

NORTH YORKSHIRE POLICE AND CRIME COMMISSIONER

FINANCIAL REGULATIONS

1 April 2014

INDEX	PAGE
1 Introduction	2
2 Definitions	3
3 Powers and Duties - Police and Crime Commissioner and Chief Constable	4
4 Responsibilities	4
5 Medium/Long Term Financial Planning	6
6 Revenue Budget	7
Budgetary control principles	
Structure of the Revenue Budget	
Setting a Budget/Precept	
Incurring expenditure/collecting income	
Budgetary control	
7 Capital Programme and Plan	9
Budgetary control principles	
Approving a Capital Plan	
Incurring expenditure against the Capital Plan	
Monitoring of the Capital Plan	
Grant Applications and Claims	
Outturn	
8 Procurement of Goods and Services and Acquisition of Property	13
Responsibilities of a Chief Officer	
Payment of Accounts	
Leasing Agreements	
Acquisition of Property	
9 Disposal of Property and Material Assets	14
10 Inventories and Stores	14
11 Policy on Financial Provisions and Reserves	15
Miscellaneous matters	
12 Payroll, Pensions and other Emoluments	17
Travelling and Subsistence Allowances	
13 Income	17
Debt Write Off	
14 Petty Cash	18
15 Banking	18
16 Treasury Management	18
17 Voluntary Funds	19
18 Insurance	19
19 Risk Management	20
20 Internal Audit	20

21	Revision of Financial Regulations	22
22	Collaborative Arrangements	22

1.0 INTRODUCTION

1.1 These **Financial Regulations** form part of the overall control framework within which the Police and Crime Commissioner for North Yorkshire and the Chief Constable for North Yorkshire operate. They aim to facilitate service delivery by setting out best practice for the administration of all financial matters throughout the organisations, thus ensuring a high quality of financial information and thereby enabling better decision making.

Matters which are of significant public interest (whether decisions of the Commissioner, or of the Chief Executive Officer under delegated powers) must always be set out in a Decision Notice and published in accordance with the Scheme of Delegation & Consent.

Notwithstanding any provision in these Regulations, the Commissioner expects the Chief Constable and persons exercising delegated powers, to draw to her attention issues which:

- are, or are in the professional judgement of the delegate likely to be, sensitive, contentious, novel or repercussive; or
- there is a real risk that the Commissioner and/or the Chief Constable could be exposed to public criticism; or
- reveal serious weakness in the efficiency and effectiveness of policing; or
- it is otherwise considered prudent to do so.

and to seek the views of the Commissioner on the issue in question.

1.2 The financial control framework can be seen as a hierarchy established as follows

Financial Management Code of Practice	The statutory Code of Practice for financial management within the police service issued under s17 Police Reform and Social Responsibility Act 2011
Scheme of Delegation and Consent	} approved by the Police and Crime Commissioner after consultation with the Executive Board
YATH Regional Police and Crime Commissioners Contract Regulations	
Property Procedure Rules	
Financial Regulations	
Devolved Resource Manual	prepared and maintained by the Chief Constable's Chief Finance Officer in consultation with the Commissioner's Chief Finance Officer

All these control instruments will be reviewed as part of the annual review of the effectiveness of internal control mechanisms, as required by the Audit and Account (England) Regulations 2011.

1.3 The Scheme of Delegation defines the framework within which the powers to make decisions and/or take action are delegated to the appropriate level in the organisation. In particular the Scheme of Delegation requires all officers to act within the terms of these Financial Regulations in the exercise of their delegated powers

1.4 The **Contract Regulations** define the correct procedures to be followed when the Police and Crime Commissioner or the Chief Constable enter into any contractual arrangement and should be read in conjunction with these Regulations.

1.6 The **Devolved Resource Manual** is a comprehensive document detailing all aspects of financial systems and procedures and is designed for use on a day to day basis by staff involved in any aspect of financial administration. Any new or revised instructions on financial matters issued by the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer will be incorporated into the Devolved Resource Manual.

1.7 The **statutory responsibility** for the creation and maintenance of the financial control framework throughout the police service rests with the Commissioner's and Chief Constable's Chief Finance Officers, as set out in the Financial Management Code of Practice. With the assistance of the Internal Audit Service the Commissioner's and Chief Constable's Chief Finance Officers will monitor adherence to these Financial Regulations.

