



# **FINANCIAL REGULATIONS**

**September 2011**

## FINANCIAL REGULATIONS - INDEX

Contents *(use CTRL and click on the mouse to go to section direct)*

<u>Description</u> <i>(hyperlink)</i>	<u>Page Number</u>
<a href="#">Introduction</a>	3
<a href="#">Financial Management and Control</a>	4
<a href="#">Statutory Officers</a>	5
<a href="#">Other Officers</a>	9
<a href="#">Financial Management Standards</a>	9
<a href="#">Accounting Policies, Records &amp; Returns</a>	10
<a href="#">Internal/External Audit</a>	12
<a href="#">Preventing Fraud &amp; Corruption</a>	14
<a href="#">Medium Term Planning</a>	16
<a href="#">Preparation of the Policing Plan</a>	17
<a href="#">Service &amp; Financial Medium Term Planning</a>	17
<a href="#">Use of Reserves</a>	16
<a href="#">Managing &amp; Controlling Expenditure</a>	20
<a href="#">Capital Programme</a>	20
<a href="#">Revenue Expenditure</a>	21
<a href="#">Budget Virement</a>	23
<a href="#">Year End / Carry Forward</a>	25
<a href="#">Control of Assets</a>	26
<a href="#">Risk Management &amp; Insurance</a>	28
<a href="#">Treasury Management</a>	30
<a href="#">Staffing</a>	32
<a href="#">Payment to Staff and Members</a>	33
<a href="#">Gifts, Favours &amp; Hospitality (incl. sponsorship)</a>	35
<a href="#">Procurement &amp; Contracts</a>	37
<a href="#">Procurement Cards</a>	39
<a href="#">Ordering &amp; Paying for Goods &amp; Services</a>	40
<a href="#">Imprest Accounts</a>	42
<a href="#">Taxation</a>	43
<a href="#">Income</a>	50
<a href="#">External Funding</a>	44
<a href="#">Work for Third Parties</a>	46
<a href="#">External Arrangements (Partnerships &amp; Collaborations)</a>	47
<a href="#">Glossary</a>	52
<a href="#">Resource Centres/Units &amp; Managers</a>	54

## 1. INTRODUCTION

*This section explains the principles behind the Financial Regulations, the need for compliance and where to get help if the rules require interpretation*

- 1.1 Financial Regulations provide the framework for managing the Authority's and Constabulary's financial affairs. These Regulations apply to all Members, officers and staff together with anyone acting on behalf of the Authority and have been prepared in line with the requirements of the Home Office Code of Practice on Financial Management.
- 1.2 The Regulations identify the financial responsibilities of Members, the Treasurer, the Chief Constable, the Chief Executive and all other Budget Managers. The Chief Constable must maintain a written record (known as a Scheme of Delegation) where these responsibilities have been delegated to staff (both police officers and police staff). Where responsibilities have been delegated or devolved to other responsible officers, the regulations refer to them.
- 1.3 All 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.
- 1.4 The Treasurer is responsible for maintaining Financial Regulations and advising the Police Authority of any additions or changes necessary. The Treasurer is also responsible for reporting, where appropriate, breaches of these Regulations to the Authority.
- 1.5 Any infringements of these Regulations may involve disciplinary proceedings being taken against the individuals concerned.
- 1.6 Finances are organised into separate Resource Centres. These Resource Centres are further divided into Resource Units, each managed by a nominated Budget Manager, responsible for ensuring that staff are aware of their responsibilities, accord to these Regulations and other internal rules and comply with them.
- 1.7 The Treasurer, in conjunction with the Director of Finance, is responsible for issuing advice and guidance to underpin these rules, which Members and staff are required to follow.
- 1.8 The purpose of these rules is to maintain sound and proper financial procedures and arrangements for the administration of all the Authority's financial affairs; to explain to interested parties why safeguards and controls are necessary; to provide a framework for financial management which will enable, wherever possible, managerial and financial responsibilities to be aligned and to safeguard Members and staff of the Authority and the Constabulary.
- 1.9 The last point is most important as without clearly defined financial procedures and arrangements, Members and staff could find themselves in an invidious and vulnerable situation. The observance of these Regulations is very much in each individual's own interest.
- 1.10 If anyone reading these Regulations is in any doubt over their meaning or how to comply, please contact the Director of Finance (Tel No: 01606 364500).

## 2. FINANCIAL MANAGEMENT AND CONTROL

*This section defines the roles and responsibilities of Members, and staff within the Police Authority and Constabulary and the Financial Management Framework*

### 2.1 **The Police Authority**

- 2.1.1 The Authority has an approved framework of rules and procedures for its financial affairs, in the form of Financial Regulations.
- 2.1.2 The Authority is responsible for strategic financial planning and budget setting and in this respect will:
- Develop a medium term financial scenario, based on the national and local financial environment, and annual budget planning process
  - Consider medium term revenue and capital policy and expenditure proposals within the budget planning process
  - Approve the three year Policing Plan and Savings Plan
  - Approve the annual budget, capital programme, council tax precept and Treasury Management Strategy and the draft budgets and capital programmes for at least the following two years.
- 2.1.3 The Authority will approve the annual revenue budget and will review financial management and performance through quarterly reports, to Finance Committee.
- 2.1.4 When approving the revenue budget each year, the Authority will indicate any items for which they require a further report to be presented for their approval before any expenditure may be incurred (*these are referred to as starred items*).
- 2.1.5 The Authority will approve an annual capital programme and will indicate those projects for which they will require a further report to be presented for their approval before any expenditure is incurred (i.e. starred items) and will thereafter monitor financial performance via quarterly reports to Finance Committee.

### 2.2 **Audit Committee**

- 2.2.1 The Audit Committee is responsible to the Authority for the following functions:-
- Receive the Annual Audit Letter; Annual Governance Statement; and associated reports from the Authority's External Auditors.
  - Receive reports from the Treasurer and, where appropriate, the Chief Executive, on the efficiency and effectiveness of internal control processes, including probity and to receive internal audit reports in this respect.
  - Monitor the development of a corporate governance and risk management framework for the Authority and Constabulary and its implementation.
  - To consider and approve the Authority's Statement of Accounts.

## 2.3 ***Finance Committee***

2.3.1 The Finance Committee is responsible to the Authority for the following functions:-

- Policy, procedural and financial matters with specific reference to budget strategy and planning.
- Review in year performance against the revenue budget and capital programme and take any remedial actions in accordance with the parameters contained in Financial Regulations such as virements, supplementary estimates or budget reductions.
- Ensure the effective and efficient use of resources taking appropriate action to ensure value for money and efficiency including assessing the action required in response to benchmarking activity.
- Oversee the Authority's asset management strategies.
- Manage the implementation of the treasury management strategy and determine the annual treasury management report.
- Consider and respond as appropriate to Government or other consultations on financial matters.

## 2.4 ***Policy Framework***

2.4.1 The Authority is responsible for determining the Policing Plan, the framework for which includes the Medium Term Financial Strategy (MTFS), budget, Savings Plan, People Strategy and the local strategies for crime and disorder reduction.

2.4.2 The Authority is also responsible for approving procedures for agreeing any variations to approved budgets, plans and strategies.

2.4.3 The Treasurer and the Chief Executive (as Monitoring Officer) are also responsible for determining when a decision may be deemed contrary to the budget or policy framework and therefore requires referral to the Authority.

## 2.5 **STATUTORY OFFICERS**

### ***The Treasurer to the Police Authority***

2.5.1 The Treasurer is the Financial Adviser to the Authority and is the Authority's "Responsible Financial Officer" under the Accounts and Audit Regulations. The Treasurer is responsible for the proper administration of the Authority's financial affairs as specified in Section 151 of the Local Government Act 1972 and under Section 114 of the Local Government Finance Act 1988. Section 114 sets out specific requirements for the Responsible Financial Officer to issue an exceptional report in particular circumstances, i.e.

- Where the Authority or an officer has made or is considering action involving any unlawful expenditure, or which is likely to cause a loss or deficiency to the Authority
- When it appears likely that expenditure will exceed resources available

- 2.5.2 The Treasurer is responsible for monitoring compliance with statutory financial requirements, with these Financial Regulations and the Scheme of Delegation. The Treasurer is assisted in the discharge of these responsibilities by Internal Audit.
- 2.5.3 The Treasurer is responsible for the preparation of the Authority's statutory accounts in accordance with the Accounts and Audit Regulations, to enable their certification by the External Auditor.
- 2.5.4 In addition the Treasurer has the following specific responsibilities:-
- to secure an efficient and effective internal audit of the Authority's financial affairs
  - to ensure accurate, timely and complete financial information is provided to the Authority
  - to arrange for the determination, issue and transfer of the Authority's precept
  - to manage the capital financing strategy and secure effective Treasury Management, including loans, investments and banking
  - to secure the delivery of the Treasury Management function in accordance with statutory requirements and the Authority's Treasury Management Strategy
  - to manage the production, monitoring and reporting of the Prudential Indicators for the Authority in order to ensure that the capital investment plans of the Authority are affordable, prudent and sustainable
  - to advise in consultation with the Chief Constable, upon the safeguarding of assets, the appraisal and management of risk generally and insurance
  - in conjunction with the Chief Executive, as Monitoring Officer, to report any unlawful decisions taken by the Authority or Constabulary
  - to report exceptionally when it appears likely that expenditure will exceed resources available
  - to establish appropriate arrangements for the treatment of VAT and other taxation matters
  - to agree the format of capital appraisals for schemes or blocks in the proposed capital programme
  - to authorise urgent work to repair, replace or reinstate vehicles, buildings or equipment where the work is fully funded from insurance monies
  - to agree in consultation with the Chief Constable and the Chief Executive, any circumstances where normal requirements for quotations or tenders should be waived
  - to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides, when the Authority is making statutory calculations required to determine its council tax
  - to establish adequate procedures' in place to prevent bribery
- 2.5.5 The Treasurer and the Chief Executive are responsible for advising the Authority on any changes to the financial limits set out in Financial Regulations as appropriate.

## ***The Chief Constable***

- 2.5.6 The Chief Constable is responsible for day-to-day financial management within the Constabulary. In accordance with the Home Office Code of Practice on Financial Management, financial management will be delegated to the lowest appropriate level within the Constabulary. To this end the Chief Constable is required to operate an effective Scheme of Delegation within the Constabulary, drawn up and maintained in consultation with the Treasurer. The Scheme identifies Budget Managers and specific limits of authority for individual officers involved in the authorisation and certification of financial transactions. Day-to-day financial management will be carried out in accordance with the Scheme of Delegation.
- 2.5.7 Through the operation of the Scheme, the Chief Constable will ensure that all the Constabulary's resources are managed securely, efficiently and effectively to meet the Authority's objectives.
- 2.5.8 The Chief Constable will produce a three-year Policing Plan, in consultation with the Chief Executive and Treasurer, for annual consideration and approval by the Authority.
- 2.5.9 Specifically, the Chief Constable has the following responsibilities to be carried out in accordance with procedures agreed with the Treasurer:-
- to develop medium term revenue and capital policy and expenditure options and present these to the Authority for consideration as part of the annual budget planning process
  - to ensure systems and processes are operated which maintain financial propriety, are securely controlled, adequately documented and achieve value for money
  - to ensure that the allocated budget is spent in pursuit of the Authority's objectives and policies and that budgetary pressures are contained wherever possible within the Constabulary's overall budget
  - to deliver against the Authority's Savings Plan
  - to report to the Authority quarterly through Finance Committee and Performance & Service Improvement Panel on the management of resources and performance against the targets set out in the Policing Plan and budget
  - to undertake a periodic review of the Scheme of Financial Delegation and the allocation of financial responsibilities within the Constabulary
  - to ensure that all appropriate officers are fully trained and are aware of the requirements of Financial Regulations and the Scheme of Delegation
  - to ensure optimum management of the Authority's assets, including the production of an Asset Management Plan; to safeguard all assets, appraise and manage risk
  - to secure appropriate arrangements for security and confidentiality of data and information
  - to ensure the consent of the Treasurer and the Chief Executive is sought to contractual agreements over £50,000
  - to ensure tendering and award of contracts are carried out in accordance with Financial Regulations

- to ensure that all allegations of suspected fraud, corruption, governance and financial irregularity are promptly reported to the Treasurer and are investigated thoroughly, consistently and impartially
  - to establish adequate procedures' in place to prevent bribery
- 2.5.10 The Chief Constable may authorise in writing other officers to act on his behalf, but such delegation does not in any way diminish the Chief Constable's overall responsibilities and accountability. The Chief Constable is responsible for ensuring that delegated responsibilities are exercised in accordance with Scheme of Delegation.
- 2.5.11 The Chief Constable will, in consultation with the Treasurer, secure the provision of financial services including payment of invoices, payroll, pensions, financial information and collection of income including debts.

