

INDEX

STAFFORDSHIRE POLICE FINANCIAL REGULATIONS

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INTRODUCTION

- I. Financial regulations provide the framework for managing the authority's financial affairs. They apply to every member, officer and employee of the Police Authority.
- II. The regulations identify the financial responsibilities of Police Authority members, the Treasurer to the Police Authority, the Chief Constable, the Director of Resources and all other budget holders. Police Authority members and budget holders should maintain a written record where these responsibilities have been delegated to members of their staff including seconded staff. Where responsibilities have been delegated or devolved to other responsible officers, the regulations should be read as referring to them.
- III. All members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.
- IV. The Treasurer to the Police Authority in conjunction with the Director of Resources is responsible for maintaining a continuous review of the financial regulations and advising the Police Authority of any additions or changes necessary. The Treasurer to the Police Authority is also responsible for reporting, where appropriate, breaches of the financial regulations to the Police Authority.
- V. Any infringements of the financial regulations may involve disciplinary proceedings being taken against the individuals concerned.
- VI. Finances are organised into separate budget heads, each of which has a nominated holder who is responsible for ensuring that all of their staff are aware of their responsibilities according to the financial regulations and other internal regulatory documents and comply with them.
- VII. The Treasurer to the Police Authority in conjunction with the Director of Resources is responsible for issuing advice and guidance to underpin the financial regulations which members and officers of the Police Authority are required to follow.
- VIII. These regulations should be read in conjunction with the Authority's Contract Standing Orders and the Force's Financial Instructions and Schemes of Delegation.
- IX. In summary, these financial regulations are aimed at achieving four main objectives:
 - (a) To maintain sound and proper financial procedures and arrangements for the administration of all the authority's financial affairs.
 - (b) To demonstrate that proper safeguards and controls do exist.
 - (c) To provide a framework for financial management which will enable, wherever possible, managerial and financial responsibilities to be aligned.
 - (d) To safeguard the member and employees of the Authority and the Force.
- X. The last point is most important as without clearly defined financial procedures and arrangements members and employees could find themselves in an invidious and vulnerable situation. The observance of these financial regulations is very much in each individual's interest.
- XI. If anyone reading these regulations is in any doubt over their meaning or how to comply please contact the Director of Resources or the force's Head of Financial Services.

SECTION 1 - FINANCIAL MANAGEMENT AND CONTROL

- 1.1 Financial Management and Control
- 1.2 Financial Management Standards
- 1.3 Managing and Controlling Spending: Revenue Budget
- 1.4 Managing and Controlling Spending: Treatment of Year End Balances
- 1.5 Accounting Policies
- 1.6 Accounting Records and Returns

1.1 FINANCIAL MANAGEMENT AND CONTROL

1.1.1 The Police Authority

The Police Authority is responsible for drawing up and adopting a set of standing orders relating to contracts and financial regulations. These will govern the relationship between the Police Authority and the Police Force in financial matters.

Reform & Performance Management Committee

1.1.2. Constitution

The Committee consists of ten members.

Terms of Reference

1.1.3 Performance Management/Best Value

(i) To lead on the development of performance management for the Authority by (a) reviewing, as necessary, the framework, processes, format and procedure used to monitor, evaluate and scrutinise performance; (b) developing a clear focus on the production and presentation of key performance information (including relevant comparisons, poorer performing areas and priorities); and (c) receiving and scrutinising consolidated strategic information on all change and development issues affecting the Force; with detailed consideration, evaluation and scrutiny of performance continuing to be undertaken by the Authority or the appropriate Committee, Panel or Group of the Authority.

(ii) To consider all matters pertaining to the achievement of best value by the Authority including: service reviews; consultation; performance plans; performance review; and efficiency plans.

Audit Activity

(iii) To consider the head of internal audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Authority's corporate governance arrangements.

(iv) To receive internal audit reports and make recommendations to the Police Authority as necessary.

(v) To consider reports dealing with the management and performance of the providers of internal audit services.

(vi) To receive external audit plans, reports and management letters and the report to those charged with governance and make recommendations to the Police Authority as necessary.

(vii) To monitor the implementation of approved recommendations relating to both internal audit reports and external audit reports and management letters.

(viii) To question the internal and external auditors on the conduct of the Authority's finances.

(ix) To consider specific reports as agreed with the external auditor.

(x) To comment on the scope and depth of external work and to ensure it gives value for money.

(xi) To liaise with the Audit Commission over the appointment of the Council's external auditor.

(xii) To commission work from internal and external audit.

(xiii) To consider reports from the Audit Commission on the use of resources evaluation.

Regulatory Framework

- (xiii) To maintain an overview of the Authority's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- (xiv) To review any issue referred to it by the Authority, the Chief Executive, the Chief Constable or the Treasurer.
- (xv) To monitor the effective development and operation of risk management and corporate governance to the Authority.
- (xvi) To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption.
- (xvii) To monitor Authority policies on "Raising Concerns at Work" and the anti-fraud and corruption strategy and the Authority's complaints process.
- (xviii) To oversee the Authority's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- (xix) To consider the Authority's compliance with its own and other published standards and controls.

Accounts

- (xx) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Authority.
- (xxi) To consider the external auditor's report to those charged with governance on issues arising from the audit of accounts.

Delegation

- 1.1.4 The Committee have delegated authority to approve internal and external audit plans and the Authority's Annual Statement of Accounts and shall make recommendations for the Authority's consideration in respect of other matters within their purview, with their minutes being submitted to the Authority.

The Statutory Officers

The Treasurer to the Police Authority

- 1.1.5 The Treasurer to the Police Authority has statutory duties in relation to the financial administration and stewardship of the authority. This statutory responsibility cannot be overridden.
- 1.1.6 The statutory duties arise from:
 - (a) Section 151 of the Local Government Act 1972
 - (b) Local Government Finance Act 1988 and other legislation relating to the Police Authority's budget, accounts and precept.
 - (c) The Police Act 1996
 - (d) Current Accounts and Audit Regulations
- 1.1.7 It is the responsibility of the Treasurer to the Police Authority to:
 - (a) Provide financial information to the Police Authority on all aspects of its activity, including the strategic planning and policy making process.
 - (b) Advise members on all relevant issues associated with best value.
 - (c) Advise the Police Authority on financial propriety.

- (d) Ensure that accurate, complete and timely financial management information is provided to the authority.
- (e) Secure the preparation of statutory and other accounts.
- (f) Secure treasury management including loans and investments.
- (g) Ensure the provision of an effective internal audit service and assistance in providing safe and efficient financial arrangements.
- (h) Advise, in consultation with the Police Authority's Chief Executive, on the safeguarding of assets, including risk management and insurance.
- (i) Arrange for the determination, issue and transfer of the precept.
- (j) Advise on budgetary matters including any consequent long term implications.

1.1.8 The Treasurer to the Police Authority has certain statutory obligations that cannot be delegated, namely, reporting any potentially unlawful decisions by the Authority or the force on expenditure and producing a statement of the Authority's accounts.

Chief Constable

1.1.9 The Chief Constable is responsible for the strategic management of the force as a whole. He/she must report to and provide information for the Police Authority. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Constable is empowered by the Police Authority to further delegate budgets within this environment.

1.1.10 It is the responsibility of the Chief Constable:

- (a) To ensure overall budgetary control. He/she is empowered to approve proposals involving expenditure not included in the budget provided the amount involved is not significant and does not involve a change in policy and provided the cost can be contained within the overall net budget.
- (b) To ensure that no increase in the Authority's net budget is made without approval of the Police Authority.
- (c) To ensure that all Police Authority members are advised of the financial implications of all proposals.
- (d) To arrange and sign contracts on behalf of the Police Authority in line with the scheme of delegation and contract standing orders.

Chief Executive to the Police Authority

1.1.11 Section 16 of the Police Act 1996 (the Act) requires the Authority to appoint a Chief Executive. The Act does not define the duties of the Chief Executive, but the Authority have agreed that the main duties will be to ensure appropriate legal and personnel advice to them, effective support for the Authority, their committees and schemes, and to act as proper officer.

Monitoring Officer

1.1.12 The monitoring officer is responsible for promoting and maintaining high standards of financial conduct including financial conduct, and therefore provides support to the standards committee. The monitoring officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Authority and/or Force, and for ensuring that procedures for recording and reporting key decisions are operating effectively.

1.1.13 The monitoring officer is responsible for advising all members and officers about who has authority to take a particular decision.

1.1.14 The monitoring officer is responsible for advising the Authority and/or Force about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework.

1.1.15 The monitoring officer (together with the Treasurer to the Police Authority) is responsible for advising the Authority about whether a decision is likely to be considered contrary to or not wholly in accordance with the budget. Actions that may be 'contrary to the budget' include:

- Initiating a new policy
- Committing expenditure in future years to above the budget level
- Causing the total expenditure financed from precept, grants and corporately held reserves to be exceeded.

1.1.16 The monitoring officer is responsible for maintaining an up-to-date constitution.

Other Officers

Director of Resources

The Director of Resources is responsible to the Chief Constable for all financial activities undertaken within the force or contracted out under the supervision of the force. The Director of Resources should be a member of the force senior policy team as established under Section 15 of The Police Act 1996. His or her prime responsibility, however, is for ensuring effective and efficient use of the resources available to the force to support the achievement of operational performance although he/she should not be responsible for delivering operational performance.

1.2 FINANCIAL MANAGEMENT STANDARDS

Why is this Important?

- 1.2.1 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring every one is clear about the standards to which they are working, and the controls that are in place to ensure that these standards are met.

Key Controls

The key controls for financial management standards are:

- Their promotion throughout the Police Authority.
- That through audit, a monitoring system is in place to review compliance with financial standards and reported to the Police Authority.