2.0 DEFINITIONS

2.1 For the purposes of these Financial Regulations, unless the context otherwise requires

Budget Holder is a post nominated by a Chief Officer as being responsible for managing a defined sum of money (ie budget)

Budget is a defined sum of money allocated to a Chief Officer or a budget holder for a specific purpose

Project manager is an officer who is responsible for the preparation, implementation and monitoring of a specific scheme

Annual Revenue Budget is the estimate net expenditure for any given year

Medium Term Financial Plan is a multi-year assessment of the financial implications of the implementation of the Commissioner's Police and Crime Plan and will include

- (a) The annual revenue budget
- (b) A plan of expenditure on capital schemes for the current year
- (c) A revenue financial forecast for the remaining years covered by the Plan
- (d) A plan of expenditure on capital schemes for the remaining years of the Medium Term Financial Plan
- (e) Current and future forecast reserve levels

Capital Programme is the plan of expenditure on capital schemes for the current year

Capital Plan is the plan of expenditure on capital schemes for all the years of the Medium Term Financial Plan

Chief Officer shall apply to any, or all, of the following officers:-

Police and Crime Commissioner
Chief Constable
Deputy Chief Constable
Assistant Chief Constable
Chief Executive Officer
Commissioner's Chief Finance Officer
Chief Constable's Chief Finance Officer

Commissioner's Chief Finance Officer refers to the officer appointed by the Police and Crime Commissioner to exercise the powers defined in Section 151 of the Local Government Act 1972

Chief Constable's Chief Finance Officer refers to the officer appointed by the Chief Constable to exercise the powers defined in Section 151 of the Local Government Act 1972

Leasing Agreement is a contract for the provision of finance to enable goods or services to be obtained and where ownership in those goods does not necessarily pass to the Police and Crime Commissioner at the end of the contract period

Officer means any employee of the Police and Crime Commissioner or the Chief Constable or other authorised agent

Person means any individual, partnership, company, trust, other local authority, Government department or agency

Property refers to any estate or interest in land or buildings

Policy or policies shall mean any Police and Crime Commissioner or Chief Constable commitment as expressed in financial terms.

- 2.2 Reference in these Regulations to the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer shall be taken to include such officers as are designated by those officers to undertake the duties and responsibilities set out in these Regulations, except in the case of the following Regulations:-

Regulations 4.3, 4.4, 4.5, 4.6, 4.15, 16.4, 16.7, 20.6 and 21.1

where delegation is not permitted.

A record of all duties and responsibilities as delegated under these Regulations is to be maintained, as appropriate, by those officers.

3.0 **POWERS AND DUTIES OF THE POLICE AND CRIME COMMISSIONER**

- 3.1 Any power or duty of the Police and Crime Commissioner and the Chief Constable in relation to these Financial Regulations may be exercised by an officer to which the Police and Crime Commissioner or Chief Constable has delegated his or her powers in that regard.

4.0 **RESPONSIBILITIES**

Preamble

These Financial Regulations are made by the Police and Crime Commissioner and the Chief Constable. They set out the working arrangements by which the Police and Crime Commissioner and the Chief Constable gives effect to his or her statutory financial responsibilities under the Police Reform and Social Responsibility Act 2011, the Local Government Act 1972, the Local Government Finance Act 1982, the Local Government and Housing Act 1989, the Local Government Act 2003, as amended from time to time and also set out the working arrangements, within the organisations of the Police and Crime Crime Commissioner and the Chief Constable, of the statutory Code of Practice approved under s 17 of the Police Reform and Social Responsibility Act 2011.

Regulations

NOTE: The following responsibilities of the Commissioner's Chief Finance Officer and the obligation imposed by these regulations also apply to the Chief Constable's Chief Finance Officer where matters concern financial resources of the Chief Constable.