### ***The Chief Executive to the Police Authority***

- 2.5.12 Section 16 of the Police Act 1996 requires the Authority to appoint a Chief Executive of the Authority. The Act does not define the duties of the Chief Executive, but the Authority has agreed that the Chief Executive will act as the Authority's designated "Monitoring Officer" under the Local Government and Housing Act 1989.
- 2.5.13 The Monitoring Officer is responsible for:
- Promoting and maintaining high standards of 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 Constabulary and for ensuring that procedures for recording and reporting key decisions are operating effectively.
  - Advising all Members and Officers about who has authority to take a particular decision.
  - Advising the Authority and/or Constabulary about whether a decision is likely to be considered contrary to or not wholly in accordance with agreed policies.
  - With the Treasurer, 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 conflict with the budget include:
    - Initiating a new policy, not contained in the budget
    - Committing expenditure in future years to above the budget level
    - Causing budgeted expenditure to be exceeded or unlawful expenditure to be incurred
  - For maintaining up-to-date standing orders

### ***Representation***

- 2.5.14 The Chief Executive as the "Monitoring Officer" and the Treasurer as the "Responsible Financial Officer", or their nominated representatives, are entitled to be represented at all meetings of the Authority, Committees and Panels and must be consulted in advance on all reports and items of business.

## 2.6 OTHER OFFICERS

### ***Director of Finance***

- 2.6.1 The Director of Finance is responsible to the Chief Constable for all financial activities undertaken within the Constabulary or contracted out under the supervision of the Constabulary. The Director of Finance is a member of the Constabulary's Strategy Board. His prime responsibility is for ensuring resource centre and budget managers have the necessary information and are held to account to deliver effective and efficient use of the resources available to the Constabulary to support the achievement of operational performance.

### ***Resource Centre Managers***

- 2.6.2 Officers to whom revenue budget responsibility is delegated at resource centre level are referred to in these Financial Regulations as Resource Centre Managers. These officers are responsible and accountable for the management and control of budgets allocated to them.
- 2.6.3 Resource Centre Managers are responsible for ensuring that expenditure and income are correctly coded to the appropriate budget heading. They are responsible for monitoring expenditure and income and are required to take appropriate action in the event of any variation occurring, or expected to occur, in the expenditure and income relating to activities under their control.
- 2.6.4 It is also their responsibility to ensure that their resource centre structure is adequately reflected within the reporting structures held by HQ Finance.

### ***Budget Managers***

- 2.6.5 Resource Units are sub-divisions of Resource Centres. Officers to whom revenue budget responsibility is delegated at resource unit level are referred to in these Financial Regulations as Budget Managers. The overall accountability however, for Resource Centre management lies with the Resource Centre Manager.

### ***Capital Scheme Managers***

- 2.6.6 Officers to whom management of schemes in the capital programme is delegated will be referred to in these Financial Regulations as Capital Scheme Managers. They will have the same responsibilities as Resource Centre Managers in respect of managing expenditure and income, in so far as these relate to the capital schemes and associated cost centres, under their control.

## 2.7 FINANCIAL MANAGEMENT STANDARDS

### ***Why are these important?***

- 2.7.1 All Members and staff have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring everyone 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 Authority and the Constabulary
- That a monitoring system is in place to review compliance with financial standards, with any exceptions reported to the Authority

### **Responsibilities of the Treasurer**

- 2.7.2 To ensure the proper financial administration of the Police Authority's budget.
- 2.7.3 To set the financial standards, and to monitor their compliance.
- 2.7.4 To ensure proper professional practices are adhered to, and to promote financial management standards
- 2.7.5 To advise on the key strategic controls necessary to secure sound financial management.
- 2.7.6 To ensure that financial information is available to enable accurate and timely financial reporting and benchmarking.
- 2.7.7 To take reasonable steps to ensure the prevention and detection of fraud and other irregularities.

## **2.8 ACCOUNTING POLICIES, RECORDS & RETURNS**

### **Why are these important?**

- 2.8.1 The Treasurer is responsible for the preparation of the Authority's Statement of Accounts in a format required by the Chartered Institute of Public Finance and Accountancy (CIPFA) under the International Financial Reporting Standards. CIPFA's code and guidance are backed by legislation and the accounts audited to ensure compliance. The draft accounts are prepared for the Treasurer by the Director of Finance.
- 2.8.2 Proper accounting records are one of the ways in which the Authority discharges its responsibility for stewardship of public money. The Authority has a statutory responsibility to prepare its annual accounts to present a true and fair view of its operations during the year. These are subject to external audit. This provides assurance that the accounting practices have been followed and that arrangements have been made for securing value for money in the use of the Authority's resources.

### **Key Controls**

The key controls for accounting policies, records and returns 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

- All Members, finance staff and Resource Centre Managers, Budget Managers and Capital Scheme Managers operate within the required international accounting standards
- 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 any failure and all documents are retained as per the document retention policy
- Balances and reconciliation procedures are carried out regularly

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

- 2.8.3 To compile 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 as at 31 March each year in line with current regulations.
- 2.8.4 To make proper arrangements for the external audit of the Authority's accounts in accordance with the Accounts and Audit Regulations.
- 2.8.5 To prepare the Statement of Accounts and publish the audited Statement of Accounts for each financial year in line with the statutory deadlines.
- 2.8.6 To determine the accounting procedures and records for the Authority.

### ***Responsibilities of the Director of Finance***

- 2.8.7 To ensure accounts and accounting records are compiled in accordance with accounting standards and policies.
- 2.8.8 To comply, where practicable, with the following principles when allocating accounting duties:
  - Separating the duties of providing information about sums due to or from the Authority and calculating, checking and recording these sums from the duty of collecting or disbursing them.
  - Staff with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.
  - To administer the Authority's arrangements, if any for under and overspends to be carried forward to the following financial year.
  - To ensure the proper retention of financial documents. The periods for which documents are to be retained will be specified in the "Retention of Documents Policy" (see policy on [Cheshire Police Intranet on POLWPS3](#)).

### ***Responsibilities of Budget Managers***

- 2.8.9 To adhere to the accounting policies as approved by the Treasurer.
- 2.8.10 To consult and obtain the approval of the Treasurer before making any changes to accounting procedures.

- 2.8.11 To comply with the principles outlined in 2.8.8 above when allocating accounting duties.
- 2.8.12 To maintain adequate records to provide an audit trail leading from the source of income / expenditure through to the accounting statements.
- 2.8.13 To supply information required to enable the Statement of Accounts to be completed in accordance with guidelines issued by the Director of Finance.

## 2.9 INTERNAL/EXTERNAL AUDIT

### ***Why is this important?***

- 2.9.1 The Treasurer has delegated responsibility from the Authority for maintaining an adequate and effective internal audit. Internal audit is an independent and objective appraisal function 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 'Value for Money' in the use of resources.
- 2.9.2 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. The Treasurer is responsible for working with the external auditor and for advising the Authority and the 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.
- 2.9.3 The basic duties of the external auditor are governed by Section 15 of the 1982 Act, under which auditors need to satisfy themselves that:
  - 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
  - Proper practice has been observed in compilation of accounts
  - The Authority has made proper arrangements for the securing of Value for Money in its use of resources
- 2.9.4 The Authority's accounts are scrutinised by the External Auditors, who must be satisfied that the statement of accounts 'gives a true and fair view' 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 internal/external audit are:

- That it remains independent in its planning and operation
- Internal Audit have direct access to the Chairman of the Authority, Chief Executive, Chief Constable, Director of Finance and the Authority's Audit Committee
- That internal audit comply with the current Accounts and Audit Regulations and the Code of Practice for Internal Audit in Local Government

- External auditors are appointed by the Audit Commission. The Audit Commission prepares guidelines, which the external auditors follow when auditing the Authority's Statement of Accounts

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

- 2.9.5 To maintain Annual Audit Plans that take account of the characteristics and relative risks of the activities involved. The Treasurer must liaise with the Directors of Corporate Services and Finance on the audit strategy and cover required.
- 2.9.6 Where an appropriate response to audit recommendations has not been made within a reasonable period, the Treasurer will, after consultation with the Chief Constable, refer the matter to the Authority.
- 2.9.7 To investigate promptly any reported suspected fraud or irregularity and to report to the Chief Executive and the Chief Constable who will consider any legal proceedings and disciplinary action.

### ***Responsibility of Director of Finance***

- 2.9.8 To ensure that internal audit have the ability to:
- Access Authority premises at reasonable times
  - Access all assets, records, documents, correspondence and control systems relevant to audit
  - Require and receive any information and explanation considered necessary concerning any matter under consideration
  - Require all staff to account for cash, stores or any other property under their control
  - Access records belonging to third parties, such as contractors when required
- 2.9.9 To ensure that auditors are provided with any information and explanations which they seek in the course of their work.
- 2.9.10 To consider and respond promptly to recommendations in audit reports in conjunction with the Director of Corporate Services; report management responses and any associated action plans to audit recommendations to the Audit Committee – such responses must be recorded and progress also reported.
- 2.9.11 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.
- 2.9.12 To notify the Treasurer immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Authority's property or resources. Pending investigation and reporting, the Director of Finance must take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 2.9.13 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by Internal Audit, prior to implementation.

- 2.9.14 To audit independently any covert accounts and to certify it has been carried out on an annual basis.
- 2.9.15 To draw up the timetable for final accounts purposes and to advise staff and external auditors accordingly.

## **2.10 PREVENTING FRAUD AND CORRUPTION**

### ***Why is this important?***

- 2.10.1 The Authority will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the Authority or the Constabulary. Any such activity is likely to involve disciplinary proceedings being taken against the individuals concerned. Both the Authority and the Constabulary have Confidential Reporting Policies which are available via the intranet or the Professional Standards Department.
- 2.10.2 The 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, regulations, procedures and practices.
- 2.10.3 The Authority also expects that individuals and organisations that it comes into contact with, will act with integrity towards the Authority and without involving fraud and corruption.

### ***Key Controls***

The key controls for preventing fraud and corruption are:

- The culture and style of the Authority and the Constabulary is one of openness, honesty and opposition to fraud and corruption and all Members, officers and staff act with integrity and lead by example
- All individuals and organisations associated in any way with the Authority will act with integrity and comply with the Bribery Act 2010
- Systems, checks & controls are in place to both prevent and detect fraudulent actions
- Senior managers are required to deal swiftly and firmly with those who defraud the Authority or who are corrupt
- The Professional Standards Department and independent bodies are used to investigate such activity

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

- 2.10.4 To maintain adequate and effective audit arrangements.
- 2.10.5 To ensure that all financial irregularities are reported to the Chief Constable, the Chief Executive and the Director of Finance.
- 2.10.6 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 Finance and Budget Managers***

2.10.7 To ensure that all suspected financial irregularities are reported to the Treasurer.

### ***Responsibilities of Head of Professional Standards***

2.10.8 To ensure that all suspected financial irregularities are reported to the Treasurer, that the method of investigating is agreed with the Treasurer and the Treasurer is advised of progress and outcome including correction to systems and controls.

2.10.9 In liaison with the Chief Constable, instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

## MEDIUM TERM PLANNING

### 2.11 INTRODUCTION

2.11.1 The Authority is responsible for approving the following, which will be produced by the Chief Constable in conjunction with the Chief Executive and Treasurer:

- The Three Year Policing Plan
- The Medium Term Financial Strategy (MTFS)
- The annual budget, council tax and precept including the Reserve Strategy
- The Capital Programme and Financing Plan
- Provisional budgets and capital programmes for at least two years.