Responsibilities of the Treasurer to the Police Authority and the Director of Resources

- 1.2.2 To ensure the proper financial administration of the Police Authority.
- 1.2.3 To set the financial standards, and to monitor their compliance.
- 1.2.4 To ensure proper professional practices are adhered to, and to promote financial management standards, performance and development of finance staff throughout the authority.
- 1.2.5 To advise on the key strategic controls necessary to secure sound financial management.
- 1.2.6 To ensure that financial information is available to enable accurate and timely reporting of comparisons of national and local financial performance indicators.
- 1.2.7 To take reasonable steps for the prevention and detection of fraud and other irregularities.

1.3 MANAGING AND CONTROLLING SPENDING: REVENUE BUDGET

Why is this Important?

- 1.3.1 Budget management ensures that resources allocated by members are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the authority to review and adjust its budget targets during the financial year.
- 1.3.2 By identifying and explaining variances against budgetary targets, the Police Authority can identify changes in trends and resource requirements at the earliest opportunity. The Police Authority itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Police Authority does not overspend in total, budget holders are required to manage their own expenditure within the cash limited budget allocated to it.
- 1.3.3 For the purposes of budgetary control by managers, a budget head will normally be a cost centre. However, it may be at a more detailed level in the standard coding structure if this is required by the scheme for delegation.

Key Controls

The key controls for managing and controlling the revenue budget are:

- Budget holders should only be responsible for expenditure that they can influence.
- Each “£” of budgeted expenditure is allocated to a named budget manager.
- Budget managers accept accountability for their budgets and the level of service to be delivered.
- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure is properly recorded and accounted for.
- To ensure that a monitoring process is in place to review and challenge performance levels / levels of service in conjunction with the budget and necessary action taken to align service outputs and budget.

Responsibilities of the Treasurer

- 1.3.4 To submit reports to the Police Authority, in consultation with the Chief Constable, where the force is unable to balance expenditure and resources within existing approved budgets.
- 1.3.5 To prepare and submit reports on the Police Authority’s projected expenditure compared with the budget.

Responsibilities of the Director of Resources

- 1.3.6 To establish an appropriate framework of budgetary management and control which ensures that:
- (a) Budget management is exercised within annual cash limits unless the Police Authority agrees otherwise.
 - (b) Each budget holder has available timely information on receipts and payments on each budget heading, to enable them to fulfil their budgetary responsibilities.
 - (c) Expenditure is committed only against an approved budget head.
 - (d) All officers responsible for committing expenditure comply with relevant guidance, including financial regulations.

- (e) Each budget head has a single named manager, through a scheme of delegation. As a general principal, budget responsibility should be aligned as closely as possible to decision making that commits expenditure.
- (f) Significant variances from approved budgets are investigated and reported by managers regularly.

Responsibilities of Budget Holders

- 1.3.7 To maintain full and effective budgetary control, in adherence to the principles in 1.3.6 and to ensure that all income and expenditure is properly recorded and accounted for.
- 1.3.8 To ensure that spending remains within the overall cash limit, and that individual budget heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or under-spent, taking appropriate corrective action.
- 1.3.9 To ensure that a monitoring process is in place to review performance levels / levels of service in conjunction with the budget and that any necessary action is taken.
- 1.3.10 To assist in the preparation of reports to be submitted to the Police Authority on the service's projected expenditure compared with its budget, in consultation with the Treasurer to the Police Authority.
- 1.3.11 To ensure prior approval by the Police Authority for new proposals which:
 - (a) Create financial commitments for the current or future years above identified funding.
 - (b) Initiate new policy or cease existing policies.
 - (c) Materially extend or reduce the Police Authority's services.
- 1.3.12 A report on new proposals should explain the full financial implications, after consultation with the Director of Resources. Unless the Police Authority has agreed otherwise, budget holders must plan to contain the financial implications of such proposals within their cash limit.
- 1.3.13 To consult with the relevant budget holder where it appears that a budget proposal, including a virement proposal, may impact on another budget holder's level of activity.

1.4 MANAGING AND CONTROLLING SPENDING: TREATMENT OF YEAR END BALANCES

Why is this Important?

- 1.4.1 The Director of Resources within guidelines set by the Police Authority administers the Police Authority's scheme for the treatment of end of year balances. Any variation from the scheme requires the approval of Police Authority. The carry forward of underspends and overspends is at the discretion of the Police Authority. The Police Authority have approved the principle of carry forwards which will normally be approved (other than in exceptional circumstances).
- 1.4.2 The responsibilities below cover arrangements for the transfer of resources between accounting years, i.e. a 'carry forward'.

Key Controls

The key control for the treatment of year end balances is:

- Appropriate accounting procedures are in place to ensure that carried forward totals are correct.

Responsibilities of the Director of Resources

- 1.4.3 To administer the scheme of 'carry forward' within guidelines set by the Police Authority.
- 1.4.4 To report the extent of overspends and underspends carried forward to the Police Authority and to seek their approval.

Responsibilities of Budget Holders

- 1.4.5 Any overspending in total on budgets under the control of the budget holder should be carried forward to the following year, and will constitute the first call in the following year. The extent of overspends and underspends carried forward will be reported to the Police Authority.
- 1.4.6 Net underspends on estimates may be carried forward, subject to the total to be carried forward not exceeding total net underspending by the Force .
- 1.4.7 Balances shall be available for carry forward to support the expenditure of the budget concerned. Where an unplanned deficit occurs the budget holder shall prepare a detailed financial recovery plan for consideration.

1.5 ACCOUNTING POLICIES

Why is this Important?

- 1.5.1 The Treasurer is responsible for the preparation of the Police Authority's statement of accounts, in the format required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement of Recommended Practice (SORP), for the financial year ending 31 March. The preparation of the Statement of Accounts is devolved to the Director of Resources.

Key Controls

The key controls for accounting policies are:

- Suitable accounting policies are selected and applied consistently.
- Judgements are made and estimates prepared which are reasonable and prudent.
- Statutory and other professional requirements are observed to maintain proper accounting records.
- All reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

Responsibilities of the Treasurer to the Police Authority

- 1.5.2 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts which is prepared at 31 March each year, and will cover such items as:
- (a) Separate accounts for capital and revenue transactions.
 - (b) The basis on which debtors and creditors at year end are included in the accounts.
 - (c) Details on substantial provisions and reserves.
 - (d) Fixed assets.
 - (e) Depreciation/Impairment/Revaluation.
 - (f) Capital charges.
 - (g) Stocks and stores.
 - (h) Deferred charges.
 - (i) Accounting for value added tax.
 - (j) Government grants.
 - (k) Leasing.
 - (l) Pensions.

Responsibilities of Budget Holders

- 1.5.3 To adhere to the accounting policies approved by the Treasurer to the Police Authority.

1.6 ACCOUNTING RECORDS AND RETURNS

Why is this Important?

- 1.6.1 Proper accounting records are one of the ways in which the Police Authority discharges its responsibility for stewardship of public resources. The Police Authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing best value in the use of the authority's resources.

Key Controls

The key controls for accounting records and returns are:

- All members, finance staff and budget managers operate within the required accounting standards of the Police Authority.
- All the authority's transactions, material commitments, contingent liabilities and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis.
- Procedures are in place to enable accounting records to be reconstituted in the event of failure.
- Balances and reconciliation procedures are carried out to ensure transactions are correct.
- All documents are retained as per the document retention policy.

Responsibilities of the Treasurer to the Police Authority

- 1.6.2 To make proper arrangements for the audit of the Police Authority's accounts in accordance with the Accounts and Audit Regulations.
- 1.6.3 To ensure compliance with the requirement for the Police Authority to approve the draft Statement of Accounts and to prepare and publish the audited accounts of the Police Authority for each financial year, in accordance with the statutory timetable.
- 1.6.4 To determine the accounting procedures and records for the Police Authority.

Responsibilities of the Director of Resources

- 1.6.5 To compile all accounts and accounting records, or ensure that they are compiled under his/her direction.
- 1.6.6 To comply where practicable with the following principles when allocating accounting duties:
- (a) Separating the duties of providing information about sums due to or from the Police Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them.
 - (b) Employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.

- 1.6.7 To administer the Police Authority's arrangements for under and overspends to be carried forward to the following financial year.
- 1.6.8 To ensure the proper retention of financial documents. The periods for which documents are to be retained will be specified separately to these financial regulations in the "Retention of Documents Policy".

Responsibilities of Budget Holders

- 1.6.9 To consult and obtain the approval of the Director of Resources before making any changes to accounting records and procedures.
- 1.6.10 To comply with the principles outlined in paragraph 1.6.6 when allocating accounting duties.
- 1.6.11 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.
- 1.6.12 To supply information required to enable the Statement of Accounts to be completed, in accordance with guidelines issued by the Director of Resources.

SECTION 2 - FINANCIAL PLANNING

- 2.1 Financial Planning
- 2.2 Performance Plans
- 2.3 Budgeting: Resource Allocation
- 2.4 Budgeting: Capital Programmes
- 2.5 Budgeting: Preparing Revenue Budgets and Medium Term Planning
- 2.6 Use of Reserves

2.1 FINANCIAL PLANNING

Introduction

- 2.1.1 The Police Authority is responsible for approving the following, which will be proposed by the Chief Constable in conjunction with the Treasurer to the Police Authority:
- (a) The Policing Staffordshire Strategy and Plan .
 - (b) Medium Term Finance Strategy (MTFS).
 - (c) The budget.
 - (d) The capital programme and borrowing plan.

Policy Framework

- 2.1.2 The full Police Authority is responsible for determining the Policing Staffordshire Strategy and Plan, the framework for which includes the Policing Plan, Efficiency Plan, MTFS, Staffing Plan and the Local Strategies for Reducing Crime and Disorder.
- 2.1.3 The Police Authority is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies.
- 2.1.4 The Treasurer to the Police Authority, the Chief Executive to the Police Authority and the Monitoring Officer are also responsible for determining when a decision may be deemed contrary to the budget or policy framework and should therefore be referred to the Police Authority.