NOT PROTECTIVELY MARKED

- 4.1 The Commissioners Chief Finance Officer will, for the purposes of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, be responsible for the proper administration of the Police and Crime Commissioner's financial affairs and the submission of reports to the Police and Crime Commissioner (or any of its constituent parts) as part of the discharge of that responsibility. The Chief Constable's Chief Finance Officer will, for the purposes of Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988, be responsible for the proper administration of the Chief Constable's financial affairs and the submission of reports to the Chief Constable (or any of its constituent parts) as part of the discharge of that responsibility.
- 4.2 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer each have a statutory responsibility to ensure that adequate systems and procedures exist to account for all income due, and expenditure payments made on behalf of the Police and Crime Commissioner and the Chief Constable respectively. Their responsibilities include to ensure that controls operate to protect the assets of the Police and Crime Commissioner and Chief Constable from loss, waste, fraud or other impropriety. In addition to these Regulations the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer may discharge that responsibility in part by the issue and maintenance of financial instructions with which any officer of the Police and Crime Commissioner or the Chief Constable, together with any person employed by an organisation contracted to the Police and Crime Commissioner or Chief Constable, shall comply, save that nothing in these regulations shall be read as having the effect of delegating the Commissioner's Chief Finance Officer's and Chief Constable's Chief Finance Officer's responsibilities under s151 of the Local Government Act 1972 and his/her duties under s114 of the Local Government Finance Act 1988.
- 4.3 The nature and format of all accountancy systems and related financial procedures and records must be in a form agreed with the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer who shall, at all times, have regard to the provision of Section 151 of the Local Government Act 1972, the Accounts and Audit (England) Regulations 2011, and such other statutory provisions which, from time to time, shall affect the financial administration of the Police and Crime Commissioner and the Chief Constable or their constituent services. The financial ledger maintained by the Chief Constable's Chief Finance Officer will be regarded as the primary financial record of the Police and Crime Commissioner and the Chief Constable, both for actual expenditure/income transactions as well as budget allocations. The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall be consulted at an early stage regarding proposed changes to any financial systems, procedures or records and his/her approval obtained before such changes are implemented.
- 4.4 The Police and Crime Commissioner shall ensure that the Finance Department, headed by the Chief Constable's Chief Finance Officer, is sufficiently resilient and resourced to meet all the recording and reporting requirements laid down by the Police and Crime Commissioner, the Chief Constable, the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer. The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer must be assured that sufficient resources of adequately qualified staff are in place to ensure that the Police and Crime Commissioner's and the Chief Constable's financial affairs are administered efficiently and effectively without recourse to excessive overtime or temporary secondment.
- 4.5 The 'Section 151' officers of the Police and Crime Commissioner and the Chief Constable shall be responsible for securing the production of and certifying the Annual Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2011 and shall also be responsible for all arrangements relating to the external audit of the Annual Statement of Accounts in accordance with those regulations. The Commissioner's Chief Finance Officer shall be responsible for

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

financial information contained within any Statutory Plan published by the Police and Crime Commissioner.

- 4.6 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall, in compliance with Section 114 of the Local Government Finance Act 1988 report to the Police and Crime Commissioner and/or Chief Constable (as appropriate), External Auditors and the Police and Crime Panel, if the Police and Crime Commissioner, the Chief Constable, an officer or any other person:-
- (a) has made or is about to make a decision which involves or would involve the Police and Crime Commissioner of the Chief Constable incurring expenditure which is unlawful
 - (b) has taken or is about to take a course of action which, if pursued, to its conclusion would be unlawful and likely to cause a loss or deficiency on the part of the Police and Crime Commissioner or Chief Constable, or
 - (c) is about to enter an item of account, the entry of which is unlawful.

The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall also make a report to the Police and Crime Commissioner and/or Chief Constable (as appropriate), External Auditors and the Police and Crime Panel if it appears that the expenditure proposed by the Police and Crime Commissioner and/or the Chief Constable (as appropriate) in a financial year is likely to exceed the resources available to it to meet the expenditure.