#### ***Budget Guidelines***

2.11.2 Following consultation with the Treasurer, the Director of Finance issues guidelines on budget preparations to Budget Managers. The guidelines will take account of:

- Legal requirements
- Medium term planning guidelines
- Available resources
- Spending pressures
- Value for money and other relevant Government guidelines
- Savings requirements

#### ***Budget Format***

2.11.3 The general format of the budget will be determined by the Authority on the advice of the Treasurer and will include allocations to different Resource Centres/Units, proposed precept levels and contingency funds.

#### ***Budget Preparation***

2.11.4 The Treasurer is responsible for ensuring that a full Medium Term Financial Strategy is prepared and updated regularly and a revenue budget and capital programme are prepared on an annual basis for consideration and approval by the Authority, and that provisional budgets and capital programmes are prepared for at least the following two years. The Treasurer is also responsible for ensuring savings are implemented in accordance with the approved budget.

2.11.5 It is the responsibility of the Treasurer in consultation with the Director of Finance to ensure that robust budget estimates reflecting agreed objectives are submitted to the Authority and to advise on the adequacy of reserves.

## **Preparation of the Capital Programme and Financing Plan**

2.11.6 The Treasurer in consultation with the Director of Finance is responsible for ensuring that an affordable capital programme and the financing plan are prepared on an annual basis for consideration by the Authority.

### **2.12 PREPARATION OF THE POLICING PLAN**

2.12.1 The Authority has a statutory responsibility to publish performance plans, the three year Policing Plan and council tax leaflet. These plans together explain the overall priorities and objectives of the Authority, its current performance and proposals for overall improvements.

2.12.2 The Chief Constable is responsible for preparing the Policing Plan for consideration by the Authority for approval.

#### **Key Controls**

The key controls for performance plans are:

- To ensure that all relevant plans are produced and are consistent
- To produce plans in accordance with statutory requirements and deadlines
- To ensure that a high standard of data quality is maintained

#### **Responsibilities of the Director of Finance**

2.12.3 To advise and supply the financial information that needs to be included in performance plans, the Policing Plan and council tax leaflet in accordance with statutory requirements and deadlines.

2.12.4 To contribute to the development of corporate and operational targets and objectives and performance information.

#### **Responsibilities of Budget Managers**

2.12.5 To contribute to the development of performance plans in line with statutory requirements and deadlines.

2.12.6 To contribute to the development of corporate and operational targets and objectives and performance information.

### **2.13 SERVICE AND FINANCIAL MEDIUM TERM PLANNING**

#### **Why is this important?**

2.13.1 Medium term planning (or a 4-5 year planning system) involves a planning cycle in which the Authority develops its own plans. As each year passes another future year will be added to the plan. Medium term planning ensures that the Authority is always prepared for events in advance.

2.13.2 The Authority 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 annual budget encapsulates the Authority's plans and policies.

- 2.13.3 The MTFS and revenue budget must be constructed so as to ensure resource allocation properly reflects the spending plans and priorities of the Authority, in line with Government requirements. 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 revenue budgets and planning are:

- Specific budget approval for all expenditure including new policy options and savings
- Resource Centre 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 of budget preparation and that any corrective action is taken.

### **Responsibilities of the Treasurer**

- 2.13.4 To prepare and submit reports on the financial scenario for the Authority, including resource constraints set by the Government, updated regularly. Reports should take account of medium term prospects where appropriate.
- 2.13.5 To prepare and submit reports to the Authority on the aggregate spending plans of Resource Centres/Units and on resources available to fund them, identifying where appropriate the implications for the level of council tax to be levied.
- 2.13.6 To advise the Authority on Constabulary proposals in accordance with the Treasurer's responsibilities under Section 151 of the Local Government Act 1972 and Section 112 & 114 of the Local Government Finance Act 1988.

### **Responsibilities of the Director of Finance**

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

### **Responsibilities of Budget Managers**

- 2.13.10 To prepare estimates of income and expenditure in consultation with the Director of Finance, to be submitted to the Authority
- 2.13.11 To prepare budgets which are consistent with any relevant cash limits, with the Authority's annual budget cycle and with guidelines issued by the Director of Finance.
- 2.13.12 To integrate financial and service plans into the planning cycle so that budget plans can be supported by financial and non-financial performance measures.

- 2.13.13 To consult with other Budget Managers, where it appears that a budget proposal is likely to impact on their level of service activity.
- 2.13.14 In consultation with the Director of Finance and in accordance with the laid down guidance and timetable, to prepare detailed draft revenue and capital budgets for consideration by the Authority.
- 2.13.15 When drawing up draft budget requirements to have regard to:
- Spending patterns and pressures revealed through the budget monitoring process
  - Legal requirements
  - Policy requirements as defined by the Authority
  - Initiatives already underway

## **2.14 USE OF RESERVES (GENERAL & EARMARKED)**

### ***Why is this important?***

- 2.14.1 Reserves are maintained as a matter of prudence and the provision of advice on adequacy is the statutory responsibility of the Treasurer.

### ***Key Controls***

The key controls for use of reserves are:

- The annual Reserves Strategy, as agreed by the Authority
- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies
- For each earmarked reserve established, the purpose, usage and basis of transactions should be clearly identified

### ***Responsibility of the Treasurer***

- 2.14.2 To advise the Authority on the Reserves Strategy to be adopted on an annual basis.
- 2.14.3 To advise on prudent levels of reserves to the Authority and to report on the opportunity cost of holding such reserves, both general and earmarked.
- 2.14.4 To report to the Authority on the adequacy of the level of reserves held and their usage during the year.

### 3. **MANAGING & CONTROLLING EXPENDITURE**

#### 3.1 **CAPITAL PROGRAMME**

##### ***Why is this important?***

- 3.1.1 Capital expenditure involves the acquisition or enhancement of fixed assets with a long term value to the Authority, such as land, buildings and major items of plant and equipment, 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 the capital programme are:

- Specific approval by the Authority for the three year capital programme which is the key document for planning and controlling of capital expenditure
- Expenditure on capital schemes not included in the programme is subject to the approval of the 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 the associated revenue expenditure, is prepared for each capital project for approval by the Authority
- Schedules of individual schemes within block allocations approved by the Authority must be submitted to the Chief Constable for approval or under other arrangements approved by the Authority
- Any scheme not commenced within two years of approval will be deemed null and void and removed from the capital programme.
- Prudential Indicators covering affordability, capital expenditure, external debt and treasury management

#### 3.2 **MONITORING OF CAPITAL EXPENDITURE**

##### ***Responsibilities of the Treasurer and Director of Finance***

- 3.2.1 To prepare the annual and draft three year capital programmes and estimates and to report them to the Authority for approval.
- 3.2.2 To produce the prudential indicators and report them to the Authority as part of the annual budget. At outturn, update these indicators and report them to the Authority.
- 3.2.3 To seek approval from the Authority should circumstances require a change to the approved prudential indicators.
- 3.2.4 To prepare and submit reports to the Authority on the projected expenditure and resources compared with the approved estimates.
- 3.2.5 To issue guidance concerning capital schemes and controls, for example on project appraisal techniques.

- 3.2.6 Determine the definition of “capital” having regard to regulations and accounting requirements.
- 3.2.7 On an exception basis to obtain authorisation from the Authority for all capital schemes where the estimated expenditure exceeds the capital programme provision unless it is under £50,000 (annual spend), can be funded by virement and does not constitute a change in policy.
- 3.2.8 To give approval to undertake lease/rentals of land, property or accommodation or any other asset.

### ***Responsibilities of Capital Scheme Managers***

- 3.2.9 To comply with the guidance concerning capital schemes and controls issued by the Director of Finance.
- 3.2.10 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance by the Director of Finance.
- 3.2.11 To prepare regular reports reviewing the capital programme provisions. They must also prepare a quarterly return on estimated final cost of schemes in the approved capital programme for submission to the Capital Monitoring Group established by the Chief Constable and includes the Treasurer and Members.
- 3.2.12 To ensure that adequate records are maintained in respect of all capital contracts.
- 3.2.13 To ensure that they do not enter into any capital scheme without the prior approval of the Authority.
- 3.2.14 To obtain approval from the Treasurer and Director of Finance for virement between capital projects or revenue to capital, if less than £50,000.
- 3.2.15 Any efficiency savings resulting from the capital investment must be properly recorded and reported as part of the regular reports.

## **3.3 REVENUE EXPENDITURE**

### ***Why is this Important?***

- 3.3.1 Budget management ensures that resources allocated by the Authority are used for their intended purposes, that these resources are properly accounted for and that value for money is achieved. Budgetary control is a continual process enabling the Authority to review, take remedial action on expenditure or adjust its budget during the financial year.
- 3.3.2 By identifying and explaining variances against the budget, the Authority can identify changes in trends and resource requirements at the earliest opportunity. The Authority itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Authority does not overspend in total, Budget Managers are required to manage their own expenditure within the cash limited budget allocated to them.

- 3.3.3 For the purposes of budgetary control by managers, budgets have been allocated to Resource Centres and Resource Units in line with the Scheme of Delegation. These delegated budgets are the responsibility of the Resource Centre Managers who will be accountable to the Chief Constable for their management.

### **Key Controls**

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

- Each “£” of budgeted expenditure and income is allocated to a named manager
- Budget Managers accept accountability for their budgets and the level of service to be delivered with the Resource Centre Manager being the overall accountable officer to the Chief Constable
- 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**

- 3.3.4 To prepare and submit reports to the Finance Committee and Authority on projected expenditure compared with the budget.
- 3.3.5 To submit reports to the Authority in consultation with the Chief Constable where the Constabulary is unable to balance expenditure and resources within existing approved budgets and to recommend corrective action.

### **Responsibilities of the Director of Finance**

- 3.3.6 To establish an appropriate framework of budgetary management and control which ensures that:
- Budget management is exercised within annual cash limits unless the Authority agrees otherwise
  - Each Budget Manager has available timely information on income and expenditure for his/her area to fulfil budgetary responsibilities
  - Expenditure is only committed against an approved budget
  - All officers responsible for committing expenditure comply with relevant guidance including these Financial Regulations
  - Each Resource Centre / Resource Unit has a single named manager through the Scheme of Delegation. As a general principle this budgetary responsibility must be aligned to the managerial responsibility against the budget
  - Significant variances from approved budgets are investigated and reported by Budget Managers regularly

### **Responsibilities of Budget Managers**

- 3.3.7 To maintain full and effective budgetary control, in adherence to the principles set out in 3.3.6 above and to ensure that all income and expenditure is properly recorded and accounted for.

- 3.3.8 To ensure that spending remains within the overall cash limit and that individual budget areas are not overspent, by monitoring the budget and where it appears that areas of budget are likely to be over or under spent, taking appropriate corrective action.
- 3.3.9 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.
- 3.3.10 To assist in the preparation of reports to be submitted to the Authority on the Constabulary's projected expenditure compared with its budgets in consultation with the Treasurer.
- 3.3.11 To ensure prior approval by the Authority for new proposals which:
- Create financial commitments for the current or future years above identified funding
  - Initiate a new policy or cease an existing policy
  - Materially extend or reduce the Authority's services
- 3.3.12 A report on any new proposal must explain the full financial implications and be produced in consultation with the Director of Finance. Unless the Authority agrees, Budget Managers must plan to contain the financial implications of such proposals within their approved cash limited budget.

#### 3.4 BUDGET VIREMENT

##### ***Why is this Important?***

- 3.4.1 A virement is a planned reallocation of resources between Resource Centres/Units or heads of expenditure. The process of virement is intended to enable the Chief Constable and Chief Executive to manage their budgets with a degree of flexibility within the overall budget approved by the Authority and therefore, to provide the opportunity to optimise the use of resources to meet emerging needs.
- 3.4.2 Resource Centre Managers are responsible for the activities of their Resource Centre in line with agreed policies and objectives as set out in the Policing Plan. Authority approval is required for any virement that requires a change to those policies and objectives.
- 3.4.3 A supplementary revenue estimate is a release of additional budget funded from reserves. The Authority's general policy is that these will only be granted in exceptional circumstances. Should it be granted, this budget will be ring-fenced only for the specific purpose for which it was approved. All supplementary revenue estimates will be reviewed as part of quarterly reporting when the scope for absorbing the additional expenditure will be explored.