Budget Guidelines

- 2.1.5 Following consultation with the Treasurer to the Police Authority, the Director of Resources issues guidelines on budget preparations to budget holders. The guidelines will take account of:
- (a) Legal requirements.
 - (b) Medium term planning prospects.
 - (c) Available resources.
 - (d) Spending pressures.
 - (e) Best Value and other relevant Government guidelines.
 - (f) Efficiency savings.

Budget Format

- 2.1.6 The general format of the budget will be determined by the Police Authority on the advice of the Treasurer to the Police Authority and should include allocations to different budget headings, proposed precept levels and contingency funds.

Budget Preparation

- 2.1.7 The Treasurer to the Police Authority is responsible for ensuring that a revenue budget is prepared on an annual basis for consideration by the Police Authority. The Police Authority may amend the budget before approving it.
- 2.1.8 It is the responsibility of the Treasurer to the Police Authority in consultation with the Director of Resources to ensure that budget estimates reflecting agreed objectives are submitted to the Police Authority.

Preparation of the Capital Programme and Borrowing Plan

- 2.1.9 The Treasurer to the Police Authority in consultation with the Director of Resources is responsible for ensuring that a capital programme and borrowing plan are prepared on an annual basis for consideration by the Police Authority.

Preparation of the Policing Staffordshire Strategy and Plan

- 2.1.10 The Chief Constable is responsible for proposing the Policing Staffordshire Strategy and Plan to the Police Authority for approval.

Resource Allocation

- 2.1.11 The Chief Constable is responsible for securing a resource allocation process that ensures due consideration of the Police Authority's policy.

2.2 PERFORMANCE PLANS

Why is this Important?

- 2.2.1 The Police Authority has a statutory responsibility to publish various performance plans, including the Policing Staffordshire Strategy and Plan, the Local Strategies for Reducing Crime and Disorder, etc. The Policing Plan and the Policing Staffordshire Strategy and Plan together explain the overall priorities and objectives of the Force, its current performance, and proposals for overall improvement. This is particularly important and is an extension of yearly reports on performance against the Audit Commission performance indicators.

Key Controls

The key controls for performance plans are:

- To ensure that all relevant plans are produced and that they are consistent with each other.
- To produce plans in accordance with statutory requirements.
- To meet the timetables set.
- To ensure that a high standard of data quality is maintained.

Responsibilities of Director of Resources

- 2.2.2 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 2.2.3 To contribute to the development of corporate and operational targets and objectives and performance information.

Responsibilities of Budget Holders

- 2.2.4 To contribute to the development of performance plans in line with statutory requirements.
- 2.2.5 To contribute to the development of corporate and operational targets and objectives and performance information.

2.3 BUDGETING: RESOURCE ALLOCATION

Why is this Important?

- 2.3.1 A mismatch often exists between available resources and required resources. A common scenario is that the available resources are not adequate to fulfil need/desire. It is therefore imperative that resource allocation is carefully prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key Controls

The key controls for resource allocation are:

- Budget managers acquire appropriate resources for the specified level of service delivery.
- Resources are acquired using an approved authorisation process.
- Resources are only used for the purpose intended by the Authority, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are secured for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss for other reasons.

Responsibilities of the Treasurer to the Police Authority

- 2.3.2 To advise on methods available of obtaining funding , such as grants from central government and borrowing requirements.

Responsibilities of Director of Resources

- 2.3.3 To assist in the allocation of resource to managers.

Responsibilities of Budget Holders

- 2.3.4 To work within budget limits and to utilise resources allocated and further allocate resources in the most efficient, effective and economical way.
- 2.3.5 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.

2.4 BUDGETING: CAPITAL PROGRAMMES

Why is this Important?

- 2.4.1 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 and equipment, IS/IT hardware and software or vehicles. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

Key Controls

The key controls for capital programmes are:

- Specific approval by the Authority of the 5 year Capital Programme which is the key document for the planning and control of capital expenditure.
- Expenditure on capital schemes subject to the approval of the Police Authority.
- Steps are taken to enable land required for the purposes of the programme to be acquired in due time.
- A scheme and estimate, including associated revenue expenditure, is prepared for each capital project, for approval by the Authority.
- Schedules for individual schemes within block approvals approved by the Police Authority must be submitted to the Chief Constable for approval (for example, minor works), or under other arrangements approved by the Police Authority.

Responsibilities of the Treasurer to the Police Authority and the Director of Resources

- 2.4.2 To prepare capital programmes and estimates and to report them to the Police Authority for approval.
- 2.4.3 To prepare and submit reports to the Police Authority on the projected expenditure and resources compared with the approved estimates.
- 2.4.4 To issue guidance concerning capital schemes and controls, for example on project appraisal techniques.
- 2.4.5 Determine the definition of 'capital' having regard to Government regulations and accounting requirements.
- 2.4.6 To obtain authorisation by the Authority for individual schemes where the estimated expenditure exceeds the capital programme provision by more than 5% or £100,000 whichever is the less.
- 2.4.7 To give approval to undertake lease/rentals of land, property or accommodation or any other asset.

Responsibilities of Budget Holders

- 2.4.8 To comply with guidance concerning capital schemes and controls issued by the Director of Resources.
- 2.4.9 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Director of Resources.

- 2.4.10 To prepare regular reports reviewing the capital programme provisions. They should also prepare a quarterly return of estimated final cost of schemes in the approved capital programme for submission to the Director of Resources.
- 2.4.11 To ensure that adequate records are maintained in respect of all capital contracts.
- 2.4.12 To ensure that they do not enter into any capital scheme, without the prior approval of the Treasurer to the Police Authority and, if applicable, approval of the scheme through the capital programme.

2.5 BUDGETING: PREPARING REVENUE BUDGETS AND MEDIUM TERM PLANNING

Why is this Important?

- 2.5.1 Medium term planning (or a 3 to 5 year planning system) involves a planning cycle in which the Authority develops their own plans. As each year passes, another future year will be added to the Medium term plan. Medium term planning ensures that the Authority is always preparing for events in advance.
- 2.5.2 The Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The medium term financial strategy (MTFS) and budget is the financial expression of the Authority's plans and policies.
- 2.5.3 The MTFS and revenue budget must be constructed so as to ensure that resource allocation properly reflects the spending plans and priorities of the Authority. Budgets (spending plans), are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent.

Key Controls

The key controls for budget preparations are:

- Specific budget approval for all expenditure.
- Budget managers accept accountability within the agreed delegations for their budgets and the level of service to be delivered.
- A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and that any corrective action is taken.

Responsibilities of the Treasurer

- 2.5.4 To prepare and submit reports on budget prospects for the Police Authority, including resource constraints set by the Government. Reports should take account of medium term prospects, where appropriate.
- 2.5.5 To prepare and submit reports to the Authority on the aggregate spending plans of departments and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 2.5.6 To advise the Authority on force proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972 and Section 112 & 988 of the Local Government Finance Act.

Responsibilities of Director of Resources

- 2.5.7 To determine the detailed form of revenue estimates, consistent with the general directions of the Authority.
- 2.5.8 To advise on the medium term implications of spending decisions.
- 2.5.9 To encourage best use of resources and value for money by working with Budget Holders to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

Responsibilities of Budget Holders

- 2.5.10 To prepare estimates of income and expenditure, in consultation with the Director of Resources, to be submitted to the Authority.
- 2.5.11 To prepare budgets that are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Director of Resources. The Director of Resources should prescribe the format, in accordance with the Authority's general directions.
- 2.5.12 To integrate financial and budget plans into the planning cycle, so that budget plans can be supported by financial and non-financial performance measures.
- 2.5.13 To consult with other Budget Holders, where it appears that a budget proposal is likely to impact on their level of service activity.
- 2.5.14 In consultation with the Director of Resources and in accordance with the laid down guidance and timetable to prepare detailed draft revenue and capital budgets for consideration by the appropriate Authority.
- 2.5.15 When drawing up draft budget requirements to have regard to:
 - (a) Spending patterns and pressures revealed through the budget monitoring process.
 - (b) Legal requirements.
 - (c) Policy requirements as defined by the Authority.
 - (d) Initiatives already underway.

2.6 USE OF RESERVES

Why is this Important?

2.6.1 Reserves are maintained as a matter of prudence.

Key Controls

The key controls for the use of reserves are:

- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies.

Responsibilities of the Treasurer to the Police Authority

2.6.2 To advise on prudent levels of reserves for the Authority, and to report on the opportunity cost of holding excessive reserves.

SECTION 3 – RISK MANAGEMENT AND CONTROL OF RESOURCES

- 3.1 Control of Resources
- 3.2 Internal Controls
- 3.3 Internal Audit
- 3.4 External Audit
- 3.5 Preventing Fraud and Corruption
- 3.6 Assets: Security
- 3.7 Assets: Inventories
- 3.8 Assets: Stocks and Stores
- 3.9 Assets: Intellectual Property
- 3.10 Risk Management
- 3.11 Treasury Management (Including Investments and Borrowing, and Imprest)
- 3.12 Staffing (Including Gifts and Hospitality)

3.1 CONTROL OF RESOURCES

Internal Control

- 3.1.1 Internal control refers to the system of control devised by management to help ensure the authority's objectives are achieved in a manner which promotes economical, efficient and effective use of resources and that the authority's assets and interests are safeguarded.
- 3.1.2 The Treasurer to the Police Authority is responsible for advising on effective internal control systems.
- 3.1.3 It is the responsibility of the Director of Resources and budget holders to establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance targets.

Staffing

- 3.1.4 The Police Authority is responsible for determining how its own support will be organised.
- 3.1.5 The Chief Constable is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 3.1.6 The Chief Constable is responsible for controlling total staff numbers by:
- (a) Advising the Police Authority on the budget necessary in any given year to cover estimated staffing levels.
 - (b) Adjusting the staffing numbers to that which can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
 - (c) The proper use of appointment procedures.