- 4.7 Without prejudice to his/her statutory responsibilities under s 151 of the Local Government Act 1972 and where appropriate, the Commissioners Chief Finance Officer and the Chief Constables Chief Finance Officer shall inform the Police and Crime Commissioner and/or the Chief Constable (as appropriate) of his/her intention to take any action under Regulations 4.2 to 4.6 above.
- 4.8 Every Chief Officer and Budget Holder shall be responsible for the observance of these Financial Regulations within their service area and for the training of staff under their supervision to enable them to comply with these Regulations. This principle also applies to any Instructions, or guidance, published in the Devolved Resource Management manual, issued under the authority of these Regulations.
- 4.9 If any Chief Officer or Budget Holder employs a consultant, agency staff or an external contractor to undertake any duties which would normally be undertaken by an officer of the Police and Crime Commissioner or the Chief Constable they must ensure that every such person acts in accordance with these Regulations. It is the responsibility of the Chief Officer or Budget Holder (as appropriate) to ensure such persons are aware of this responsibility and are given training if appropriate to enable them to carry out these duties. Every agreement for such work should include adequate remedies to enable the Police and Crime Commissioner or the Chief Constable to secure reimbursement if there is a failure to comply with these Regulations which leads to a financial loss for the Police and Crime Commissioner of the Chief Constable.
- 4.10 The principles referred to in **Regulation 4.9** shall also be applied to any partnership or joint working arrangement with a third party whereby the Police and Crime Commissioner or the Chief Constable agrees to allocate to, or receive (and then administer) funds from, a third party under the terms of the partnership or joint working arrangement. No funds should be allocated to, or received from, a third party on this basis without the agreement of the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer, as appropriate, as to the financial systems and procedures that will be adopted either by the Police and Crime Commissioner, the Chief Constable or the third party where these differ from the normal arrangements as set out in the Devolved Resource Management manual. This Regulation shall be deemed to apply to any proposal where the Police and Crime Commissioner receives and

administers funds consequent upon applications for external funding by the Police and Crime Commissioner and its partners.

- 4.11 Where appropriate, items requiring a decision, in line with the scheme of delegation, must contain a financial statement or appraisal setting out the full financial implications arising from any proposals contained within the report. Where such issues emanate from proposals from the Chief Constable, the financial statement or appraisal must be agreed by the Chief Constable's Chief Finance Officer, where appropriate in consultation with the Commissioner's Chief Finance Officer in advance of the report being distributed to the appropriate decision making forum.

Such items requiring a decision may cover

- (a) a new policy
- (b) a variation of existing policy, or
- (c) a variation in the means or timescale for implementing an existing policy

which may increase (or decrease) net expenditure in the current or subsequent years.

- 4.12 Each Chief Officer and Budget Holder is responsible for the proper financial management of all resources allocated to them within their operational areas. They shall via the Devolved Resource Management manual devise and implement such controls and procedures, in consultation with the Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer as appropriate, as are necessary to carry out their duties and prevent loss, waste, fraud and other impropriety in relation to the assets or integrity of the Police and Crime Commissioner.
- 4.13 Each Chief Officer shall via the Devolved Resource Management manual agree with the Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer, as appropriate, budgetary control procedures for the resources (revenue or capital) allocated to their operational area and ensure it is enforced. This includes identifying Budget Holders for every revenue budget head, or Project Manager for each capital scheme, and their limits of authority (see **Regulations 6.9 and 7.11**). The same principle shall apply to any funds allocated to, or received from, a third party under a partnership or joint working arrangement (see **Regulation 4.10**).
- 4.14 Failure to comply with these Regulations, and any related instructions or guidance contained in the Devolved Resource Management manual may lead to disciplinary action being taken against individual officers.
- 4.15 The Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer shall be responsible for monitoring adherence with these Regulations.

5.0 MEDIUM/LONG TERM FINANCIAL PLANNING

Preamble

In order for the Police and Crime Commissioner and the Chief Constable to be able to plan the implementation of the Police and Crime Plan, and determine priorities for the allocation of resources, they undertake medium/long-term financial planning. The Police and Crime Commissioner and Chief Constable will do this by preparing a Medium Term Financial Plan for incorporation in the statutory Policing and Crime Plan. In accordance with the Police and Crime Commissioner, the Chief Constable and the planning framework, this Plan will also incorporate HR, Estates, Assets and Information Systems strategies and the MTFP will take account of the financial implications of those strategies.

NOT PROTECTIVELY MARKED

In complying with the following regulations, officers shall have regard to any agreed strategic planning framework and/or planning timetable which from time to time may be agreed by the Police and Crime Commissioner and Chief Constable.