##### ***Key Controls***

The key controls for budget virement are:

- The transfer of a budget does not involve a change of policy or commit extra spending in future years

- The Resource Centre/Unit from which the budget is being transferred will still have sufficient resources after the transfer, for the remainder of the year taking into account all known commitments
- The virement does not involve the creation of new posts unless offsetting permanent resources have been identified and released from elsewhere in the budget
- The virement does not involve any ring-fenced budgets (e.g. Police Officer Pay and Pensions)

3.4.4 If any of the above key controls are not met then the virement cannot proceed without the approval of the Authority.

3.4.5 One of the aims of Resource Centre Management and the use of virement is to allow Resource Centre Managers and Budget Managers greater freedom to manage their service where necessary and to provide flexibility providing it is in pursuit of the achievement of the Authority's objectives. If however, the use of virement results in difficulty for the Authority, the Director of Finance and Treasurer have the right to withdraw or suspend virements.

**NOTE: All virements must be sent to Finance for input into the system.**

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

3.4.6 To approve Supplementary Revenue Estimates which are requested in respect of initiatives fully funded from external sources, unless they represent a change in policy or priority in which case the Authority approval is required.

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

3.4.7 To approve virements between Resource Centres subject to the general rules set out in the key controls above.

3.4.8 To request any supplementary revenue estimate required from the Authority.

#### ***Responsibilities of the Director of Finance***

3.4.9 To monitor compliance with the Scheme of Delegation and the key controls above.

3.4.10 In consultation with the Treasurer agree virement of up to £50,000 per individual transaction from revenue to capital to reflect minor changes in the funding of expenditure between the revenue budget and the capital programme.

#### ***Responsibilities of Resource Centre Managers***

3.4.11 To transfer unlimited amounts between Resource Units within their Resource Centre, subject to the general rules set out in the key controls above.

#### ***Responsibilities of Budget Managers***

3.4.12 To transfer unlimited amounts within the same Resource Unit between budget headings within their resource unit, subject to the general rules set out in the key controls above. For example, budget can be transferred from supplies and services to transport provided that the overall total net budget is unchanged and performance is not disadvantaged.

### **3.5 YEAR END/CARRY FORWARD**

#### ***Why is this Important?***

- 3.5.1 The Chief Constable administers the Scheme of Delegation which includes the treatment of year end balances. Any variation from the Scheme requires the approval of the Authority. The carry forward of underspends and overspends is at the discretion of the Authority and is subject to any prevailing budgetary constraints.

#### ***Key Controls***

The key controls for the treatment of year end balances are:

- Appropriate accounting procedures are in place to ensure that carried forward totals are correct
- Such carried forward totals are reported to the Authority as part of the outturn report

#### ***Responsibilities of the Director of Finance***

- 3.5.2 To administer the Scheme of Delegation and carry forward arrangements within the guidelines set by the Authority.
- 3.5.3 To seek approval from the Authority to carry forward any over or under spends.

#### ***Responsibilities of Budget Managers***

- 3.5.4 Any overspending in total on budgets under the control of the budget manager may be carried forward to the following year and constitute the first call on the following year's funding as directed by the Authority.
- 3.5.5 If approved by the Authority, net underspends may be carried forward subject to the total to be carried forward not exceeding the total net underspend of the Constabulary. The Chief Constable will determine the allocation of the underspend to budget managers, taking into account Constabulary and Authority priorities.
- 3.5.6 Where an unplanned deficit occurs the Budget Manager shall prepare a detailed financial recovery plan for consideration.

## 4. CONTROL OF ASSETS

### ***Why is this important?***

- 4.1.1 The Authority holds assets in the form of property, vehicles, IT, equipment, furniture and other items. The delivery of core services would not be possible without a range of assets being available when required. It is important that assets should be safeguarded, used efficiently in the delivery of services and that there are timely arrangements to replace end of life assets.
- 4.1.2 Greater detail of how the Authority manages physical assets is contained in the Asset Management Strategy (*see policy on [Cheshire Police Intranet on POLWPS3](#)*). For the purposes of asset management, an asset is defined as *'any item of economic value owned by the Authority and used, but not consumed, in the delivery of its services'*.
- 4.1.3 The management of assets within the Authority is based around three core objectives: asset security; asset life and asset maximisation. The Authority's approach to asset management is proportionality; when considering if an asset should be subjected to asset management arrangements, consideration should be given to the overall costs of the asset, the risk in relation to asset security, does it provide protection (e.g. Health and Safety) and have a recommended life span. Equally, the financing of the asset must be considered as part of asset management.
- 4.1.4 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.
- 4.1.5 Certain activities undertaken within the Authority may give rise to items that may be patentable. These come within the scope of intellectual property.

### **Key Controls**

The key controls for control of assets are:

- The Asset Management Strategy
- Assets are used only for the purposes of the Authority and are properly accounted for
- Assets are available for use when required
- Assets no longer required are disposed of in accordance with the law and the regulations of the authority so as to maximise benefits
- 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
- 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
- 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 for example, the Constabulary's Information Security Policy

- In the event that the Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the 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 Authority

### ***Responsibilities of the Director of Finance***

- 4.1.6 To maintain the Asset Management Strategy approved by the Authority and ensure that asset management plans are maintained in accordance with good practice.
- 4.1.7 To agree inventory procedures and make arrangements for the care and custody of stocks and stores.
- 4.1.8 To ensure stocks are subject to a regular independent physical check where appropriate. All discrepancies should be investigated and pursued to a satisfactory conclusion.
- 4.1.9 To write-off discrepancies in accordance with predetermined limits and authorise write-off or disposal of redundant stocks and equipment as stated in the Scheme of Delegation.
- 4.1.10 To develop and disseminate good practice through the intellectual property procedures.

### ***Responsibilities of Budget Managers***

- 4.1.11 To maintain an asset register in a format approved by the Director of Finance and comply with the Asset Management Strategy.
- 4.1.12 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, in consultation with the Treasurer, has been established as appropriate.
- 4.1.13 To ensure the proper security of all assets under their control.
- 4.1.14 To ensure assets are identified, their location recorded and that they are appropriately marked and insured.
- 4.1.15 To consult the Treasurer in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 4.1.16 To ensure cash holdings on premises are kept within prescribed limits covered by the Authority's insurance policies.
- 4.1.17 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Treasurer and by Head of Estates and Facilities.
- 4.1.18 To ensure that all staff 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 Constabulary's Information Security Policy.

- 4.1.19 To make sure that property is only used in the course of the Authority's business.
- 4.1.20 To record all disposals of assets that shall be disposed of in accordance with the provisions of the Procurement & Contracts section.
- 4.1.21 Where land or buildings are surplus to requirements, a recommendation for the sale of land must be subject to a report to the Authority by the Chief Constable.

## 4.2 RISK MANAGEMENT & INSURANCE

### ***Why is this important?***

- 4.2.1 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.
- 4.2.2 It is the overall responsibility of the Authority, through the Audit Committee, to approve the Authority's risk management strategy, scrutinise and monitor the Authority risk register quarterly, to focus on high risks and the adequacy of remedial actions. The Committee will also promote a culture of risk management awareness throughout the Authority and monitor the Constabulary's risk strategy.

### ***Key Controls***

The key controls for risk management are:

- Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Authority
- 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
- Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives
- Provision is made for losses that might result from the risks that remain
- Procedures are in place to investigate claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- 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***

- 4.2.3 To advise the Authority on appropriate arrangements for insurance.
- 4.2.4 To prepare the quarterly update of the Authority's risk register for consideration by the Audit Committee and to ensure remedial action to address the highest risks is adequate.

### ***Responsibilities of the Director of Corporate Services***

- 4.2.5 To develop risk management controls in conjunction with other Chief Officers.
- 4.2.6 To include all appropriate staff of the Authority in a suitable fidelity guarantee insurance and to effect insurance cover, through external insurance and internal funding and negotiate all claims in consultation with other officers, where necessary.
- 4.2.7 To liaise with the Director of Finance in relation to audit recommendations, responses and actions linked to risk management.

### ***Responsibilities of Budget Managers***

- 4.2.8 To notify the Director of Corporate Services 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 Director of Finance or the Authority's insurers.
- 4.2.9 To take responsibility for risk management, having regard to advice from the Director of Corporate Services and other specialist officers (e.g. crime/ fire prevention, health & safety).
- 4.2.10 To keep risk registers and mitigate risks by taking appropriate action.
- 4.2.11 To ensure that there are regular reviews of risk within their departments.
- 4.2.12 To notify the Director of Corporate Services and the Risk Manager promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 4.2.13 To consult the Director of Corporate Services and the Chief Executive on the terms of any indemnity that the Authority is requested to give.
- 4.2.14 To ensure that staff 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.

## 5. TREASURY MANAGEMENT

### ***Why is this important?***

- 5.1.1 Millions of pounds pass through the Authority's accounts each year. A few local authorities have suffered high profile losses through inappropriate treasury management procedures and 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. The Authority 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 strategy is maintained, stating the policies and objectives of its treasury management activities (see [www.cheshirepa.police.uk](http://www.cheshirepa.police.uk))
- The order in which investment decisions are taken follows the principle of Security first, then Liquidity and finally Yield.
- Suitable treasury management practices are in place both internally and with the service provider, 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

### ***Responsibilities of the Police Authority***

- 5.1.2 To receive reports on and set its Treasury Management Policies (TMPs), 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***

- 5.1.3 To develop the Treasury Management Strategy and Treasury Management Policies.
- 5.1.4 To implement and monitor the treasury management policies and practices and to arrange for the execution and administration of treasury management decisions and will act in accordance with the Authority's Treasury Management Strategy and TMPs.
- 5.1.5 To produce and maintain a cashflow for the Authority
- 5.1.6 To arrange borrowing and investments of the Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the Authority's Treasury Management Strategy.
- 5.1.7 To report at least twice a year to the Authority on treasury management activities and prudential indicators.
- 5.1.8 To operate bank accounts as are considered necessary within the terms of the banking arrangement, opening or closing any bank account.
- 5.1.9 To ensure that all investments of money are made in the name of the Authority or in the name of nominees approved by Authority.

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

***Responsibilities of Budget Managers***

- 5.1.11 To follow the guidance on banking issued by the Director of Finance.
- 5.1.12 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 Authority, following consultation with the Treasurer.

## 6. STAFFING

### ***Why is this important?***

- 6.1 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. A five year "People Strategy" prepared for approval by the Authority to support budget management and planning.

### ***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
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and have the appropriate references and vetting etc

### ***Responsibilities of the Director of Finance***

- 6.1.1 To ensure that budget provision exists for all existing and new staff, or appropriate plans for reductions are in place where the budget provision does not exist.

### ***Responsibilities of Director of Human Resources***

- 6.1.2 To fully support Managers to manage and make best use of their staffing, by providing professional advice on area of specialism to Chief Officers; develop, implement and maintain relevant strategies and policies ensuring the delivery of an efficient and effective support service that meets the requirements of operational policing and value for money.
- 6.1.3 To approve early retirement/severance proposals within the Authority's agreed policies. In exceptional circumstances, where an employment contract is terminated by mutual agreement and there is a financial consideration, the Director of Human Resources will consult the Chief Executive and gain approval.
- 6.1.4 To advise budget managers on any payroll related matters for individuals including potential write off of overpayment of salaries. Such matters to be escalated to Director of Finance, Treasurer and Chief Executive as appropriate.
- 6.1.5 To maintain and update the establishment list of all staff.
- 6.1.6 To manage police officer recruitment to meet the needs of Resource Managers within the police pay budget.

### ***Responsibilities of Budget Managers***

- 6.1.7 To supply the Human Resource Department with any information needed to calculate and pay salaries, including details of appointments, promotions, regradings, suspensions, dismissals, resignations, retirements and absences from duty.

- 6.1.8 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).
- 6.1.9 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 6.1.10 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.
- 6.1.11 To ensure that the Director of Human Resources and the Director of Finance are immediately informed if the staffing budget is likely to be materially over or under spent.
- 6.1.12 To provide the Director of Human Resources with a business case for the costs of any proposed early retirement/severance case to be met from the central budget or funded by the relevant department, subject to phasing over an agreed period.

