	<p>Contracts for Property Services to be signed by the Assistant Chief Officer (Support), subject to verification by Purchasing and Contracts Officers.</p> <p>Purchase Orders and Contracts for all other departments to be approved by Purchasing and Contracts Officers.</p>
Above £100,000 and up to EU thresholds	<p>At least three Tenders shall be obtained under sealed bid procedure. The Tender list shall be drawn up after advertisement for interest or consideration given to EU Legislation where appropriate. The maximum number of Tenderers shall be decided relevant to the Contract. Where this is carried out under delegated powers by Property Services contractors shall be identified from the Select List. Requests for Single Tender Action shall be submitted to the Finance Committee via the Assistant Chief Officer (Support) for approval. Where Post-Tender Negotiation is considered appropriate, the strategy shall be agreed with the Assistant Chief Officer (Support).</p>	<p>Contracts for Property Services to be signed by the Assistant Chief Officer (Support), subject to verification by Purchasing and Contracts Officers.</p> <p>Purchase Orders and Contracts for all other departments to be approved by the Assistant Chief Officer (Support).</p>
EU thresholds and above	To be handled in accordance with EU Legislation by the Procurement Department.	<p>Contracts valued between £160,000 -£250,000 are to be approved by the Assistant Chief Officer (Support) following recommendation from Purchasing and Contracts Officers.</p> <p>Contracts in excess of £250,000 are to be approved by the Finance Committee or the Police Authority.</p> <p>In the event of genuine extreme urgency where the Contract value is in excess of £250,000 tenders may be accepted by the Chief</p>

		Constable in agreement with the Chair of the Police Authority by Decision Record providing that there is a clear justification of the need to approve such contracts in this way and that the Decision Record is reported to the next meeting of the Police Authority.
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Note: In all cases where it is estimated that spend will be within 10- 15% of the threshold limit, consideration should be given to undertaking the procurement activity in accordance with the quotation/tender requirements at the higher (next) band level.

F6 Single Tender Action (STA)

6.6 Any STA above the limit shown below shall be reported to the Finance Committee for information:

£100,000

SECTION H

GUIDANCE NOTES ON BREACH OF STANDING ORDERS OR FINANCIAL REGULATIONS

1.1 These guidance notes are supplemental to the Humberside Police Authority Anti-Fraud and Corruption Statement and should be read in conjunction with that statement.

1.2 The Treasurer of the Humberside Police Authority has responsibility under section 114 of the Local Government Finance Act 1998 to make a report if it appears to him that the Authority, a Committee of the Authority, a person holding any office or employment under the Authority, a member of the Police Force maintained by the Authority, or a Joint Committee on which the Authority is represented :-

- (a) has made, or is about to make a decision which involved or would involve the Authority incurring expenditure which is unlawful;
- (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority; and
- (c) is about to enter an item on account, the entry of which is unlawful.

1.3 It is also the duty of the Humberside Police Authority's Monitoring Officer to prepare a report to the Authority with respect to any proposal, decision or mission by any person holding any office or employment under the Authority which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty so far as is practicable to consult with the Treasurer.

1.4 A copy of such a report referred to in paragraph 1.2 shall be sent to each Member of the Humberside Police Authority and the external auditor.

1.5 To provide for effective action to deal with any fraud and corruption and to assist the Treasurer in the performance of his duties to ensure the financial affairs of the Authority are properly conducted, the following procedures will be adhered to in

the circumstances of any suspected or actual breach of financial regulations or standing orders.

SECTION I

ANTI FRAUD AND CORRUPTION STATEMENT

1.

INTRODUCTION

This statement has been prepared in response to the recommendations contained in the Audit Commission document "Protecting the Public Purse – Ensuring Financial Probity in Local Government 2001 Update, Promoting Good Governance."

- (i) In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the Authority or from within it, the Authority is committed to an effective anti-fraud and corruption statement designed to:
 - Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- (ii) The Authority's expectation on propriety and accountability is that Authority Members and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.
- (iii) The Authority also demands that individuals and organisations that it comes into contact with will act towards the Authority with integrity and without thought or actions involving fraud or corruption.
- (iv) The Authority's Anti-Fraud and Corruption Statement is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:-
 - Culture (Section 2);
 - Prevention (Section 3);
 - Detection and Investigation (Section 4); and
 - Training (Section 5)
- (v) The Authority is also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:-
 - Her Majesty's Inspector of Constabulary
 - Internal Audit
 - HM Customs and Excise
 - Inland Revenue
 - The General Public
 - The Audit Commission

2. CULTURE

- (i) The Authority is determined that the culture and tone of the organisation is one of

honesty and opposition to fraud and corruption.

- (ii) There is an expectation and requirement that all individuals and organisations associated in whatever way with the Authority will act with integrity, and that Authority staff at all levels will lead by example in these matters.
- (iii) The Authority's staff are an important element in its stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the Authority's activity. Concerns may be about something that:
 - Is unlawful
 - Is against the Authority's Standing Orders or policies
 - Falls below established standards or practices
 - Results in waste or loss to the Authority
 - Amounts to improper conduct
- (iv) Authority staff can do this in the knowledge that such concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:
 - Chief Constable's Direct Line (01482 578204)
 - The Treasurer to the Police Authority (01482 334820)
 - Audit and Risk Manager (01724 296050)
 - Bad Apple Messenger on the Force Intranet
 - Chair or any Member of the Police Authority (01482 334818)
 - Audit Commission Fraud Hotline (0207 630 1019)
 - Public Concern at Work; Independent charity offering free advice on fraud or other issues of malpractice (020 7404 6609)
- (v) The Public Interest Disclosure Act 1998 protects employees, who report suspected fraud or corruption activities, from any reprisals as long as they meet the rules set out in the Act.