Budget Monitoring

- 3.1.7 The Director of Resources is responsible for providing appropriate financial information to enable budgets to be monitored effectively. He/she must monitor the control of expenditure against budget allocation and report to the Police Authority on variances.
- 3.1.8 It is the responsibility of the Budget Holder to control income and expenditure within their area and to monitor performance. He/she should also take any action necessary to avoid exceeding their financial allocation and ensure compliance with their agreed three year business plan.

Register of Members' Interests

- 3.1.9 The Police Authority is responsible for agreeing procedures for registering members' interests, on which the Chief Executive to the Police Authority shall advise and administer the procedures and the register.

Risk Management

- 3.1.10 The Treasurer to the Police Authority is responsible for preparing the Police Authority's risk management policy statement, promoting it throughout the authority and advising the Police Authority on proper insurance cover. The Chief Constable is responsible for preparing the Force's risk management policy.
- 3.1.11 The Police Authority is responsible for approving the authority's risk management policy statement and for effecting proper insurance.

Security

- 3.1.12 The Director of Resources and budget holders are responsible for ensuring that records are properly maintained and securely held and must ensure that sound arrangements for the security and continuity of service in the event of disaster are in place.

3.2 INTERNAL CONTROLS

Why is this Important?

- 3.2.1 The Authority is complex and beyond the direct control of individuals. It is therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 3.2.2 The Authority has statutory obligations to meet, and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 3.2.3 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Internal controls are necessary to identify, evaluate and control these risks.
- 3.2.4 The system of internal controls is established in order to provide measurable occurrence of:
- (a) Efficient and effective operations.
 - (b) Reliable financial information and reporting.
 - (c) Compliance with laws and regulations.

Key Controls

The key controls for internal controls are:

- Effective review on a regular basis.
- Managerial control systems including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objectives of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- Financial and operational controls systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- An effective internal audit function which operates in accordance with the principles embroiled in the Auditing Practises Boards auditing guideline 'Guidance for Internal Auditors', and with any other statutory obligations and regulations.

Responsibilities of the Treasurer to the Police Authority

- 3.2.5 Assist the Authority to put in place an appropriate control environment and effective internal controls which provide reasonable assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.
- 3.2.6 Ensure that the Authority and the Force put in place effective internal financial controls covering codified guidance, budgetary systems, supervisions, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.

Responsibilities of the Director of Resources

- 3.2.7 To manage processes to check that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources.
- 3.2.8 To update existing controls and establish and implement new ones.
- 3.2.9 To ensure staff have a clear understanding of the consequences of a lack of control.

3.3 INTERNAL AUDIT

Why is this Important?

- 3.3.1 The Treasurer to the Police Authority has statutory responsibilities for the overall financial administration of the Police Authority's affairs and has delegated responsibility for the Police Authority for maintaining an adequate and effective internal audit.
- 3.3.2 Internal audit is an independent and objective appraisal function established by the Treasurer for reviewing the authority's system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to achieving 'Best Value' in the use of resources.

Key Controls

The key controls for internal audit are:

- That it remains independent in its planning and operation.
- The Chief Internal Auditor has direct access to the Chair of the Police Authority, Chief Executive, Chief Constable, the Director of Resources and the Police Authority's Reform and Performance Management committee.
- That internal audit comply with the current Accounts and Audit Regulations and the Code of Practice for Internal Audit in Local Government in the UK.

Responsibilities of the Treasurer to the Police Authority

- 3.3.3 To maintain Strategic and Annual Audit Plans that take account of the characteristics and relative risks of the activities involved. He/she should liaise with the Director of Resources on the audit strategy and cover required.
- 3.3.4 Where an appropriate response to audit recommendations has not been made within a reasonable period, the Treasurer may, after consultation with the Chief Constable, refer the matter to the Police Authority.
- 3.3.5 To investigate promptly any fraud or irregularity of which he/she becomes aware and to report to the Chief Executive and the Chief Constable who will consider any legal proceedings and disciplinary action.
- 3.3.6 To report annually to the Chief Constable and to the Reform and Performance Management Committee on the main issues raised by internal audit during the year.

Responsibilities of the Director of Resources

- 3.3.7 He/she must ensure that internal auditors have the authority to:
- (a) Access Police Authority premises at reasonable times.
 - (b) Access all assets, records, documents, correspondence and control systems relevant to audit.
 - (c) Require and receive any information and explanation considered necessary concerning any matter under consideration.
 - (d) Require any employee of the Police Authority to account for cash, stores or any other Police Authority property under his/her control.
 - (e) Access records belonging to third parties, such as contractors when required.
- 3.3.8 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.

- 3.3.9 To consider and respond promptly to recommendations in audit reports.
- 3.3.10 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 3.3.11 To notify the Treasurer to the Police Authority and internal audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Police Authority's property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 3.3.12 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Police Authority's Chief Internal Auditor, prior to implementation.
- 3.3.13 To independently audit any covert accounts and to certify that this has been carried out on an annual basis.

3.4 EXTERNAL AUDIT

Why is this Important?

- 3.4.1 The Local Government Finance Act 1982 set up the Audit Commission for local authorities and police authorities in England and Wales which is responsible for appointing external auditors to each Police Authority. The Treasurer to the Police Authority is responsible for working with the external auditor and for advising the Police Authority and Chief Constable on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents that are necessary for audit purposes.
- 3.4.2 The basic duties of the external auditor are governed by section 15 of the 1982 Act, under which auditors need to satisfy themselves that:
- (a) The accounts are prepared in accordance with regulations made under Section 23 of the 1982 Act and comply with the requirements of all statutory provisions applicable to the accounts.
 - (b) Proper practice has been observed in compilation of accounts.
 - (c) The Police Authority has made proper arrangements for the securing Best Value in its use of resources.
- 3.4.3 The Police Authority's accounts are scrutinised by external auditors, appointed by the Audit Commission, 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.

Key Controls

The key controls for external audit are:

- External auditors are appointed by the Audit Commission normally for a minimum period of five years. The Audit Commission prepares guidelines, which the external auditors follow when auditing the authority's statement of accounts.

Responsibility of the Treasurer

- 3.4.4 To sign the accounts
- 3.4.5 To co-ordinate the response to the Authority's Police Use of Resources evaluation.

Responsibilities of the Director of Resources

- 3.4.6 To draw up the timetable for final accounts purposes and to advise staff and external auditors accordingly.
- 3.4.7 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 3.4.8 To ensure that all paperwork and systems are up to date and available for inspection.

3.5 PREVENTING FRAUD AND CORRUPTION

Why is this Important?

- 3.5.1 The Police Authority will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the authority.
- 3.5.2 The Police Authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 3.5.3 The Police Authority also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) that it comes into contact with, will act towards the Police Authority with integrity and without thought or actions involving fraud and corruption.

Key Controls

The key controls regarding the prevention of financial irregularities are that:-

- The culture and tone of the authority is one of openness, honesty and opposition to fraud and corruption.
- All members and staff act with integrity, and lead by example.
- All individuals and organisations associated in any way with the Police Authority will act with integrity.
- Senior managers are required to deal swiftly and firmly with those who defraud the Police Authority or who are corrupt.

Responsibilities of the Treasurer to the Police Authority

- 3.5.4 To maintain adequate and effective audit arrangements.
- 3.5.5 To ensure that audit investigations of financial irregularities are reported to the Chief Constable, the Director of Resources and the Police Authority's Audit Committee.
- 3.5.6 To ensure that where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence may have been committed, that the police are called in operationally to determine with the Crown Prosecution Service whether any prosecution will take place.

Responsibilities of the Director of Resources

- 3.5.7 To maintain a register of all financial irregularities and their subsequent consequences.
- 3.5.8 To ensure that all significant suspected irregularities are reported to the Treasurer to the Police Authority.
- 3.5.9 To instigate the Police Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

Responsibilities of Budget Holders

- 3.5.10 To ensure that all financial irregularities are reported to the Director of Resources.

3.6 ASSETS: SECURITY

Why is this Important?

- 3.6.1 The Police Authority holds assets in the form of property, vehicles, IT, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

Key Controls

The key controls for the security of resources such as land, buildings,, fixed plant machinery, equipment, software and information are:

- (a) resources are used only for the purposes of the authority and are properly accounted for
- (b) resources are available for use when required
- (c) resources no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits
- (d) an asset register is maintained for the authority, assets are recorded when they are acquired by the authority and this record is updated as changes occur with respect to the location and condition of the asset
- (e) all staff 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
- (f) all staff are aware of their responsibilities with regard to safeguarding the security of the authority's computer systems, including maintaining restricted access to the information held on them and compliance with the authority's computer and internet security policies.

Responsibilities of the Director of Resources

- 3.6.2 To ensure that an asset register is maintained in accordance with good practice.
- 3.6.3 To receive information from each budget holder required for accounting, costing and financial records.

Responsibilities of Budget Holders

- 3.6.4 The appropriate Budget Holder shall assist in the maintenance of a property database, maintained by the Force Property Manager, in a form approved by the Director of Resources for all properties, plant and machinery, IS/IT and moveable assets currently owned or used by the Police Authority. Where there is no contractual obligation, expenditure on rented property shall be subject to consultation by the Director of Resources. Any use of property by a department or establishment should be supported by documentation identifying terms, responsibilities, risk assessment, insurance liabilities and duration of the use.
- 3.6.5 To ensure that lessees and other prospective occupiers of land and buildings are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Executive to the Police Authority, in consultation with the Treasurer to the Police Authority, has been established as appropriate.
- 3.6.6 To ensure the proper security of all buildings and other assets under their control.
- 3.6.7 Where land or buildings are surplus to the requirements, a recommendation for the sale of land should be the subject of a report by the Chief Constable to the Police Authority.
- 3.6.8 To ensure the safe custody of vehicles, equipment, furniture, stock, stores and other property belonging to the Police Authority.
- 3.6.9 To ensure that a register of moveable assets is maintained in accordance with arrangements defined by the Director of Resources.