## 6.2 PAYMENTS TO STAFF AND MEMBERS

### ***Why is this important?***

- 6.2.1 Staff costs are the largest item of expenditure for most 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 Authority and that payments accord with individual's conditions of employment.

### ***Key Controls***

The key controls for payments to staff and Members are:

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

### ***Responsibilities of the Director of Human Resources***

- 6.2.2 To arrange and control a secure and reliable system and procedures for the payment of salaries, wages, pensions, compensation or other emoluments to existing and former staff and ensure there are adequate controls of any contracted-out services.
- 6.2.3 To record and control tax, superannuation and other deductions.
- 6.2.4 To make arrangements for payment of all travel and subsistence claims.
- 6.2.5 To have oversight of the overall payments to staff, including overtime and the overpayment of salaries and report significant issues of such occurrence to the Treasurer and Strategic Delivery Board.

- 6.2.6 Provide consistent and accurate management information regarding staff numbers, grades and budgets to budget managers.

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

- 6.2.7 To make arrangements for paying Members' travel or other allowances upon receiving the prescribed form duly completed and authorised.

### ***Responsibilities of Budget Managers***

- 6.2.8 To ensure appointments are made in accordance with the regulations of the Authority and approved establishments, grades, scale of pay and that adequate budget provision is available.
- 6.2.9 To notify the Director of Human Resources of all appointments, terminations, or variations that may affect the pay or pension of a staff member or former staff member, in the form and to the timescale required by the Director of Human Resources.
- 6.2.10 To ensure that adequate and effective systems and procedures are operated for human resource and payroll aspects, so that:
- Payments are only authorised to bona fide staff.
  - Payments are only made where there is a valid entitlement.
  - Conditions and contracts of employment are correctly applied.
  - Staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
  - There is an effective system of checking and certifying payroll forms.
- 6.2.11 To send an up to date list of the names of officers authorised to sign records to the Director of Human Resources, together with specimen signatories.
- 6.2.12 To ensure that payroll transactions are processed only through the payroll system. Budget Managers 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 Human Resources.
- 6.2.13 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 Authority, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications and the Director of Human Resources is informed where appropriate. *(Interim process, on-line expenses to be introduced with self-certification)*
- 6.2.14 To ensure that the details of any staff benefits in kind are notified to the Director of Finance to enable full and complete reporting within the Income Tax Self-Assessment system.
- 6.2.15 To ensure that all appropriate payroll documents are retained and stored for the defined period in accordance with the "Retention of Documents Policy".

## 6.3 GIFTS, FAVOURS AND HOSPITALITY (INCLUDING SPONSORSHIP)

### 6.3.1 **Definition and Policy**

- 6.3.2 Under Section 93 of the Police Act 1996, police authorities can accept sponsorship, gifts and favours from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement.
- 6.3.3 The Authority annually sets a Gifts, Favours and Hospitality Policy (*see policy on [Cheshire Police Intranet on POLWPS3](#)*). The policy only addresses sponsorship, gifts and favours made direct to the Constabulary and where the Constabulary maintains administrative control over retention and distribution of resources received. The Chief Constable will report annually to the Authority on all activity under this policy.
- 6.3.4 Sponsorship may be considered for the purpose of promoting or assisting in developing initiatives and activities of the Constabulary which can enhance or extend its standard service. Sponsorship may take a variety of forms ranging from direct financial assistance to the provision of facilities, staff services, competition prizes, loan vehicles and complementary advertising.
- 6.3.5 Arrangements to support police activities which cannot readily be discontinued must be viewed with caution as they can be withdrawn at any time on the initiative of the sponsor.
- 6.3.6 The detailed administrative and financial framework for all sponsorship, gifts and favours initiatives can be found in the Gifts, Favours and Hospitality Procedure within the Code of Conduct (available via HR and on intranet) and the Sponsorship Procedure.
- 6.3.7 *From April 2011 the Bribery Act 2010 came into force. This Act:*
- *Introduces a corporate offence of failure to prevent bribery by persons working on behalf of a business.*
  - *Makes it a criminal offence to give, promise or offer a bribe and to request, agree to receive or accept a bribe either at home or abroad. The measures cover bribery of a foreign public official.*
  - *Increases the maximum penalty for bribery from seven to 10 years imprisonment, with an unlimited fine.*

### **Key Controls**

The key controls for gifts, favours and hospitality including sponsorship are:

- Compliance with legislation and policies
- Compliance with the procedures in place to prevent bribery
- Annual report to the Authority on all gifts, favours, hospitality and sponsorship activity

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

- 6.3.8 To ensure that prior to undertaking any sponsorship arrangement, the association with the prospective sponsor will neither adversely affect the reputation of the Constabulary, nor prejudice in any way the exercise of police responsibility.
- 6.3.9 To establish the authorised procedures to which all sponsored initiatives will be subject including the requirement for all sponsored initiatives to be progressed in consultation with the Director of Finance.

### ***Responsibilities of the Budget Manager***

- 6.3.10 To maintain a Sponsorship Register and associated records of individual sponsorship initiatives.
- 6.3.11 To seek advice of the Force Solicitor where publicity is sought, as a commercial agreement may be necessary.
- 6.3.12 To seek advice from the Treasurer or Director of Finance in respect of financial management and Value Added Tax implications.
- 6.3.13 To ensure in consultation with Finance, that all sponsorship initiatives involving the receipt of cash will be recorded in the Authority's official accounts, together with Value Added Tax where appropriate. Non cash sponsorship will be evaluated for Value Added Tax purposes and any Value Added Tax due will be accounted for correctly.

### ***Responsibilities of the Director of Human Resources***

- 6.3.14 To collate and report on the outcome of the Gifts, Favours and Hospitality policy to the Staff Committee on an annual basis.

### ***Responsibilities of Budget Managers***

- 6.3.15 To ensure compliance with the Gifts, Favours and Hospitality policy by keeping adequate records of any activity and submitting to the Director of Human Resources on an annual basis.

## 7. PROCUREMENT & CONTRACTS

### ***Why is this important?***

- 7.1 Procurement of goods and services is governed by legislation as well as these Regulations. It is important that the Authority has a system of openness, integrity and accountability where the probity and transparency of the procurement process will be beyond reproach. This in turn leads to better value for money and gives confidence to all concerned that the Authority is fulfilling its governance responsibilities. This section applies to all quotations (informal procurement with a value up to £50,000) and tenders (formal procurement over the value of £50,000) and is supplemented by the procurement procedure notes as attached below.

### ***Key Controls***

The key controls for procurement & contracts are:

- National and European Union legislation, including framework agreements mandated under The Police Act 1996 (Equipment) Regulations 2011 and the Bribery Act 2010
- Procurement procedures set out in this section
- Use of e-procurement / e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk))
- Compliance with the procedures set out in this section is mandatory and any breaches must be reported to the Chief Executive
- Exceptions to these procedures must seek pre-approval as stated below

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

- 7.2 To receive and record tender submissions for contracts over the value of £50,000.
- 7.3 To approve purchases at public auction or where purchases are considered by the Chief Constable of an emergency nature to preserve the Authority's assets or maintain services.
- 7.4 To open personally (or his representative) all tenders over £50,000 in conjunction with another officer present.
- 7.5 Signs or, signs and seals, any contract over the value of £50,000 as appropriate and maintains a register of all such contracts.
- 7.6 Grants exceptions to the standard contract procedures and clarifies any uncertainty as to the interpretation of these procedures.
- 7.7 To receive reports of any breaches in the procurement procedures as set out in this section and determine in consultation with the Treasurer, the appropriate actions to be taken.
- 7.8 To resolve any dispute or uncertainty as to the interpretation of these procurement regulations.
- 7.9 To approve as appropriate any post contract negotiations, variations to and extensions of contracts in consultation with the Treasurer.

## **Responsibilities of Head of Procurement**

- 7.10 To develop and provide guidance on the procurement process and support the Constabulary in its contract management as set out in the Procurement and Contracts Procedure Manual.
- 7.11 To ensure compliance with national and EU legislation.
- 7.12 To support the Authority in their responsibilities in relation to procurement.

## **Procurement Procedures**

- 7.13 The following table summarises the competition requirements, note that the contract value is the aggregate value over the contract life, not its annual value. The advice of the Head of Procurement should always be sought on tendering issues. Records of all decisions made should be kept for audit purposes.

<b>Aggregate Contract Value</b>	<b>Requirement</b>	<b>Notes</b>
Under £10,000	None	The ordering officer must satisfy themselves that value for money is being obtained and no probity issues are involved
£10,000 to £50,000	At least three written quotations	If the requisite number of quotations cannot be obtained exemption sought under 7.14
Over £50,000 to EU limits	Formal Authority tendering required	EU limits are available on the Procurement webpage.
EU limits and above	Formal tendering process as required by EU law	

## **Mandation**

Before any procurement is undertaken checks must be made that the item required is not covered by the mandated framework agreements per The Police Act 1996 (Equipment) Regulations 2011. This currently covers:

- Body Armour
- Police Vehicles
- IT commoditised hardware
- IT commercial off-the-shelf software

Any amendments to the above list are available from Procurement.

## **Exceptions to Requirements of Competition**

- 7.14 Provided that a proposed contract award complies with national and EU legislation, the following will be exempt from the requirements of competition. A record of why exemption is justified must be maintained for audit purposes.
- Purchases from centrally negotiated contracts which are already in existence and have been subject to competition

- The purchase of goods or services required to be compatible with an existing asset as approved by the Head of Procurement
- The instruction of, advice from, or service provided by Counsel or Solicitors to act on the Authority's behalf
- Procurements made through a Government Framework Agreement or from Local Government/Police Authority Consortia Contracts. On multi-supplier framework agreements, a mini competition is required between all capable suppliers unless an evaluation is possible from the Framework documents alone
- Contracts of employment
- Purchases at public auction with the approval of the Chief Executive
- It is considered by the Chief Executive that the purchase of any service, works or goods is of an emergency or unique nature to preserve the Authority's assets or the enable service to be maintained
- Investment and borrowing through the Treasury Management contract
- To obtain exemption from the procurement procedures and to use a single tender action, prior approval is required from the following:

<b>Contract Value</b>	<b>Approver</b>
£10,000 to £50,000	Head of Procurement recommends to Director of Finance
Over £50,000	Head of Procurement recommends to Director of Finance and Chief Executive (or in his absence the Treasurer)

- 7.15 Police Authority approval will be required for any further exemption to any of the rules within this section.
- 7.16 For formal tendering processes, please follow the instructions shown in the annexe at the end of the regulations.

#### **7.17 PROCUREMENT CARDS (GPC)**

- 7.17.1 Government Purchasing Cards (GPC) are to be used where possible as the preferred method of paying relatively low value purchases from a list of approved suppliers. The list of such suppliers is available on the GPC page on the intranet and is maintained by the Strategic Procurement Unit. Full details of the usage of these cards including the cardholders' responsibilities, are included in the GPC Procedure Manual also on the intranet.

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

- 7.17.2 To approve the framework for the usage of Government Purchasing Cards (GPC) and the associated procedures.
- 7.17.3 To receive reports on any misuse and authorise the withdrawal of such cards as necessary.

#### ***Responsibilities of Head of Procurement***

- 7.17.4 To manage the allocation of procurement cards within the agreed framework.

## 8. ORDERING & PAYING FOR GOODS AND SERVICES

### ***Why is this important?***

- 8.1.1 As the Police Authority is funded by public money, it must be spent with demonstrable probity and in accordance with the Authority's policies. This protects both the Authority and staff from allegations of misconduct. The Authority's procedures help to ensure that services deliver value for money through their purchasing arrangements. These procedures should be read in conjunction with the section on Procurement & Contracts.
- 8.1.2 Every member of staff and Member of the 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 Authority.
- 8.1.3 Official orders must not be raised for any personal or private purchases, nor should personal or private use be made of the Authority contracts. Neither should personal or private invoices be sent to the Authority.
- 8.1.4 Apart from petty cash, credit/procurement cards and other payments from advance accounts, the normal method of payment of money due from the Authority shall be by BACs or other instrument drawn on the Authority's bank account or National Giro account by the Director of Finance. The use of direct debit requires the prior agreement of the Treasurer.