Regulations

- 5.1 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall, in consultation with the Chief Officers, secure the preparation of a Medium Term Financial Plan for consideration and approval by the Police and Crime Commissioner in consultation with the Chief Constable.
- 5.2 The Commissioners Chief Finance Officer in consultation with the Chief Constable's Chief Finance Officer shall determine the format of the Medium Term Financial Plan and the timing of reports relating thereto, subject to any overriding requirements of the Police and Crime Commissioner and the Chief Constable, but at the very least it shall be reviewed on a quarterly basis by the Police and Crime Commissioner and the Chief Constable.
- 5.3 The Medium Term Financial Plan shall include the financial effects of all known commitments and anticipated resourcing levels in a multi year period, together with any proposals for significant changes to the level of existing services, or for developing new services.
- 5.4 For the purposes of this Section of the Regulations the duration of the 'multi-year' period shall be determined, from time to time, by the Police and Crime Commissioner and Chief Constable based upon advice provided by the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer.

6.0 REVENUE BUDGET

Preamble

The Revenue Budget sets out the financial implications of delivering the statutory Policing and Crime Plan. Once approved it gives the power to incur expenditure, and collect income, and also provides the basis on which financial performance will be monitored. These Regulations provide a comprehensive framework for the preparation, monitoring and reporting of the Revenue Budget against these criteria.

These regulations seek to provide for those working for the Commissioner and Chief Constable to exercise as much day to day responsibility for financial management as possible within the framework of the statutory Protocol and agreed budget and rules of virement (if any). As described below, once an annual budget has been approved, only when significant changes of policy are envisaged or when significant sums are involved should approval be sought once more.

Regulations

Budgetary Control Principles

- 6.1 The Regulations in this Section are based on the following budgetary control principles established by the Police and Crime Commissioner
 - (a) any under or overspending of Revenue Budget at the financial year end may be carried forward subject to approval by the Police and Crime Commissioner after consultation with the Executive Board.
 - (b) mechanisms shall be defined in the Devolved Resource Management ('DRM') manual and endorsed by the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer to ensure budgetary monitoring and control is carried out on a regular basis. The mechanisms will specify the manner in which

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

the DRM applies to the business of the Office of the Police & Crime Commissioner.

- 6.2 During the financial year the Commissioner and Chief Constable will have overall responsibility for all aspects of their respective Revenue Budgets. To the extent therefore that any financial matter(s) arising during a given financial year cannot be resolved within the organisations of the Commissioner or the Chief Constable, using the powers/responsibilities defined in this Section of the Regulations, such matter(s) shall be brought to the attention of the Chief Constable's Chief Finance Officer and the Commissioner's Chief Finance Officer at the earliest opportunity. Where, in the professional opinion of the relevant Chief Finance Officer, the sums are considered to be significant, the details shall be reported to the Police and Crime Commissioner or the Chief Constable.

Structure of the Revenue Budget

- 6.3 The Police and Crime Commissioner will, on the advice of the Commissioner's Chief Finance Officer, propose to the Police and Crime Panel and thereafter agree an overall council tax requirement for the following financial year and a consequent annual Precept (see **Regulation 6.4 et seq**). She will also approve the Chief Constable's proposed allocation of resources for policing purposes, as set out in a format agreed by the Chief Constable's Chief Finance Officer and the Commissioner's Chief Finance Officer and an allocation of resources for the Police and Crime Commissioner's own purposes, as set out in a format agreed by the Chief Executive Officer and the Commissioner's Chief Finance Officer. Budget Holders will be notified of budget allocations, as soon as practical following the fixing of the Precept and no later than the day before the start of the new financial year to which they apply.

Setting a Budget/Precept

- 6.4 As soon as practicable following the start of the financial year and in consultation with the Chief Constable's Chief Finance Officer, the Commissioner's Chief Finance Officer shall specify the process to be followed for the preparation of the following years Revenue Budget and the timing and format of reports relating thereto, subject to any overriding requirements of the Police and Crime Commissioner.
- 6.5 The Commissioner's Chief Finance Officer shall be responsible for submitting any reports regarding the overall Revenue Budget of the Police and Crime Commissioner that will enable the Commissioner to comply with her statutory responsibility to determine an annual Precept. These will include a review of the robustness of estimates and the appropriateness of the level of reserves. Once the Precept has been determined by the Police and Crime Commissioner, it shall be the responsibility of the Commissioner's Chief Finance Officer to notify the collecting authorities.
- 6.6 As part of the process and in advance of approving the overall Revenue Budget the Chief Officers, in consultation with the Chief Constable's Chief Finance Officer and the Commissioner's Chief Finance Officer, shall define the arrangements whereby each Budget Holder prepares its own service plan and budget for consideration by the Chief Constable; these arrangements will be so defined as to fulfil the functions referred to in **Regulations 6.3, 6.4 and 6.5**.