- 3.6.10 To ensure assets are identified, their location recorded and that they are appropriately marked and insured.
- 3.6.11 To consult the Treasurer to the Police Authority in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 3.6.12 To ensure cash holdings on premises are kept within prescribed limits.
- 3.6.13 To record all disposal of assets which shall be disposed of in accordance with the provisions of in the Authority's standing orders relating to contracts.
- 3.6.14 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Treasurer to the Police Authority.
- 3.6.15 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records, in accordance with the "Force Information Security Policy".

3.7 ASSETS: INVENTORIES

Responsibilities of the Director of Resources

3.7.1 To agree inventory procedures.

Responsibilities of Budget Holders

3.7.2 To maintain accurate and up to date inventories of land, buildings, vehicles and equipment in accordance with the prescribed procedures agreed with the Director of Resources.

3.7.3 To make sure that property is only used in the course of the Police Authority's business unless the Budget Holder concerned has given permission otherwise.

3.8 ASSETS: STOCKS AND STORES

Responsibilities of the Director of Resources

3.8.1 To make arrangements for the care and custody of stocks and stores.

3.8.2 To ensure stocks are subject to a regular independent physical check where appropriate. All discrepancies should be investigated and pursued to a satisfactory conclusion.

3.8.3 To write-off discrepancies in accordance with predetermined limits.

3.8.4 To authorise write-off or disposal of redundant stocks and equipment.

3.9 ASSETS: INTELLECTUAL PROPERTY

Why is this Important?

3.9.1 Intellectual property is a generic term that includes inventions and writings. If these are created by the employee during the course of employment, then as a general rule they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.

3.9.2 Certain activities undertaken within the Police Authority may give rise to items that may be patentable. These come within the scope of intellectual property.

Key Controls

The key controls for intellectual property are:

- In the event that the Police Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Police Authority's intellectual property procedures.
- All applications for the registration or safeguarding of any intellectual property rights (including patents) must be made in the name of the Police Authority

Responsibilities of the Director of Resources

3.9.3 To develop and disseminate good practice through the intellectual property procedures.

3.10 RISK MANAGEMENT

Risk Management

Why is this important?

- 3.10.1 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 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 financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice. Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.
- 3.10.2 It is the overall responsibility of the executive to approve the authority's risk management strategy, and to promote a culture of risk management awareness throughout the authority.

Key Controls

The key controls for risk management are:

- (a) procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority.
- (b) a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis
- (c) managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- (d) provision is made for losses that might result from the risks that remain
- (e) procedures are in place to investigate claims within required timescales
- (f) acceptable levels of risk are determined and insured against where appropriate
- (g) the authority has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Treasurer to the Police Authority

- 3.10.3 To advise the Police Authority on appropriate arrangements for insurance.
- 3.10.4 To prepare and promote the Authority's risk management policy statement.

Responsibilities of the Director of Resources

- 3.10.5 To develop risk management controls in conjunction with other chief officers.
- 3.10.6 To include all appropriate employees of the authority in a suitable fidelity guarantee insurance.
- 3.10.7 To effect insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

Responsibilities of budget holders

- 3.10.8 To notify the Director of Resources immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the finance director or the authority's insurers.
- 3.10.9 To take responsibility for risk management, having regard to advice from the Director of Resources and other specialist officers (eg crime prevention, fire prevention, health and safety).
- 3.10.10 To ensure that there are regular reviews of risk within their departments.
- 3.10.11 To notify the Director of Resources promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 3.10.12 To consult the Director of Resources and the Chief Executive on the terms of any indemnity that the authority is requested to give.
- 3.10.13 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.

3.11 TREASURY MANAGEMENT

Why is this Important?

- 3.11.1 Many millions of pounds pass through the Police Authority's books each year. A few Local Authorities suffered high profile losses through inappropriate treasury management procedures. This led to the establishment of Codes of Practice. These aim to provide assurances that the Authority's money is properly managed in a way which balances risk with return, but with the overriding consideration being given to the security of the Authority's capital.
- 3.11.2 This organisation adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 4 of that Code.

Key Controls

The key controls for Treasury management are:

- A treasury management policy statement is maintained, stating the policies and objectives of its treasury management activities.
- Suitable treasury management practices (TMPs) are in place, 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.

TREASURY MANAGEMENT AND BANKING

Responsibilities of the Police Authority

- 3.11.3 To receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its TMPs.

Responsibilities of the Treasurer to the Police Authority

- 3.11.4 For the implementation and monitoring of its treasury management policies and practices.
- 3.11.5 To arrange for the execution and administration of treasury management decisions and will act in accordance with the organisation's policy statement and TMPs and, if he / she is a CIPFA member, CIPFAs Standard of Professional Practice on Treasury Management."
- 3.11.6 To arrange borrowing and investments of the Police Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's Treasury Policy Statement.
- 3.11.7 To report at least twice a year to Police Authority on treasury management activities.
- 3.11.8 To operate bank accounts as are considered necessary within the terms of the banking arrangement. Opening or closing any bank account after consulting with the Director of Resources.

Responsibilities of the Director of Resources

- 3.11.9 To draw up a code of guidance on banking for application across the force.

Responsibilities of Budget Holders

3.11.10 To follow the guidance on banking issued by the Director of Resources.

INVESTMENTS AND BORROWING

Responsibilities of the Treasurer to the Police Authority

3.11.11 To ensure that all investments of money are made in the name of the Police Authority or in the name of nominees approved by Police Authority.

3.11.12 To ensure that all securities which are the property of the Police Authority or its nominees and the title deeds of all property in the Police Authority's ownership are held in the custody of the Chief Executive to the Police Authority.

3.11.13 To effect all borrowings in the name of the Police Authority.

3.11.14 To maintain records of all borrowing of money by the Police Authority.

Responsibilities of Budget Holders

3.11.15 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of Police Authority, following consultation with the Treasurer to the Police Authority.

IMPREST ACCOUNTS

Responsibilities of the Director of Resources

3.11.16 To provide employees of the Police Authority with cash or bank imprest accounts to meet minor expenditure on behalf of the Police Authority and to prescribe rules for operating these accounts. Minor items of expenditure should not exceed the prescribed amount.

3.11.17 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody and control of these advances.

3.11.18 To reimburse float holders as often as necessary to restore the floats but normally not more than monthly.

Responsibilities of Budget Holders

3.11.19 To ensure that employees operating an imprest account:

- (a) Obtain and retain vouchers to support each payment from the imprest account. Where appropriate an official receipted VAT invoice must be obtained.
- (b) Make adequate arrangements in their office for the safe custody of the account.
- (c) Produce upon demand by the Director of Resources, cash and all vouchers to the total value of the imprest amount.
- (d) Record transactions promptly.
- (e) Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the imprest holder.
- (f) Provide the Director of Resources with a certificate of the value of the account held at 31 March each year.
- (g) Ensure that the float is never used to cash personal cheques or to make personal loans and that only payments into the account are the reimbursement of the float change relating to purchases where an advance has been made.
- (h) On leaving the Police Authority's employment or otherwise ceasing to be entitled to hold an imprest advance, an employee shall account to the Director of Resources for the amount advanced to him/her.

3.12 STAFFING

Why is this Important?

- 3.12.1 In order to provide the highest level of service, it is crucial that the Authority recruits and retains high calibre, knowledgeable staff, qualified to an appropriate level. An appropriate staffing strategy and policy should exist, in which staffing requirements and budget allocation should be matched.

Key Controls

The key controls for staffing are:

- That procedures are in place for forecasting staffing requirements and cost.
- That procedures are in place for monitoring staffing expenditure against budget.
- That controls are implemented that ensure that staff time is used efficiently and benefits the Police Authority.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy

Responsibilities of the Director of Resources

- 3.12.2 To ensure that budget provision exists for all existing and new employees, or appropriate plans for reductions are in place where the budget provision does not exist.
- 3.12.3 To act as an advisor to budget holders on areas such as National Insurance, pension contributions as appropriate.

Responsibilities of Budget Holders

- 3.12.4 To produce an annual staffing budget.
- 3.12.5 To ensure that the staffing budget is an accurate forecast of their staffing levels and is equated to an appropriate revenue budget provision (including on costs and overheads).
- 3.12.6 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 3.12.7 To ensure that the staffing budget is not exceeded without due authority, and that it is managed to enable the agreed level of service to be provided.
- 3.12.8 To ensure that the Head of Human Resources and the Director of Resources are immediately informed if the staffing budget is likely to be materially over or underspent.

SECTION 4 - SYSTEMS AND PROCEDURES

- 4.1 Systems and Procedures
- 4.2 Systems and Procedures: General
- 4.3 Income
- 4.4 Payments to Employees and Members
- 4.5 Ordering, and Paying for Work, Goods and Services
- 4.6 Taxation

4.1 SYSTEMS AND PROCEDURES

Decision Making Procedures

- 4.1.1 The Police Authority is responsible for approving procedures for reporting key decisions to them and the financial information associated with those decisions. The Monitoring Officer to the Police Authority should provide a system for record keeping for all the authority's decisions, and the Chief Constable should provide a system for record keeping for all the force's decisions.

Income and Expenditure

- 4.1.2 It is the responsibility of the Treasurer and Director of Resources to ensure that a proper scheme of delegation has been established and is operating effectively. It should identify staff authorised to act on the budget holders' behalf, or that of the Police Authority, in respect of payments, income collection and for placing orders together with the limits of their authority. The Police Authority is responsible for approving procedures for writing off debts as part of its overall control framework of accountability and control.