### ***Key Controls***

The key controls for ordering and paying for goods are:

- All goods and services are ordered only by appropriate persons in a form approved by the Director of Finance and duly recorded per the Scheme of Delegation
- Exceptions to the need for official orders are utilities supplies (e.g. gas), periodic payments (e.g. rates), agency staff, and petty cash or card purchases
- All goods and services shall be ordered in accordance with the Procurement & Contracts section and in line with the Ordering & Paying for Goods and Services Procedure Manual
- All orders conform to directions issued by Head of Procurement and that standard terms and conditions are not varied without prior approval of the Director of Finance - All IT goods and services, specifically IT hardware/software that will be installed on the Constabulary's infrastructure or that will store or interact with Constabulary information, shall be ordered in agreement with IT Services. Further guidance is set out on the IT Services Customer Portal
- Goods and services received are checked to ensure they are in accordance with the order
- Receipt of goods 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 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***

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

### ***Responsibilities of the Director of Finance***

- 8.1.7 Subject to the requirements of the Procurement & Contracts section, to approve the form of requisitions/official orders, and associated terms and conditions.
- 8.1.8 To make payments, whether or not provision exists within the budget, where the payment is specifically required by statute or is made under a court order.
- 8.1.9 To make payments to contractors on the certificate of the appropriate Budget Manager, which must include details of the value of work, retention money, amounts previously certified and amounts now certified.
- 8.1.10 To provide advice on making payments by the most economical means.

### ***Responsibilities of Budget Managers***

- 8.1.11 To comply with the key controls above and establish procedures that ensure:
  - purchase orders are raised for all goods and services, other than the exceptions mentioned above, using the electronic purchase ordering system
  - that orders are only placed with authorised suppliers and that the provisions of the Procurement & Contracts section have been complied with
  - that goods and services are checked on receipt to confirm that they match the order and recorded on the electronic purchase ordering system
  - that a list of staff approved to certify and authorise invoices is maintained and forwarded to the Director of Finance
  - payment is not made on a photocopied or faxed invoice, statement or other document other than a formal invoice unless clearly recorded as such and separately authorised
  - all receipted purchase orders are matched to invoices and corrective action taken for any mismatches
- 8.1.12 To ensure that no loan, leasing or rental arrangements are entered into without prior written agreement from the Treasurer, to ensure value for money is being obtained.
- 8.1.13 To notify the Director of Finance of outstanding expenditure relating to the previous financial year as soon as possible after 31 March in line with the closure timetable determined by the Director of Finance.

- 8.1.14 With regard to contracts for construction and alterations to buildings and for civil engineering works, to document and agree with the Director of Finance 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.
- 8.1.15 To notify the Director of Finance immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.

## **8.2 IMPREST ACCOUNTS**

### ***Responsibilities of the Director of Finance***

- 8.2.1 To provide staff of the Authority and Constabulary with limited cash or bank Imprest accounts to meet minor expenditure where procurement cards are not available and to prescribe rules for operating these accounts. Minor items of expenditure must not exceed the prescribed amount.
- 8.2.2 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody and control of these advances.
- 8.2.3 To reimburse float holders as often as necessary to restore the floats but normally not more than monthly.

### ***Responsibilities of Budget Managers***

- 8.2.4 To ensure that staff operating an Imprest account:
- Obtain and retain vouchers to support each payment from the Imprest account. Where appropriate an official receipted VAT invoice must be obtained.
  - Make adequate arrangements in their office for the safe custody of the account.
  - Produce upon demand by the Director of Finance, cash and all vouchers to the total value of the Imprest amount.
  - Record transactions promptly.
  - Reconcile and balance the account at least monthly; reconciliation sheets to be signed and retained by the Imprest holder.
  - Provide the Director of Finance with a certificate of the value of the account held at 31 March each year.
  - Ensure that the float is never used to cash personal cheques nor 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.
- 8.2.5 On leaving the Authority's employment or otherwise and ceasing to be entitled to hold an Imprest advance, an employee shall account to the Director of Finance for the amount advanced to them.

## 8.3 TAXATION

### ***Why is this important?***

- 8.3.1 Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe. It is therefore very important for all officers to be aware of their role.

### ***Key Controls***

The key controls for taxation are:

- Budget Managers are provided with relevant information and kept up to date on tax issues
- Budget Managers are instructed on the 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 timescales

### ***Responsibilities of the Director of Finance***

- 8.3.2 To complete all Her Majesty's Revenue and Customs (HMRC) returns regarding PAYE.
- 8.3.3 To complete a return of VAT input and outputs to Her Majesty's Revenue and Customs.
- 8.3.4 To provide details to Her Majesty's Revenue and Customs (HMRC) regarding the Construction Industry Tax Deduction Scheme.

### ***Responsibilities of Budget Managers***

- 8.3.5 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with Her Majesty's Revenue and Customs Regulations.
- 8.3.6 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
- 8.3.7 To ensure that all persons employed by the 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.

## 9. EXTERNAL FUNDING

### ***Why is this important?***

- 9.1.1 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.
- 9.1.2 There is also the potential with external funding to expose the Authority to greater legal and financial risks and there should be particularly awareness of the need to balance innovation and opportunity with wider considerations of stewardship, probity and value for money.

### ***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
- To recoup funding shortfalls from the disallowance of expenditure due to failure to meeting terms and conditions of such funding, from within the approved resource centre budget

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

- 9.1.3 To approve supplementary revenue / capital estimates for successful bids which are funded in full by the Government or other agency and without the need for additional resources from the Authority in either current or future years.
- 9.1.4 To approve in consultation with the Force Solicitor the creation of, or participation in, separate legal entities such as joint ventures, trusts or limited companies and any agreement which requires the Authority to act as guarantor for a third party.

### ***Responsibilities of the Director of Finance***

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

- 9.1.8 To provide policy advice and support in the bidding process and ensure that the initiative / project fits in with the Constabulary's key priorities.
- 9.1.9 To report to the Authority and outturn the financial performance of all successful bids for funding in excess of £50,000 (gross costs). (*note: gross costs including capital and/or revenue expenditure costs plus and significant expenditure in kind – e.g. staff time*)

### ***Responsibilities of Budget Managers***

- 9.1.10 To provide an annual report to the Authority where the Constabulary participates in a joint funding arrangement either as the lead authority or as a contributor outlining the how the sums paid have been used and the key outcomes and achievements.
- 9.1.11 To seek approval from the Director of Finance prior to bidding for external funding.
- 9.1.12 If a successful bid is fully funded per 9.1.3 above, to present the details to the Treasurer for approval.
- 9.1.13 If a successful bid attracts only short term funding and which, in the absence of a clear exit strategy may have implications for additional resources in future, to present the details to the Authority for approval before the short term funding can be accepted.
- 9.1.14 To inform the Force Solicitor and Director of Finance of all bids for external funding.
- 9.1.15 To ensure that all claims for funds are made by the due date.
- 9.1.16 To ensure that the project progresses in accordance with the agreed objectives and that all expenditure is properly incurred and recorded and if the funding is subject to specific terms and conditions, to ensure that these are also met.
- 9.1.17 To ensure that where the functions of the Constabulary are discharged through joint arrangements, the appropriate standards of probity, stewardship and value for money is secured.

## 10. WORK FOR THIRD PARTIES

### ***Why is this important?***

- 10.1.1 Current legislation enables the 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 are 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 Finance
- To ensure that contracts are drawn up using guidance provided by the Director of Finance 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 Finance***

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

### ***Responsibilities of Budget Managers***

- 10.1.4 To ensure that the approval of the Authority is obtained before any negotiations are concluded to work for third parties.
- 10.1.5 To maintain a register of all contracts entered into with third parties in accordance with procedures specified by the Director of Finance and that all contracts are properly documented.
- 10.1.6 To ensure that appropriate insurance arrangements are made.
- 10.1.7 To ensure that the Authority is not put at risk from any bad debts.
- 10.1.8 To ensure that no contract is subsidised by the Authority and wherever possible, payment is received in advance of the delivery of the service.
- 10.1.9 To ensure that the Resource Centre/Unit has the appropriate expertise to undertake the contract and those contracts do not impact adversely upon the services provided for the Authority.
- 10.1.10 To provide appropriate information to the Director of Finance to enable a note to be entered into the statement of accounts.

## 11. EXTERNAL ARRANGEMENTS (PARTNERSHIPS & COLLABORATIONS)

### **Why is this important?**

- 11.1.1 In addition to statutory partnerships, (such as the Community Safety Partnerships (CSPs)), both the Authority and the Constabulary work in voluntary partnerships and collaborations with many other agencies to agree joint priorities and broaden the range of potential solutions to produce sustainable crime reduction and safer communities across Cheshire.
- 11.1.2 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 external arrangements and an exit strategy is prepared.

### **Key Controls**

The key controls for external arrangements are:

- to recognise the statutory context in which the proposed arrangement is to be established
- to identify the objectives the proposed arrangement is designed to achieve/fulfil
- to demonstrate how those objectives will support the Authority and Constabulary's vision to set out in the Policing Plan; and how the achievement of that vision will be promoted
- to identify and assess all known risks associated with the proposed arrangement and the extent to which those risks affect the viability of the proposals
- to identify and assess through a robust project appraisal process the viability of the proposals in terms of resources, staffing and expertise
  - to identify and assess the contractual, legal and financial frameworks of the proposed arrangement and to ensure that those arrangements comply with the Authority's financial regulations and the Procurement & Contracts section
- 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 arrangement to the Authority, to the Constabulary and to other partners
- to be satisfied that other partners have carried out similar assessments for their own purposes, so far as practicable, of the matters referred to above
  - to ensure that the proposed arrangement and its operation will not affect adversely any of the services provided by or for the Authority and Constabulary

- 11.1.3 Approval to all external arrangements involving contractual or financial relationships where the funding commitment from the Authority and/or the Constabulary exceeds £50,000 per annum subject to initial risk assessment is reserved to the Authority. Arrangements not exceeding these criteria may be approved by Director of Finance, subject to compliance with the above key controls.

### **Responsibility of the Police Authority**

- 11.1.4 To approve delegations, including frameworks for any statutory partnerships, and contractual arrangements for any work for third parties or external bodies.
- 11.1.5 To approve the frameworks for statutory and other partnerships/arrangements, and, where participation is discretionary, to ensure that the Authority and the Constabulary, by doing so, will support their objectives as set out in the Policing Plan.

### ***Responsibility of the Treasurer***

- 11.1.6 In consultation with the Director of Finance to promote and maintain the same high standards of conduct with regard to financial affairs in statutory partnerships and other external arrangements that apply throughout the Authority.
- 11.1.7 In consultation with the Director of Finance, to 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.
- 11.1.8 In consultation with the Director of Finance, ensure that for proposed external arrangements directly involving the Authority, the key controls above are, and will be, in place.
- 11.1.9 In consultation with the Director of Finance, to specify the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and to consider the overall framework. They must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

### ***Responsibilities of the Director of Finance***

- 11.1.10 To ensure that for proposed Constabulary external arrangements not directly involving the Authority that the key controls above are, and will be, in place.
- 11.1.11 To advise on effective controls that will ensure that resources are not wasted.
- 11.1.12 To advise on the key elements of funding an external arrangement. They include:
- a scheme appraisal for financial viability in both the current and future years
  - risk appraisal and management
  - resourcing, including taxation issues
  - audit, security and control requirements
  - carry-forward arrangements.
- 11.1.13 To ensure that the accounting arrangements are satisfactory.

### ***Responsibility of Budget Managers***

- 11.1.14 To ensure that the approval of the Authority is obtained before any negotiations are concluded on external arrangements for which the Authority's prior approval is required as set out above.
- 11.1.15 To maintain, in accordance with procedures specified by the Director of Finance, a register of all external arrangements entered into and that all agreements and arrangements are properly documented.
- 11.1.16 To ensure that before entering into agreements with external bodies, advice is sought from Finance and Legal where required and a risk management appraisal has been prepared.