Incurring expenditure/collecting income

- 6.7 From the start of each financial year subject to **Regulation 6.3**, expenditure may be incurred and income collected within the overall approved Revenue Budget.
- 6.8 Commitments on behalf of the Police and Crime Commissioner and the Chief Constable to spend shall only be made against approved budgets in accordance with **Regulation 6.3** and in accordance with the purposes for which the budget was established. Any significant commitment to continuing liabilities (including

establishment changes) which will increase the budget provision in future years , or any proposed change in policy likely to affect the current approved budget and/or the Financial Forecast (see **Regulation 5.3**) shall be subject to the prior approval of the Police and Crime Commissioner. Such proposals may relate to expenditure and/or income and this should be made explicit in any statement of financial implications (see **Regulation 6.2**).

- 6.9 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer are authorised to accept income, grants, offers of sponsorship and gifts for police purposes on behalf of the Commissioner and the Chief Constable respectively provided that decisions taken in this regard are in accordance with the law and with the agreed policies on Income Generation and Cost Recovery, which the Commissioner will review annually in consultation with the Executive Board.
- 6.10 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer are authorised to give approval to charge for or not to charge for policing services to external bodies in accordance with the law and with the the agreed policies on Income Generation and Cost Recovery, which the Commissioner will review annually in consultation with the Executive Board.

Budgetary Control

- 6.11 Budgetary control must be effected in accordance with the procedures in **Regulation 4.13** and in particular as set out in the Devolved Resource Management manual.

Grant Applications and Claims

- 6.12 The Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer shall be consulted, and certify if necessary, any application for revenue grant or external funding.
- 6.13 The Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer shall be responsible for the completion (where appropriate), authorisation and submission of any revenue grant or external funding claim forms to the relevant organisation(s) and if necessary the External Auditor, in accordance with any guidelines applicable to the claim(s) in question.

Outturn

- 6.14 In accordance with the requirements of the Accounts and Audit (England) Regulations 2011 in the context of the preparation of final accounts, with the assistance of all Chief Officers the Commissioners Chief Finance Officer and Chief Constable's Chief Finance Officer shall each report to the Police and Crime Commissioner and the Chief Constable respectively on the outturn of income and expenditure, as soon as practicable after the end of the financial year.

7.0 CAPITAL PROGRAMME AND PLAN

Preamble

Capital expenditure is a necessary element in the development of the police service since it generates investment in new, improved and replacement assets. These Regulations provide a framework for the preparation and appraisal of schemes proposed for inclusion in the Capital Plan, appropriate authorisations for individual schemes to proceed and facilitate the overall management of the Capital Programme and Plan within defined resource parameters.

The Regulations in this Section are based on the following principles established by the Police and Crime Commissioner:

NOT PROTECTIVELY MARKED

- (a) individual schemes shall be part of an approved Capital Plan before they proceed. The Capital Plan must be reconciled to the anticipated resources available as identified in the Medium Term Financial Plan;
- (b) a scheme is defined as either;
 - (i) a specific project required to be individually listed in the Capital Plan; and/or
 - (ii) an ongoing programme of planned expenditure for a designated purpose;
- (c) a scheme can be either:
 - (i) “firm” – a business case has been prepared and the scheme has been authorised for inclusion in the Capital Plan; or
 - (ii) “draft” – the scheme is at an early stage of planning, and has been authorised for inclusion in the Capital Plan as “draft”.

Regulations

Budgetary Control Principles

- 7.1 Mechanisms shall be defined by the Chief Constable’s Chief Finance Officer via the Devolved Resource Management manual in consultation with the Commissioners Chief Finance Officer to ensure that expenditure and income, are monitored and controlled.
- 7.2 Any under or overspending of the approved Capital Programme at the financial year end may be carried forward.
- 7.3 Any scheme specific funding must be compatible with the Treasury Management Policy Statement of the Police and Crime Commissioner (see **Regulations 16.3 and 16.7**).