Financial Systems and Procedures

- 4.1.3 The Director of Resources is responsible for the operation of the Police Authority's accounting system, the form of accounts and the supporting financial records. Any changes by the force to the existing financial systems or the establishment of new systems must be approved by the Treasurer to the Police Authority. However, budget holders are responsible for the proper operation of financial processes in their own areas of work.
- 4.1.4 Any changes to force financial instructions and procedure notes by budget holders to meet their own specific needs should be agreed in advance by the Director of Resources.
- 4.1.5 Budget Holders should ensure that their staff receive relevant financial training which has been approved by the Director of Resources.

Data Protection

- 4.1.6 Budget Holders should ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under the freedom of information legislation.

4.2 SYSTEMS AND PROCEDURES: GENERAL

Why is this Important?

- 4.2.1 The Force has systems and procedures relating to the control of the Police Authority's assets, including purchasing, costing and management systems. The Force is increasingly reliant on computers for their financial management information. The information must therefore 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.
- 4.2.2 The Treasurer to the Police Authority has a professional responsibility to ensure that the Police Authority's financial systems are sound and should therefore be notified of any new developments or significant changes.

Key Controls

The key controls for systems and procedures are:

- Basic data exists to enable the authority's objectives, targets, budgets and plans to be formulated.
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems and procedures are secure.

Responsibilities of the Treasurer to the Police Authority

- 4.2.3 To make arrangements for the proper administration of the Police Authority's financial affairs, including to:
- (a) Issue advice, guidance and procedures for the Police Authority's officers and others acting on its behalf.
 - (b) Determine the accounting systems, form of accounts and supporting financial records.
 - (c) Establish arrangements for audit of the Police Authority's affairs.
 - (d) Approve any significant changes to be made to existing financial systems or new systems introduced.

Responsibilities of the Director of Resources

- 4.2.4 To ensure that accounting records are properly maintained and held securely.
- 4.2.5 To ensure that vouchers and documents with financial implications are not destroyed except in accordance with arrangements approved by the Director of Resources.
- 4.2.6 To ensure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records and vice versa, is maintained.
- 4.2.7 To incorporate appropriate controls to ensure that, where relevant:
- (a) All input is genuine, complete, accurate, timely and not previously processed.
 - (b) All processing is carried out in an accurate, complete and timely manner.
 - (c) Output from the system is complete, accurate and timely.

- 4.2.8 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 4.2.9 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 4.2.10 To ensure that systems are documented and staff trained in operations.
- 4.2.11 To consult with the Treasurer to the Police Authority before significantly changing any existing system or introducing new systems.
- 4.2.12 To consult with the Treasurer to the Police Authority in situations where it is considered that the right application of financial regulations will be likely to work against the best interests of the Police Authority.
- 4.2.13 To establish a scheme of delegation identifying officers authorised to act upon the Director of Resources' behalf in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.
- 4.2.14 To obtain lists of authorised officers, with specimen signatures and delegated limits together with any subsequent variations.
- 4.2.15 To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under the legislation.
- 4.2.16 To ensure that relevant standards and guidelines for computer systems are observed.
- 4.2.17 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.

Responsibilities of Head of Technology Services

- 4.3.1 To ensure that effective contingency arrangements, including back up procedures, exist for computer systems. Wherever possible, back up information should be securely retained in a fireproof location, preferably off site, or in an alternative location within the building.
- 4.3.2 To comply with the copyright, designs and patents legislation and in particular, ensure that:
 - (a) Only software legally acquired and installed by the Police Authority is used on its computers.
 - (b) Staff are aware of legislative provisions.
 - (c) In developing systems, due regard is given to the issue of intellectual property rights.

4.3 INCOME

Why is this Important?

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

Key Controls

The key controls for income are:

- All income due to the Police Authority/Force is identified and accounted for correctly.
- All income is collected from the correct person, at the right time using the correct procedures and the appropriate stationery.
- All money received by an employee on behalf of the Police Authority/Force is paid without delay to the Police Authority's bank or national giro account, and properly recorded.
- Effective action is taken to pursue non payment within defined timescales.
- Formal approval for write off is obtained.
- Appropriate write off action is taken within defined timescales.
- Appropriate accounting adjustments are made following write off action.
- All appropriate income documents are retained and stored for the defined period in accordance with the "Retention of Documents Policy".
- Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Director of Resources

- 4.3.2 To agree arrangements for the collection of all income due to the Police Authority/Force and approve the procedures, systems and documentation for its collection.
- 4.3.3 To order and supply to divisions all receipt forms, books or tickets and similar items and satisfy himself/herself regarding the arrangements for their control.
- 4.3.4 To agree to write off bad debts up to an approved limit in each case and to refer larger sums to the appropriate Police Authority body.
- 4.3.5 To approve all debts to be written off and keep a record of all sums written off up to the approved limit.
- 4.3.6 To obtain the approval of the Police Authority in consultation with the Treasurer, for writing off debts in excess of the approved limit.
- 4.3.7 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT and review it regularly, within corporate policies.
- 4.3.8 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 4.3.9 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

- 4.3.10 To issue official receipts or maintain other documentation for income collection.
- 4.3.11 To ensure that where practical at least two employees are present when post is opened so that money received by post is properly identified and recorded.
- 4.3.12 To hold securely receipts, tickets and other records of income, for the appropriate period.
- 4.3.13 To lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- 4.3.14 To ensure that income is paid fully and promptly into the appropriate Police Authority 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.
- 4.3.15 To ensure income is not used to cash personal cheques or other payments.
- 4.3.16 To keep a record of every transfer of official money between employees of the Police Authority. The receiving officer must sign for the transfer.
- 4.3.17 To recommend to the Treasurer all debts to be written off and keep a records of all sums written off up to an approved limit. Once raised, no bona fide debt can be cancelled except by full payment or by its formal writing off. A credit note to replace a debt can only be issued to correct a factual inaccuracy or administrative error in the calculation and/or billing of the original debt.
- 4.3.18 To obtain the approval of the Treasurer when writing off debts in excess of the approved limit and the approval of the Police Authority where required.
- 4.3.19 To ensure that appropriate accounting adjustments are made following write off action.

Responsibility of Budget Holders

- 4.3.20 Budget holders to notify the Director of Resources of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Resources.
- 4.3.21 Budget Holders have a responsibility to assist the Director of Resources in collecting debts that they have originated, by providing any further information requested by the debtor and in pursuing the matter on the Police Authority's behalf.

4.4 PAYMENTS TO EMPLOYEES AND MEMBERS

Why is this Important?

- 4.4.1 Staff costs are the largest item of expenditure for most Police Authority services. It is, therefore, important that there should be controls in place to ensure that payments are made only where they are due for services to the Police Authority and that payments accord with individual's conditions of employment.

Key Controls

The key controls for payments to employees and Members are:

- Proper authorisation procedures and adherence to corporate timetables for:
 - Starters
 - Leavers
 - Variations
 - Enhancements
- Frequent reconciliation of payroll expenditure against approved budget.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the "Retention of Documents Policy".

Responsibilities of the Director of Resources

- 4.4.2 To arrange and control secure and reliable payment of salaries, wages, compensation or other emoluments to existing and former employees in accordance with procedures prescribed by him/her, on the due date.
- 4.4.3 To record and control tax, superannuation and other deductions.
- 4.4.4 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 4.4.5 To make arrangements for paying members travel or other allowances upon receiving the prescribed form duly completed and authorised.
- 4.4.6 To provide advice and encouragement to secure payment of salaries and wages by most economical means.

Responsibilities of Budget Holders and Human Resource Officers

- 4.4.7 To ensure appointments are made in accordance with the regulations of the Police Authority and approved establishments, grades, scale of pay and that adequate budget provision is available.
- 4.4.8 To notify the Director of Resources of all appointments, terminations, or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Director of Resources.
- 4.4.9 To ensure that adequate and effective systems and procedures are operated for human resource and payroll aspects, so that:
- (a) Payments are only authorised to bona fide employees.
 - (b) Payments are only made where there is a valid entitlement.
 - (c) Conditions and contracts of employment are correctly applied.
 - (d) Employees' names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
 - (e) There is an effective system of checking and certifying payroll forms.

- 4.4.10 To send an up to date list of the names of officers authorised to sign records to the Director of Resources, together with specimen signatories.
- 4.4.11 To ensure that payroll transactions are processed only through the payroll system. Budget holders should give careful consideration to the employment status of individuals employed on a “self employed or sub contract” basis. Her Majesty’s Revenue and Customs (HMRC) applies a tight definition for employee status and in cases of doubt, advice should be sought from the Director of Resources.
- 4.4.12 To certify travel and subsistence claims and other allowances. Certification is taken to mean that journeys were authorised and expenses properly and necessarily incurred and that allowances are properly payable by the Police Authority, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Director of Resources is informed where appropriate.
- 4.4.13 To ensure that the details of any employee benefits in kind are notified to the Director of Resources to enable full and complete reporting within the Income Tax Self-Assessment system.
- 4.4.14 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the “Retention of Documents Policy”.

Responsibilities of Members

- 4.4.15 To submit claims for members’ travel and subsistence allowances on a monthly basis and in any event, within one month of the year end.

4.5 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

Why is this Important?

- 4.5.1 Public money should be spent with demonstrable probity and in accordance with the Police Authority's policies. The Police Authority's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Police Authority's contract standing orders.
- 4.5.2 Every member of staff and member of the Police Authority has a responsibility to declare any links or personal interests which they may have with purchasers or suppliers and / or contractors if they are engaged in contractual or purchasing decisions on behalf of the Police Authority.
- 4.5.3 Official orders must be in a form approved by the Director of Resources. Official orders must be issued for all work, goods or services to be supplied to the Police Authority except for supplies of utilities, periodic payments such as rent or rates, petty cash and credit card purchases or other exceptions specified by the Director of Resources.
- 4.5.4 Each order must conform to the directions of the force on central purchasing and the standardisation of supplies and materials. Standard terms and conditions must not be varied without the prior approval of the Director of Resources.
- 4.5.5 Apart from petty cash, credit cards and other payments from advance accounts, the normal method of payment of money due from the Police Authority shall be by cheque or other instrument drawn on the Police Authority's bank account or National Giro account by the Director of Resources. The use of direct debit shall require the prior agreement of the Treasurer to the Police Authority.
- 4.5.6 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of the Police Authority contracts. Neither should personal or private invoices be sent to the Police Authority.