- 11.1.17 To ensure that such agreements and arrangements do not impact adversely upon the services provided by the Authority or the Constabulary.
- 11.1.18 To provide appropriate information to the Director of Finance to enable appropriate information to be entered into the Authority's Statement of Accounts concerning material items.

***Responsibility of Partners***

- 11.1.19 To be willing to take on a role in the broader programme appropriate to the skills and business services of the partner organisation.
- 11.1.20 To act in good faith at all times and in the best interests of the partnership's aims and objectives.
- 11.1.21 To be open about any conflict of interests that might arise and act wherever possible as ambassadors for the project.
- 11.1.22 To encourage joint working and promote the sharing of information, business services and skills between public, private and community sectors.
- 11.1.23 To hold confidentially any information received as a result of partnership activities or duties that are of a confidential or commercially sensitive nature.
- 11.1.24 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.

## 12. INCOME (CASH AND INVOICED)

### ***Why is this important?***

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

### ***Key Controls***

The key controls for income are:

- All income due to the Authority/Constabulary 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 on behalf of the Authority/Constabulary is paid without delay to the Authority's bank or national giro account, and properly recorded
- Seized cash or cash subject to a criminal investigation should be promptly banked where practical, but securely held otherwise in line with Constabulary procedures
- Effective action is taken to pursue non payment within defined timescales
- Formal approval for write off is obtained and 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 Finance***

- 12.1.2 To agree arrangements for the collection of all income due to the Authority/Constabulary and approve the procedures, systems and documentation for its collection, together with a process for pursuing debt not paid on time.
- 12.1.3 To order and supply to Departments all receipt forms, books or tickets and similar items and satisfy themselves regarding the arrangements for their control.
- 12.1.4 To approve the write off of bad debts up to an approved limit in each case and to refer debts in excess of the approved limit to the Authority for approval in consultation with the Treasurer, in line with the limits stated in the Scheme of Delegation.
- 12.1.5 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.
- 12.1.6 To separate the responsibility for identifying amounts due and the responsibility for collection, as far as is practicable.
- 12.1.7 To establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid promptly.

- 12.1.8 To ensure that where practical at least two staff are present when post is opened so that money received by post is properly identified and recorded.
- 12.1.9 To hold securely receipts, tickets and other records of income, for the appropriate period and to lock away all income to safeguard against loss or theft and to ensure the security of cash handling.
- 12.1.10 To ensure that income is paid fully and promptly into the appropriate 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.
- 12.1.11 To ensure income is not used to cash personal cheques or other payments.
- 12.1.12 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.

### ***Responsibility of Budget Managers***

- 12.1.13 Budget Managers must ensure that invoice requests include sufficient details and breakdown of fees in order to demonstrate that the correct charges have been invoiced. Invoice requests should be raised in advance of the service provision where appropriate.
- 12.1.14 Budget Managers to notify the Director of Finance 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 Finance.
- 12.1.15 Budget Managers have a responsibility to assist the Director of Finance in collecting debts that they have originated, by providing any further reasonable information requested by the debtor and in pursuing the matter on the Authority's behalf.
- 12.1.16 Budget Managers must ensure that the completion, verification and authorisation of grants and reimbursements are carried out in accordance with the terms and conditions.

## 13. GLOSSARY

### **Director of Finance**

This is the Chief Constable's 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 and has a place on the policy team.

### **Budget Managers**

Ordinarily the Budget Manager will be the person delegated by the Chief Constable to be responsible for a budget head for a department/unit.

### **Capital Scheme Manager**

The person responsible for a capital project.

### **Carry Forwards**

This refers to the transfer of resources between accounting years.

### **Chief Constable**

This is the officer appointed under section 11 of the Police Act 1996.

### **Chief Executive to the Police Authority**

Section 16 of the Police Act 1996 requires the Authority to appoint a Chief Executive of the Authority. The Act does not define the duties of the Chief Executive, but the Authority has agreed that the Chief Executive will act as the Authority's designated "Monitoring Officer" under the Local Government and Housing Act 1989.

### **CIPFA**

Chartered Institute of Public Finance and Accountancy.

### **Consistency**

The concept that the accounting treatment of like items within an accounting period from one period to the next is the same.

### **Contingent 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.

### **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, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

**Fixed Assets**

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

**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.

**Impairment**

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

**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).

**Partnership**

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

**Police Authority**

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

**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.

**Resource Centre Manager**

The budget holder responsible to the Chief Constable and Authority for the financial management of their budgets.

**Revaluation**

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

**The Constabulary**

This refers to all those working for the Chief Constable. It covers both police officers and staff appointed under section 15 of the Police Act 1996 (excluding those who fall under section 15.3 who are not under the control and direction of the Chief Constable).

**Treasurer to the Police Authority**

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

**Virement**

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

## RESOURCE CENTRES/UNITS AND MANAGERS

### **Resource Centre Managers (Constabulary)**

Chief Constable  
Deputy Chief Constable  
Assistant Chief Constable Neighbourhood  
Assistant Chief Constable Investigation

### **Resource Unit**

Northern Area  
Eastern Area  
Western Area  
Force Operations  
    Major Crime  
    Serious & Org Crime  
    Intel & Counter Terrorism  
    Ops & Regional Support  
    Custody  
    Criminal Justice  
    Forensics  
Business Service Centre  
Professional Standards  
Force Solicitors  
Collaborations  
Communities Unit  
Special Constabulary  
Information Management  
Human Resources  
Corporate Services  
    Corporate Communications  
    Planning & Performance  
    Business Improvement  
Finance  
    Procurement  
    Fleet

### **Budget Manager**

Area Commander (Northern)  
Area Commander (Eastern)  
Area Commander (Western)  
Chief Superintendent (Force Ops)  
D/Superintendent (Major Crime)  
D/Superintendent (Serious & Org)  
D/Superintendent (Intel & CT)  
Superintendent (Ops & Reg Support)  
Chief Inspector (Custody)  
Chief Inspector (Criminal Justice)  
Head of Forensics  
Head of Business Service Centre  
Superintendent (Professional Stds)  
Force Solicitor  
Chief Inspector (Collaborations)  
Head of Communities Unit  
Chief Officer (Special Constabulary)  
Director of Information Management  
Director of Human Resources  
Director of Corporate Services  
Head of Corporate Communications  
Head of Planning & Performance  
Head of Business Improvement  
Director of Finance  
Head of Procurement  
Head of Fleet Services

### **Resource Centre Managers (Police Authority)**

Chief Executive  
Treasurer

## 1. PROCUREMENT AND CONTRACTS

### ***Electronic Tendering***

- 1.1 In line with current best practice all tendering will be carried out electronically unless agreed by Head of Procurement.

### ***Pre Contract Requirements***

- 1.2 Before commencing a proposed procurement process with an estimated value in excess of £25,000, you or your authorised representative must inform the Head of Procurement.
- 1.3 Before entering into a contract with any contractor you must:
- assess the nature and extent of external and internal risks of bribery and ensure all reasonable steps (proportionate to the nature and size of contract) are taken to prevent such actions
  - be satisfied that an adequate specification which will form the basis of the contract/agreement, has been prepared
  - be satisfied about the technical capability of the prospective provider of the works, supplies or services
  - have prepared and documented an estimate of the cost of the contract/agreement, including where appropriate any maintenance cost
  - ensure that all bid evaluation criteria have been determined in advance
  - ensure that the Financial Regulations have been complied with, and that the proposed contract represents value for money

### ***Signing of Contracts***

- 1.4 All contracts must be recorded in writing.
- 1.5 For all orders, agreements and contracts with estimated values less than £50,000, the advice of the Head of Procurement must be obtained and the contract will be signed by the Director of Finance. A record of all such contracts will be kept by the Procurement Unit under one Constabulary contract register.
- 1.6 For all orders, agreements and contracts with estimated values over £50,000, the advice of the Head of Procurement and where appropriate, the Force Solicitor must be obtained and must be the subject of a formal contract signed or signed and sealed by the Chief Executive. The Chief Executive will maintain a register of all such contracts on behalf of the Authority.

### ***Contract Terms and Conditions***

- 1.7 The Rules set out below will apply to all contracts entered into by the Authority involving goods, works or services unless specifically exempted in the list in 1.19 below. They will also apply to contracts entered into as where the Authority acts as agent for another body, subject to the specific terms of the agency agreement.

- 1.8 Advice should be sought from the Force Solicitor, prior to taking action to secure quotations and tenders referred to in the following paragraphs, on the specific conditions of contract, in addition to any standard terms and conditions, appropriate in each individual case.
- 1.9 All contracts must also include appropriate clauses referring to:
- Prevention of corruption and bribery
  - Prohibition of assigning or sub-contracting without the Authority's prior agreement
  - Quality Standards
  - Indemnities and Insurance
  - Where possible application of TUPE or a successor could apply then HR must be consulted.

### ***Competition Requirements for Contracts between £10,000 and £50,000***

- 1.10 At least three written quotations must be invited for a proposed contract with an estimated value of over £10,000 and up to £50,000. If the requisite number of quotations cannot be obtained due to lack of suitable contractors prepared to quote, or where you consider that this is inappropriate in the interests of the efficient management of the service exception can be obtained, see 1.19 below.

### ***Competition Requirements for Contracts over £50,000***

- 1.11 Where contracts have an aggregate value over the life of the contract estimated at £50,000 or more, a formal tendering procedure must be undertaken. This will be undertaken by the Procurement Unit. The invitation to tender will be on Bluelight e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk)) and may be advertised in an appropriate manner, including press, websites etc. and tenders received must be dealt with and evaluated in accordance with these Rules. Either the Open or Restricted Procedures, described below, should be used as practicable.
- 1.12 For contracts which are over £50,000 but under the European Procurement financial thresholds (please check with the Procurement Unit for the current levels) there is no requirement to publish an OJEU notice. Advice from the Head of Procurement must be obtained at an early stage in the procurement process.

### ***Competition Requirements under European Procurement Rules***

- 1.13 The procedures defined below follow the model set out in the European Procurement Rules. They represent best practice and must be adopted as the norm for all exercises over the threshold values. Either the Open or Restricted Procedure must be used as practicable. The Negotiated Procedure and Competitive Dialogue Procedure may only be used in exceptional circumstances and with the approval of the Force Solicitor. Advice on the appropriate procedure to apply may be obtained from the Head of Procurement or the Force Solicitor.

### ***Restricted Tendering Procedure***

- 1.14 Public Notice will be given on Bluelight e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk)) and may be given in relevant trade journals, newspapers, websites etc. and the Official Journal of the European Union (OJEU) if the EU threshold is breached, and where appropriate, on the Force website. The notice must set out details of the proposed contract and invite contractors interested to apply within such period as may be specified, (being not less than 14 days or in compliance with European Procurement Rules timescales), for selection to tender. All responses to advertisements must include the completion of pre-qualification questionnaire form (PQQ). Clear instructions shall be given in the advertisement regarding the arrangements for the delivery and receipt of applications with particular reference to a deadline for receipt of applications. The rules for the receipt of applications will be the same as that for tenders as set out in 1.25 and 1.26 below.
- 1.15 After the expiry of the period specified in the public notice, invitations to tender stating details of the proposed contract and the last date for receipt of tenders must be sent to no less than five companies that have returned completed pre-qualification documents and have been evaluated and which meet the selection criteria. If fewer than five firms have applied and are considered suitable and it is considered that a competition is still appropriate, all should be invited to tender. If less than five firms are invited to tender you must keep a record of the reasons for this action and report to the Head of the Procurement.

### ***Open Tendering Procedure***

- 1.16 This procedure differs from the Restricted Procedure in that any company expressing an interest will receive an invitation to tender. There is no restriction or selection process prior to the dispatch of tenders.
- 1.17 Public Notice will be given on e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk)) and may be given in relevant trade journals, newspapers, websites etc. and the Official Journal of the European Union (OJEU) if the EU threshold is breached, and where appropriate, on the Force website. At least 14 days public notice must be given on the e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk)) or the Force's website and in one or more local newspapers or trade journals circulating amongst such firms who undertake such contracts setting out details of the proposed contract, inviting tenders from applicants and stating the last date on which tenders will be received.