Approving a Capital Plan

- 7.4 The Commissioner’s Chief Finance Officer shall determine the format of the Capital Plan.
- 7.5 The Chief Constable’s Chief Finance Officer shall prepare a Capital Plan.
 - (a) Individual schemes shall only be included in the Capital Plan as firm following preparation of a business case (in a format to be agreed by the Chief Constable’s Chief Finance Officer and the Commissioner’s Chief Finance Officer). Except in the circumstances listed in this regulation, inclusion of individual schemes as firm shall be approved by the Police and Crime Commissioner after consultation with the Executive Board as part of the consideration and approval of the Medium Term Financial Plan.

In the circumstances listed in this regulation, the inclusion of individual schemes as firm shall be approved by the Commissioner’s Chief Finance Officer in consultation with the Chief Executive Officer and reported retrospectively to the Police and Crime Commissioner:

- Where the total estimated cost is less than £50,000

- (b) Individual schemes may be included in the Capital Plan as draft without a business case on the authorisation of the Commissioner’s Chief Finance Officer and reported retrospectively to the Police and Crime Commissioner.

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

- (c) Draft schemes shall only become firm following preparation of a business case and approval as per **Regulation 7.5(a)**.
- (d) Delegations to the Commissioners Chief Finance Officer under **Regulation 7.5 (a)** and under **Regulation 7.8** will be subject to retrospective monthly reports to the Police and Crime Commissioner.

7.6 The Capital Plan and Capital Programme shall be approved annually by the Police and Crime Commissioner at the same time as she exercises her responsibility under **Regulation 6.3** and at such other times as is deemed appropriate by the Police and Crime Commissioner, as part of the approval of the Medium Term Financial Plan. An approval by the Commissioner's Chief Finance Officer under **Regulation 7.5(a)** constitutes an approval of items within the plan by the Police and Crime Commissioner.

Incurring expenditure against the Capital Plan

7.7 Approval of the Capital Plan by the Police and Crime Commissioner under **Regulation 7.6** shall provide the following authorisations subject to the satisfactory completion of the financial controls included in the business case:

- (a) Current Year (Capital Programme):
 - (i) to commence any scheme included in the Capital Programme as firm for the current year;

to continue to incur expenditure on each scheme in progress at the start of the financial year;

providing in all cases that total expenditure on either type of individual scheme does not exceed the sum contained in the approved Plan for that scheme by more than the lower of 10% and £100,000 and all necessary approvals have been received, where appropriate, from Government Departments and/or any external funding agencies (see **Regulation 7.14**);
 - (ii) the approval in (i) is subject to any additional expenditure on an individual scheme being met from within the sum total of the Capital Plan expenditure limit for that year (as originally approved, or subsequently amended by the Police and Crime Commissioner) as defined under **Regulation 7.5**;
 - (iii) to collect all grant and other income related to expenditure incurred on schemes in that year.
- (b) Subsequent Years:
 - (i) to make any arrangements necessary for site purchase, to seek planning permissions, to incur professional fees and preliminary expenses as appropriate and to seek any necessary approvals from Government Departments and/or external funding agencies. This approval is subject to any expenditure being met from within the Capital Plan expenditure limit for the year in which it is incurred.

7.8 The approval of the the Police and Crime Commissioner after consultation with the Executive Board will be required if:

- (a) any increase/decrease in the previously approved Capital Plan expenditure limit is necessary as a result of either:
 - (i) the cost variation on an individual scheme exceeding the parameters defined in **Regulation 7.7**;

- (ii) the deletion or material modification of an existing approved scheme;
 - (iii) the loss or revision of any funding which materially affects the ability to undertake the approved Capital Plan;
- (b) the committed expenditure in later years of the Capital Plan is increased for any of the reasons listed under (a) of this Regulation;
 - (c) an individual scheme requires expenditure in addition to any arising from the provisions in **Regulation 7.7(b)** to be committed more than one financial year in advance of the financial year in which the actual costs will be incurred;
 - (d) there is a proposed transfer of resources between the Revenue Budget and the Capital Plan;

Changes under this regulation will be approved as follows:

- (i) Changes may be approved by the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer if the estimated amount of the change is less than £50,000, with retrospective reporting to the Police and Crime Commissioner.
- (ii) Changes where the estimated amount is in excess of £50,000 shall be approved by the Police and Crime Commissioner after consultation with the Executive Board as part of the consideration and approval of the Medium Term Financial Plan.