Key Controls

The key controls for ordering and paying for work, goods and services are:

- All goods and services are ordered only by appropriate persons and recorded.
- All goods and services shall be ordered in accordance with the Police Authority's contract standing orders unless they are procured from internal sources within the Police Authority.
- Goods and services received are checked to ensure they are in accordance with the order.
- Payments are authorised by officers who can certify that goods have been received to price, quantity and quality.
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate payment documents are retained and stored for the defined period in accordance with the Police Authority's "Retention of Documents Policy".
- All expenditure including VAT, is accurately recorded against the right budget and any exceptions corrected.
- In addition, the effect of e-business / e-commerce & electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
- That separation of duties will be enforced as far as reasonably practicable.

Responsibilities of the Treasurer to the Police Authority

- 4.5.7 To ensure that all of the Police Authority's financial systems and procedures are sound and well administered.
- 4.5.8 To approve any significant changes to existing financial systems and to approve any new systems before they are introduced.

Responsibilities of the Director of Resources

- 4.5.9 Subject to the requirements of contract standing orders, to approve the form of requisitions, and associated terms and conditions.
- 4.5.10 Subject to the requirements of contract standing orders, to approve the form of official orders, and associated terms and conditions.
- 4.5.11 To make payments, whether or not provision exists within the estimates, where the payment is specifically required by statute or is made under a court order.
- 4.5.12 To make payments to contractors on the certificate of the appropriate budget holder, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 4.5.13 To provide advice and encouragement on making payments by the most economical means.

Responsibilities of Budget Holders

- 4.5.14 To ensure that orders are only placed with authorised suppliers and that the provisions of contract standing orders have been complied with.
- 4.5.15 To ensure that uniquely numbered orders are used for all goods and services other than the exceptions specified in 4.5.3.
- 4.5.16 To ensure that orders are only used for goods and services provided to the budget holder. Individuals must not use official orders to obtain goods or services for their private use.
- 4.5.17 To ensure that only those staff authorised by him/her sign orders. They should maintain an up-to-date list of such authorised staff, including specimen signatures identifying in each case the limits of their authority and forward a revisions to the Director of Resources. The signatory of the order should be satisfied that the goods and services ordered are appropriate and needed, that there is adequate budgetary provision and that quotations or tenders have been obtained if necessary. Value for money should always be taken into consideration.
- 4.5.18 To ensure that a budgetary control system is established which enables commitments incurred by placing orders to be shown against the appropriate budget allocation so that it can be taken into account in budget monitoring reports.
- 4.5.19 To ensure that goods and services are checked on receipt to ensure that they are in accordance with the order. This check should, where possible, be carried out by a different officer from the person who signed the order. Appropriate entries should then be made in inventories or stores records.
- 4.5.20 To ensure that payment is not made unless a proper VAT invoice has been received, checked, coded and certified for payment confirming:
 - (a) Receipt of goods or services.
 - (b) That the invoice has not previously been paid.
 - (c) That expenditure has been properly incurred and is within budget provision.
 - (d) That prices and arithmetic are correct and accord with quotations, tenders, contracts or catalogue prices.
 - (e) Correct accounting treatment of tax.
 - (f) The invoice is correctly coded.

- (g) Discounts have been taken where available.
 - (h) That appropriate entries will be made in accounting records.
- 4.5.21 To ensure that an authorised member of staff, if possible a different officer from the person who signed the order and in every case a different officer from the person certifying the invoice, authorises invoices.
- 4.5.22 To ensure that a list of staff approved to certify and authorise invoices is maintained. Names of authorising officers together with specimen signatures and details of the limits of their authority shall be forwarded to the Director of Resources.
- 4.5.23 Payment should not be made on a photocopied or faxed invoice, statement or other document other than the formal invoice. Any instances of these being rendered should be recorded and separately authorised.
- 4.5.24 To encourage suppliers of goods and services to receive payment by the most economical means for the Police Authority.
- 4.5.25 To ensure that best value for money from purchases is obtained by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices issued by the Police Authority.
- 4.5.26 To utilise the central purchasing procedures established by the Director of Resources in putting purchases, where appropriate, out to competitive quotation or tender. These will comply with contract standing orders and will cover:
- (a) Authorised officers and the extent of their authority.
 - (b) Advertisement for tenders.
 - (c) Procedures for creating, maintaining and revising a standard list of contractors.
 - (d) Selection of tenderers.
 - (e) Compliance with UK and EU legislation and regulations.
 - (f) Procedures for the submission, receipt, opening and recording of tenders.
 - (g) The circumstances where financial or technical evaluation was necessary.
 - (h) Procedures for negotiation.
 - (i) Acceptance of tenders.
 - (j) The form of contract documentation.
 - (k) Cancellation clauses in the event of corruption or bribery.
 - (l) Contract records.
- 4.5.27 To ensure that employees are aware of the national code of conduct for local government employees (summarised in the procedures and conditions of employment manual).
- 4.5.28 To ensure that no loan, leasing or rental arrangements are entered into without prior agreement from the Treasurer to the Police Authority, to ensure value for money is being obtained.
- 4.5.29 To notify the Director of Resources of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Resources.
- 4.5.30 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Resources and Chief Constable, the systems and procedures to be adopted in relation to financial aspects, including certification of interim and final payments, checking, recording and authorising payments, the system for monitoring and controlling capital schemes and the procedures for validation of sub contractors' tax status.
- 4.5.31 To notify the Director of Resources immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 4.5.32 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the "Retention of Documents Policy".

4.6 TAXATION

Why is this Important?

- 4.6.1 Like all organisations, the Police 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 severe. It is therefore very important for all officers to be aware of their role.

Key Controls

The key controls on taxation are:

- Budget managers are provided with relevant information and kept up to date on tax issues.
- Budget managers are instructed on required record keeping.
- All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
- Records are maintained in accordance with instructions.
- Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Director of Resources

- 4.6.2 To complete all Her Majesty's Revenue and Customs (HMRC) returns regarding PAYE.
- 4.6.3 To complete a return of VAT input and outputs to HM Customs and Excise.
- 4.6.4 To provide details to Her Majesty's Revenue and Customs (HMRC) regarding the Construction Industry Tax Deduction Scheme.
- 4.6.5 To provide advice and guidance for Police Authority employees on taxation issues in the 'Accounting Manual' and the 'Tax Manual'.

Responsibilities of Budget Holders

- 4.6.6 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Customs and Excise Regulations.
- 4.6.7 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
- 4.6.8 To ensure that all persons employed by the Police Authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona-fide self-employed or are employed by a recognised staff agency.

SECTION 5 - EXTERNAL ARRANGEMENTS

- 5.1 External Arrangements
- 5.2 Partnerships
- 5.3 External Funding
- 5.4 Work for Third Parties

5.1 EXTERNAL ARRANGEMENTS

- 5.1.1 The Police Authority is responsible for approving delegations, including frameworks for any statutory partnerships, and also for approving the contractual arrangements for any work for third parties or external bodies.
- 5.1.2 The Treasurer to the Police Authority in consultation with the Director of Resources is responsible for promoting and maintaining the same high standards of conduct with regard to financial affairs in statutory partnerships that apply throughout the authority.
- 5.1.3 The Treasurer to the Police Authority in consultation with the Director of Resources must specify the accounting and auditing arrangement to be adopted relating to statutory partnerships and joint ventures and to consider the overall arrangements when arranging contracts with external bodies. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Responsibility of Budget Holders

- 5.1.4 Ensuring that appropriate approvals are obtained before any negotiations are concluded in relation to work to be undertaken jointly with external bodies.
- 5.1.5 Maintaining a register of all contracts entered into in accordance with procedures specified by the Director of Resources.
- 5.1.6 Ensuring that before entering into agreement with external bodies, a risk management appraisal has been undertaken.
- 5.1.7 Ensuring that such agreements and arrangements do not impact adversely upon the services provided for the Police Authority.
- 5.1.8 Ensuring that all agreements and arrangements are properly documented.
- 5.1.9 Providing appropriate information to the Director of Resources to enable a note to be entered into the Police Authority's statement of accounts.

5.2 PARTNERSHIPS

Why is this important?

- 5.2.1 In addition to statutory partnerships, (such as the Crime and Disorder Reduction Partnerships (CDRPs)), both the Authority and the Force work in voluntary partnership with many other agencies to agree joint priorities and broaden the range of potential solutions to produce sustainable crime reduction and safer communities across Staffordshire.

The Police Authority is responsible for approving the frameworks for statutory and other partnerships, and, where participation is discretionary, for ensuring that the Authority and the Force, by doing so, will support their objectives as set out in the Policing Plan and the Corporate Strategy "A Safer Staffordshire".

It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all partnership projects.

General

- 5.2.2 The main reasons for entering into a partnership are:

- (a) as a consequence of a legal requirement to do so
- (b) the desire to find new ways to share risk
- (c) the ability to access new resources
- (d) to provide new and better ways of delivering services
- (e) to forge new relationships

- 5.2.3 A partner is defined as either:

- (a) an organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
- (b) a body whose nature or status gives it a right or obligation to support the project.

- 5.2.4 Partners participate in projects by:

- (a) acting as a project deliverer or sponsor, solely or in concert with others
- (b) acting as a project funder or part funder
- (c) being the beneficiary group of the activity undertaken in a project.