In simple terms the rules for making a protected disclosure are:-

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

The designated officer required under the Act to receive disclosures is the Head of Support Services.

- (vi) Members of the public are also encouraged to report concerns through any of the above avenues.
- (vii) Allegations/concerns can be made anonymously, however it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:

- The seriousness of issues raised
 - Credibility of the concern
 - Likelihood of confirming the allegation from attributable sources.
- (viii) Senior management are responsible for following up any allegation of fraud and corruption received and will do so by:
- dealing promptly with the matter;
 - recording all evidence received;
 - ensuring that evidence is sound and adequately supported;
 - ensuring security of all evidence collected;
 - notifying the Head of Support Services, and implementing Authority disciplinary procedures where appropriate.
- (ix) The Authority can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Authority or who are corrupt. The Authority should be considered as robust in dealing with financial malpractice.

3. PREVENTION

- (i) The Authority recognises that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Chief Executive and Assistant Chief Officer (Human Resources) and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
- (ii) Authority employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the Authority's Rules of Conduct as published. This code and the role that appropriate staff are expected to play in the Authority's framework of internal control will be featured in staff induction procedures.
- (iii) Authority members are required to adhere to the Authority's Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests.
- (iv) All Members and staff of the Authority are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties in relation to the Authority.
- (v) Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Authority's financial systems is independently monitored by both Internal Audit and the Audit Commission. Senior management place great weight on being responsive to audit recommendations.
- (vi) The Authority's Finance Committee provides an independent and objective view of internal control by receiving and considering Audit Plans, reports and management letters and reports as appropriate to the Authority.
- (vii) As part of the prevention approach Humberside Police Authority will participate in National Fraud Initiatives organised by the Audit Commission. The Audit Commission will also assist in prevention with the issue of warning bulletins and outcomes from surveys on fraud and corruption.

4.

DETECTION AND INVESTIGATION

- (i) The array of preventative systems, particularly internal control systems within the Authority, has been designed to provide indicators of any fraudulent activity, although generally they should be sufficient in themselves to deter fraud.
- (ii) *It is often the alertness of staff and the public to such indicators that enables detection to occur and the appropriate action to take place when there is evidence that fraud or corruption may be in progress.*
- (iii) *Despite the best efforts of financial managers and auditors, many frauds are discovered by chance or 'tip off', and the Authority has in place arrangements to enable such information to be properly dealt with.*
- (iv) *Depending on the nature and anticipated extent of the allegations, the Internal Audit will normally work closely with management and other agencies such as the police to ensure that all allegations and evidence is properly investigated and reported upon.*
- (v) *The Authority's Disciplinary Procedures will be used where the outcome of the Audit Investigation indicates improper behaviours.*
- (vi) *The Authority will normally wish the police to prepare a case for the CPS regarding the prosecution of offenders where financial impropriety is discovered.*

5. TRAINING

- (i) *The Authority recognises that the continuing success of its Fraud and Corruption Statement and its general credibility will depend largely on the effectiveness of programmed training and responsiveness of staff throughout the organisation.*
- (ii) *To facilitate this, the Authority supports the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.*
- (iii) The possibility of disciplinary action against staff who ignore such training and guidance is clear.

6.

CONCLUSION

- (i) The Authority has in place a clear network of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- (ii) To this end, a continuous overview of such arrangements, in particular, by the Authority's Treasurer, through the Audit and Risk Manager and External Auditor and in Force through the Chief Constable via the Finance Branch and Professional Standards.

FRAUD RESPONSE PLAN

All instances of fraud and corruption will be investigated in accordance with this plan.

Fraud and corruption may be reported through a range of channels including direct to a line manager, by another manager, through the Chief Constable's Direct Line, with the "Bad Apple" or by means of external reports. The means of reporting fraud will be publicised within the Force and the Authority and will be made known to partners and those individuals and organisations that we come into contact with.

The arrangements for detection and investigation are set out in the Anti Fraud and Corruption Statement at Appendix 2. However, it is necessary to develop a protocol between the Treasurer, the Audit and Risk Manager (from North Lincolnshire Council who provide the Internal Audit Service under a Service Level Agreement) and the Head of Professional Standards to ensure that loss and potential fraud is fully investigated and dealt with correctly.

The protocol will require the Professional Standards Branch to liaise with the Audit and Risk Manager, after the matter has been investigated. This will enable the Audit and Risk Manager to identify any weaknesses in internal control that allowed the irregularity to occur and to ensure that corrective action is taken in order to minimise the risk of any reoccurrence within the Force or the Authority.

Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result in dismissal of the employee. Misconduct includes fraud committed by a member of staff against the organisation.

Where financial impropriety is discovered the Authority's presumption is that these arrangements will be made where appropriate for the prosecution of offenders by the CPS.

In instances where the misconduct takes another form such as the misuse of systems and equipment that does not result in financial loss then the outcomes will be monitored by the Authority through the processes in place to oversee Human Resources issues

The Authority will seek to ensure that it learns lessons from any mistakes made that allowed any instances of fraud or corruptions to be perpetrated or to have gone unnoticed. This will be achieved by ensuring that system weaknesses or other contributory factors are identified and addressed. This will normally be achieved through an Internal Audit investigation, report and action plan to ensure that audit recommendations are implemented.

The Audit Commission's External Auditor also has the powers to investigate fraud and corruption independently and the Authority will make use of these services in appropriate cases.

The Treasurer will determine if a matter needs to be brought to the attention of the Authority.

In the event that a Member of the Authority is involved the matter will be brought to the attention of the Monitoring Officer.

The Treasurer and the Audit Risk Manager will maintain a link with the Audit Commission in order to keep them apprised of developments in serious cases.