### ***Negotiated Tendering Procedure***

- 1.18 The negotiated procedure should only be used in exceptional cases where the appropriate officer can demonstrate that:
- One of the procedures set out above has been used and resulted in unacceptable or irregular tenders or no tenders or no appropriate tenders; or
  - Exceptionally where the nature of the procurement or risks involved does not permit prior overall pricing; or
  - The nature of the procurement is such that a precise specification cannot be drawn up or.
  - A design contest is appropriate to the contract.

1.19 The Head of Procurement must be the lead officer when using this procedure and you must also consult and gain approval from the Force Solicitor.

### ***Exceptions to Requirements of Competition***

1.20 Provided that a proposed contract award complies with national and EU legislation and any other financial procedure rule, subject to you keeping a record of the reasons for audit purposes, the following will be exempt from the requirements of competition:

- Purchases from centrally negotiated contracts which are already in existence and have been subject to competition
- The purchase of a product required to be compatible with an existing installation as approved by the Head of Procurement
- The instruction of, advice from, or service provided by Counsel or Solicitors to act on the Authority's behalf
- Procurements made through a Government Framework Agreement or from Local Government/Police Authority Consortia Contracts provided that tenders or quotations have been invited by these bodies and contracts placed in accordance with their procedures which are broadly equivalent to these Rules and also comply with any National or EU legislation. On multi-supplier Framework Agreements, a mini competition is required between all capable suppliers unless an evaluation is possible from the Framework documents alone. Advice must be sought from the Head of Procurement.
- Contracts of employment
- Purchases at public auction with the approval of the Chief Executive and the Treasurer
- It is considered by the Chief Constable, the Chief Executive and the Treasurer that the purchase of any service, works or goods is of an emergency or unique nature to preserve the Authority's assets or the enable service to be maintained
- Investment and borrowing through the Treasury Management contract
- To obtain exemption from the procurement procedures and use a single tender action, prior approval is required from the following:

<b>Contract Value</b>	<b>Approver</b>
Up to £10,000	Head of Procurement
£10,000 to £50,000	Head of Procurement recommends to Director of Finance and Treasurer
Over £50,000	Head of Procurement recommends to Director of Finance and Chief Executive

1.21 Police Authority approval will be required for any further exemption to any of the rules within this section.

### ***Submission of Tenders***

1.22 All tenders must be submitted electronically through the e-tendering system ([www.bluelight.gov.uk](http://www.bluelight.gov.uk)) unless prior agreement is given by the Head of Procurement.

- 1.23 If an invitation to tender is required such invitations can be made using any available form of communication providing all invited parties receive identical information despatched at the same time and submitted as instructed in the tender documentation. Non compliance with this requirement will result in the tender not being considered.
- 1.24 On the rare occasions when paper tender submissions are allowed they should be addressed to:
- **The Director of Finance** (where the value is more than £25,000 but less than £50,000)
  - **The Chief Executive** (where the value is more than £50,000)
  - **at the Constabulary Headquarters, Clemonds Hey, Oakmere Road, Winsford, Cheshire. CW7 2UA**
- 1.25 Such paper tenders must be submitted bearing no details of name, mark, slogan or logo of the contractor on the tender envelope. The envelope should state "Tender for ....." followed by the subject of the tender and the closing date and time for receipt. Non compliance with this requirement may result in the tender not being considered.

### ***Receipt of Tenders***

- 1.26 E-tenders will be locked within the e-tendering system prior to opening. For paper tenders submitted, they will remain in the custody of either the Director of Finance or the Chief Executive (as appropriate) until the time appointed for opening. Upon receipt of a paper tender the receiving officer must indicate on the envelope the date and time of its receipt.
- 1.27 Tenders received after the date and time indicated for the receipt of tenders will not normally be considered except with the agreement of the Force Solicitor and Head of Procurement. Such tenders are returned to the tenderer if they are not to be considered.

### ***Opening and Registration of Tenders/Quotations***

- 1.28 All tenders, both E-tenders and paper tenders where the estimated value of the tender exceeds £50,000, will be opened at one time and in the presence of the Chief Executive (or his representative) together with one officer nominated by the Chief Constable.
- 1.29 Where the estimated value of the tender exceeds £25,000 but is less than £50,000, the tenders will be opened at one time in the presence of the Director of Finance, Force Solicitor or Head of Procurement and the relevant budget manager.
- 1.30 Any tenders which do not comply with the requirements referred to above shall be invalid provided that a tender which has been received after the time specified but before tenders had been opened, shall be deemed valid at the discretion of the Chairman of the Police Authority (where the value of the tender exceeds £50,000) and the Chief Executive (where the value of the tender is below £50,000), if it was posted by first class post on such a date, as revealed by the postmark, which would have brought about its delivery within time in the normal course of post. The Chairman's approval must be sought in accordance with the urgency procedure contained in Standing Order No. 11.1

## ***Errors in Tenders***

- 1.31 Errors in tenders shall be dealt with as follows:
- those relating to building or civil engineering work will be dealt with according to rules laid down by the Institution of Civil Engineers, or the National Joint Consultative Committee for Buildings Code of Single Stage Selective Tendering as appropriate
  - the tenderer shall be given details of the error(s) found during the examination of the tender and shall be given the opportunity of confirming without amendment or withdrawing the tender; or
  - amending the tender to correct genuine error(s) provided that in this case, apart from these genuine errors, no other adjustment, revision or qualification is permitted.
- 1.32 Tender documents must state which method will be used for dealing with errors in tenders.

## ***Award of Contract***

- 1.33 Contracts must normally be awarded to the contractor who offers the lowest overall cost, where payment is made by the Authority or the highest receipt where payment is to be made to the Authority provided that the contract sum is within the approved budget estimate. Where the lowest overall cost is not considered to offer the best option, the “Most Economically Advantageous Tender” can be accepted – see 1.38.
- 1.34 A tender may not be accepted until the Authority has considered a report and subsequently directed the officers to accept that tender, if the tender exceeds the approved capital expenditure estimate and is likely to cause a budget overspend which cannot be met through virement.
- 1.35 Tenders which have been invited through advertising will not be accepted unless the Chief Constable and/or the Chief Executive and the Treasurer are reasonably satisfied that the tenderer is financially and technically capable of carrying out the contract.
- 1.36 Notification to the successful tenderer of the award of the contract will be subject to the 10 day standstill period on all EU procurements, (the Head of Procurement can provide advice).
- 1.37 Acceptance of a tender must be made to the successful tenderer in writing. The official order is the confirmation of the acceptance of a quote.
- 1.38 For all contracts exceeding £50,000 in value the contract must be drafted or agreed by the Force Solicitor and the contract must be signed or sealed by the successful tenderer and the Chief Executive (or his authorised deputy) on behalf of the Authority. Contract documents must be held for safe-keeping by the Strategic Procurement Unit.

### ***Most Economically Advantageous Tender***

- 1.39 In most cases the award of a contract will be made to the party offering the lowest price, or in the case of a sale the highest price. In assessing the tender however, consideration may be given to quality, service and other determining factors as well as price. Where this is intended then this must be clearly set down in the tender documentation and the evaluation criteria. The contract must be awarded based on the criteria stated in the tender document. Advice should always be sought from the Head of Procurement as to whether the “Most Economically Advantageous Tender” approach is appropriate in the circumstances.

### ***Post Contract Negotiations***

- 1.40 Negotiations post award of the contract are only permissible in exceptional circumstances and should only be commenced after the Treasurer, the Force Solicitor and the Head of Procurement, have given written approval of the procedure(s) to be adopted. The Head of Procurement or the Force Solicitor must be involved in the negotiation process and any consequent amendments to the contract terms and conditions must be approved by the Force Solicitor.
- 1.41 In all other circumstances, or where there is a fundamental change to the specification post tender, all tenderers must be invited to review their submission in accordance with guidance from the Head of Procurement.

### ***Variations and Contract Extensions***

- 1.42 All variations must be in the form of written instruction to the contractor. Any such variation should be agreed, documented and signed by both parties.
- 1.43 The term of a contract may be extended with the approval of the manager if there is provision within the contract terms and conditions to extend and the agreement of the Treasurer has been received with regards to the budgetary provision. If the contract has already been extended to the full extent provided in the contract it cannot be extended further.
- 1.44 If there is no provision within the contract terms and conditions for the contract to be extended, the approval of the Force Solicitor and the Treasurer must be sought to any proposed extension of the term of contract, and a record kept of the reasons.
- 1.45 The contract term cannot be extended where this would result in the total value of the contract exceeding the European procurement threshold. In such circumstances the advice of the Head of Procurement should be sought.

### ***Contents of Contracts***

- 1.46 The appropriate manager must ensure that in addition to terms and conditions set above every contract details:
- The goods, works and services, materials, matters to be carried out or supplied
  - The price to be paid and/or the amounts and frequency or the method of calculation of contract payments including the treatment of inflation, with a statement of discounts or other deductions including terms of payment and settlement periods
  - The time(s) within which the contract is to be performed

- 1.47 Every contract with an estimated value of £10,000 or more must state that if the third party fails to comply with its contractual obligations in whole or in part, the Authority may:
- cancel all or part of the contract
  - complete the contract
  - recover from the firm any additional costs in completing the contract
  - take other legal action against the contractor
- 1.48 Unless the Force Solicitor and the relevant Budget Manager consider it to be unnecessary or impractical, every contract must provide that:
- where under any contract, one or more sums of money are to be received by the Authority, the contractor responsible for the payment of such sum or sums must pay interest at the rate stated in the contract from the date when payment is due until the date when payment is received;
  - in the performance of the contract, the contractor must not act incompatibly with the rights contained within the European Convention on Human Rights or the Disability Discrimination Act;
  - the contractor must provide any information reasonably requested relating to the performance of the contract to ensure that the Authority meets its statutory obligations including under: Section 71 of the Race Relations Act 1976; Race Relations Amendment Act 2000; Best Value Legislation; Transfer of Undertakings and Protection of Employment Regulations; Code of Practice on Workforce Matters in Local Authority Service Contracts
  - in the performance of the contract, the Contractor must comply with the requirements of the Health and Safety at Work Act 1974, and of any other relevant Acts, Regulations, Orders or Rules of Law pertaining to health and safety:
  - without prejudice, and subject to any other condition of the contract, no sub-letting by the contractor will relieve the contractor of its liability to the Authority for the proper performance of the contract;
  - the contractor must not sub-contract the contract or any part of the contract, without the prior written consent of the relevant manager who will take advice from the Force Solicitor where appropriate.
- 1.49 The contractor is responsible to the Authority for the proper performance and observance of all sub-contractors of all the contractor's obligations under the contract as if references in the contract to "the contractor" were references to the sub-contractors. Failure or neglect by a sub-contractor is deemed to be failure or neglect by the contractor;
- The contractor is prohibited from transferring or assigning directly or indirectly to any person or persons whatsoever any part of its contract, without the prior written consent of the manager (following consultation with the Force Solicitor and the Head of Procurement)
  - All goods, works and services must comply with any appropriate European Union Specification or Code of Practice or British Standard Specification or British Standard Code of Practice or European Union equivalents in force at the date of tender/quotation

- The Authority is entitled to cancel the contract and to recover from the contractor the amount of any direct loss resulting from such cancellation, if the contractor or its employees or agents (with or without its knowledge):
  - does anything improper to influence the Authority to give the contractor any contract;
  - commits an offence under the Prevention of Corruption Acts 1889 to 1916, the Bribery Act 2010 or under Section 117(2) of the Local Government Act 1972;
- Whenever under the contract any sum of money is recoverable from or payable by the contractor, this sum may be deducted from any sum due or which at any time may become due to the contractor under this or any other contract with the Authority. Exercise by the Authority of its rights under this clause will be without prejudice to any other rights or remedies available to the Authority under the contract.
- The contractor must provide evidence of adequate insurance to cover both Public Liability and Employers' Liability. Indemnity Levels to reflect the risk to the Authority which typically will be no less than £5 million.

1.50 Any standard terms and conditions of contract submitted by contractors must not be accepted without advice from the Force Solicitor. Proposed payment arrangements under a contract must be discussed with and agreed by the Head of Procurement in liaison with the Treasurer in advance of any contract being entered into.