- 5.2.5 Partners have common responsibilities:

- (a) to be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organisation
- (b) to act in good faith at all times and in the best interests of the partnership's aims and objectives
- (c) be open about any conflict of interests that might arise
- (d) to encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
- (e) to hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- (f) to act wherever possible as ambassadors for the project

The key controls for the Police Authority and the Force **before the proposed partnership is agreed to, or commences, are:**

- (a) to recognise the statutory context in which the proposed partnership is to be established
- (b) to identify the objectives the proposed partnership is designed to achieve/fulfil
- (c) to demonstrate how those objectives will support the Authority and Force's vision to set out in the Policing Plan and the Corporate Strategy 'A Safer Staffordshire'; and how the achievement of that vision will be promoted,
- (d) to identify and assess all known risks associated with the proposed partnership and the extent to which those risks affect the viability of the proposals
- (e) to identify and assess through a robust project appraisal process the viability of the proposals in terms of resources, staffing and expertise
- (f) to identify and assess the contractual, legal and financial frameworks of the proposed partnership and to ensure that those arrangements comply with the Police Authority's financial regulations and contract standing orders
- (g) to identify and agree with other partners the roles and responsibilities of each of the other partners involved in the proposals and the lines of accountability from the proposed partnership to the Police Authority, to the force and to other partners
- (h) to be satisfied that other partners have carried out similar assessments for their own purposes, so far as practicable, of the matters referred to in (a) to (g) above.
- (i) to ensure that the proposed partnership and its operation will not affect adversely any of the services provided by or for the Police Authority and Force.

5.2.6 Throughout the life of the partnership, it is the responsibility of partners to communicate regularly with each other so that the progress of the project is routinely monitored to identify areas where action may be required to fulfil the objectives of the partnership and to identify and share problems in order to promote their successful resolution.

5.2.7 Approval to all partnerships involving contractual or financial relationships where the funding commitment from the Authority and/or the force exceeds £20,000 per annum is reserved to the Police Authority. Partnerships not exceeding these criteria may be approved by Director of Resources, subject to compliance with the controls referred to in paragraphs 5.2.5 and 5.2.6 above.

Responsibilities of the Treasurer to the Police Authority

5.2.8 In consultation with the Director of Resources, to ensure that for proposed partnerships directly involving the Police Authority, the controls in paragraphs 5.2.5 and 5.2.6 above are, and will be, in place.

5.2.9 In consultation with the Director of Resources, to promote the same high standards of conduct with regard to financial affairs in partnerships that apply throughout the Authority and for maintaining such high standards where the financial affairs of the partnership are within the Authority to revisit.

5.2.10 In consultation with the Director of Resources, to specify the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and to consider the overall framework. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

Responsibilities of the Director of Resources

- 5.2.11 To ensure that for proposed force partnerships not directly involving the Police Authority that the controls in paragraphs 5.2.5 and 5.2.6 above are, and will be, in place.
- 5.2.12 To advise on effective controls that will ensure that resources are not wasted.
- 5.2.13 To advise on the key elements of funding a partnership. They include:
 - (a) a scheme appraisal for financial viability in both the current and future years
 - (b) risk appraisal and management
 - (c) resourcing, including taxation issues
 - (d) audit, security and control requirements
 - (e) carry-forward arrangements.
- 5.2.14 to ensure that the accounting arrangements are satisfactory.

Responsibilities of Budget Holders

- 5.2.15 To maintain, in accordance with procedures specified by the Director or Resources, a register of all partnership arrangements entered into.
- 5.2.16 To ensure that the approval of the Police Authority is obtained before any negotiations are concluded on partnership arrangements for which the Authority's prior approval is required as set out in 5.2.7 above.
- 5.2.17 To ensure that before entering into agreements with external bodies, advice is sought from Central Departments where required and a risk management appraisal has been prepared.
- 5.2.18 to ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority or the force.
- 5.2.19 To ensure that all agreements and arrangements are properly documented.
- 5.2.20 to provide appropriate information to the Director of Resources to enable appropriate information to be entered into the Authority's statement of accounts concerning material items.

5.3 EXTERNAL FUNDING

Why is this Important?

- 5.3.1 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Police Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.

Key Controls

The key controls for external funding are:

- To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- To ensure that funds are acquired only to meet the priorities approved in the policy framework by the full authority
- To ensure that any match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Director of Resources

- 5.3.2 To ensure that all funding notified by external bodies is received and properly recorded in the Police Authority's accounts.
- 5.3.3 To ensure that the match-funding requirements are considered prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 5.3.4 To ensure that audit requirements are met.

Responsibilities of Budget Holders

- 5.3.5 To ensure that all claims for funds are made by the due date.
- 5.3.6 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.

5.4 WORK FOR THIRD PARTIES

Why is this Important?

- 5.4.1 Current legislation enables the Police Authority within limits to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is within the Authority's legal powers.

Key Controls

The key controls for work for third parties are:

- To ensure that proposals are costed properly in accordance with guidance provided by the Director of Resources.
- To ensure that contracts are drawn up using guidance provided by the Director of Resources and that the formal approvals process is adhered to.
- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.
- To ensure that risks are properly evaluated.

Responsibilities of Director of Resources

- 5.4.2 To ensure that guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register is provided.
- 5.4.3 To ensure that a risk assessment process is carried out for any contract.

Responsibilities of Budget Holders

- 5.4.4 To ensure that the approval of the Police Authority is obtained before any negotiations are concluded to work for third parties.
- 5.4.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Resources.
- 5.4.6 To ensure that appropriate insurance arrangements are made.
- 5.4.7 To ensure that the Police Authority is not put at risk from any bad debts.
- 5.4.8 To ensure that no contract is subsidised by the Police Authority.
- 5.4.9 To ensure that, wherever possible, payment is received in advance of the delivery of the service.
- 5.4.10 To ensure that the department/unit has the appropriate expertise to undertake the contract.
- 5.4.11 To ensure that such contracts do not impact adversely upon the services provided for the Police Authority.
- 5.4.12 To ensure that all contracts are properly documented.
- 5.4.13 To provide appropriate information to the Director of Resources to enable a note to be entered into the statement of accounts.

SECTION 6 – GLOSSARY

- 6.1 **Best Value**
Under the “Modern Local Government” White Paper the principle of Best Value is one of continuous improvement and is to establish a duty to deliver services to clear standards covering both cost and quality taking account of the most effective, efficient and economic means. This is achieved by undertaking fundamental Best Value Reviews of services, as set out in the Performance Plan, which look to challenge, compare, consult and compete.
- 6.2 **Budget Holders**
Ordinarily the budget holder will be the person delegated by the Chief Constable to be responsible for a budget head for a division/group.
- 6.3 **Carry Forwards**
This refers to the transfer of resources between accounting years.
- 6.4 **Chief Constable**
This is the officer appointed under section 11 of the Police Act 1996.
- 6.5 **Chief Executive to the Police Authority**
Section 16 of the Police Act 1996 (the Act) requires the Authority to appoint a Chief Executive. The Act does not define the duties of the Chief Executive, but the Authority have agreed that the main duties will be to ensure appropriate legal and personnel advice to them, effective support for the Authority, their committees and schemes, and act as proper officer. The Authority has also appointed the Chief Executive to act as Monitoring Officer under Section 5 of the Local Government and Housing Act 1989, as amended.
- 6.6 **CIPFA**
Chartered Institute of Public Finance and Accountancy.
- 6.7 **Consistency**
The concept that the accounting treatment of like items within an accounting period from one period to the next is the same.
- 6.8 **Contingency Liability**
A contingent liability is either:
- (a) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority’s control, or
 - (b) a present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.
- 6.9 **Contract Standing Orders**
These govern the handling of contracts and the relative responsibilities of the police authority and the force.
- 6.10 **Credit Approval**
These are authorisations given by the Government to police authorities that enable them to finance capital expenditure by borrowing or other credit arrangements such as leasing.
- 6.11 **Depreciation**
The measure of the cost or revalued amount of the benefits of the fixed assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.
- 6.12 **Director of Resources**
This is the Chief Constables senior financial officer who should possess a formal accountancy qualification and may be appointed under section 15 of the Police Act 1996 or be an appropriately qualified police officer. He/she is also responsible for Information Technology, Human Resources

and Support Services (including property, transport and administration) within the force and has a place on the policy team.

6.13 Fixed Assets

Tangible assets that yield benefits to the police authority and the service it provides for a period of more than one year.

6.14 Head of Human Resources

This refers to the person who leads the Human Resources process.

6.15 Investments

A long term investment is an investment that is intended to be held for use on a continuing basis in the activities of the police authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

6.16 Impairment

A reduction in the value of a fixed asset below the amount shown on the balance sheet.

6.17 ISIT

Information software and information technology.

6.18 Monitoring Officer

The Monitoring Officer is responsible for warning the Authority of actual or potential illegality or maladministration arising from their decisions or proposals. The statutory duties arise from the Police Act 1996 in its application of Section 5 of the Local Government and Housing Act 1989, as amended, (including Part III of the Local Government Act 2000, regarding the conduct of members).

6.19 Partnership

The financial regulations refer to those statutory partnerships where we are required to work towards objectives with other bodies, pooling resources.

6.20 Police Authority

The Police Authority means Staffordshire Police Authority as established in accordance with the Police and Magistrates Courts Act 1994.

6.21 Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

6.22 Revaluation

An increase or decrease in the value of an asset shown on the balance sheet to reflect its current value.

6.23 The Force

This refers to all those working for the Chief Constable. It covers both police officers and employees appointed under section 15 of the Police Act 1966 (excluding those who fall under section 15.3 who are not under the control and direction of the Chief Constable).

6.24 Treasurer to the Police Authority

This is the officer with overall responsibility for the administration of the police authority's financial affairs, as set out in section 112 of the Local Government Finance Act 1988.

6.25 Virement

This refers to the transfer of resources from one budget head to another.

December 2007

Effective from 1 January 2008