Monitoring of the Capital Plan

- 7.9 Once the Capital Plan has been approved the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall define, in the Devolved Resource Management manual, a budgetary control policy and the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall ensure it is enforced.
- 7.10 Chief Officers shall identify a responsible Project Manager for each scheme and the limits of their budgetary authority (see **Regulation 4.13**). Throughout the year each designated Project Manager shall monitor expenditure, and if appropriate grant and other income, on a scheme by scheme basis.
- 7.11 The Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer shall provide financial advice to assist Project Managers to fulfil their responsibilities, consulting their Chief Officer in circumstances where it appears that variations to the approved budget for a scheme(s) will occur.
- 7.12 Project Managers shall supply the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer with sufficient information, as and when required, to enable accurate cost/income profiling and/or financial projections of scheme costs/benefits/income to be undertaken.
- 7.13 Budgetary control during a financial year shall be undertaken by Chief Officers as follows:
 - (a) a Chief Officer shall maintain an ongoing review of all aspects of the Capital Plan for their Area/Department; this review to be undertaken in conjunction with the relevant Business Manager and/or Project Managers, and the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer;

- (b) the results of (a) to be reported at least quarterly to the Police and Crime Commissioner via the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer;
 - (c) that arising from (b) the Project Manager will be expected to bring to the early attention of the Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer any significant matters which if left unresolved may lead to a scheme budget overspending together with proposals to address that potential situation (see **Regulations 7.7/7.8**);
 - (d) the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall report to the Police and Crime Commissioner on matters arising from (a) to (c) above in accordance with **Regulation 7.15**.
- 7.14 If expenditure in excess of the approved Capital Plan expenditure limit for that year is incurred due to an emergency, this expenditure must be reported to the Commissioners Chief Finance Officer or Chief Constable's Chief Finance Officer as soon as practicable, who will then report to the Police and Crime Commissioner as soon as possible.
- 7.15 Monitoring of capital plan expenditure (revenue and capital expenditure) will be undertaken by the Police and Crime Commissioner as follows
- (a) Monthly by the CRDP Group under the Chairmanship of the Chief Constables Chief Finance Officer. Any significant slippage will be highlighted and an action plan to rectify the situation put in hand in respect of each relevant project.
 - (b) The format for the reporting mechanism to the CRDP Group shall be approved by the Commissioners Chief Finance Officer upon the recommendation of the Chief Constables Chief Finance Officer except that, at the least, the reporting mechanism shall contain the relevant information for every project in terms of its number, Chief Officer, Project Manager and description and for each contract having a total spend of £100k or more, the:
 - (i) initiation date;
 - (ii) approval date;
 - (iii) start date;
 - (iv) targeted completion date;
 - (v) actual completion date;
 - (vi) post implementation review date;
 - (vii) total approved cost (capital and revenue);
 - (viii) further applications for approval (capital and revenue);
 - (ix) budgeted spend to date (capital and revenue);
 - (x) actual spend to date (capital and revenue);
 - (xi) (slippage)/in advance to date, and ;
 - (xii) sufficient notes to explain significant variances from anticipated spend;
 - (c) Monthly as part of the Performance Update Reprt to the Executive Board.
 - (d) Quarterly by the Annual Financial Cycle Board under the Chairmanship of the Commissioners Chief Finance Officer, and quarterly by the Corporate Performance and Scrutiny Group, as part of the Budget Outturn report.
 - (e) Contracts with individual authorised total spends of less than £100K will be combined and reported on in total as a subsidiary schedule of small works under similar headings.

8.0 PROCUREMENT OF GOODS AND SERVICES AND ACQUISITION OF PROPERTY

Preamble

This Section of the Regulations refers to the arrangements under which Budget Holders shall undertake the procurement of the goods and services they require. These Regulations should be read in conjunction with the **YATH Regional Police and Crime Commissioners Contract Regulations**, which describe in detail the procedures officers must follow when procuring the required goods and services. In addition, these regulations should be read in conjunction with the **PROPERTY PROCEDURE RULES** which describe in detail the procedures officers must follow when considering acquiring, disposing of or redeploying land and buildings.

Regulations

The YATH Regional Police and Crime Commissioners Contract Regulations.

These cover procedures for contracts in excess of £50,000. These regulations do not refer to contract exemptions (except Single Tender Actions) and variations, extensions or terminations of contracts. These will be authorised in accordance with the NYP financial limits in the YATH Regional Police and Crime Commissioners Contract Regulations.

Relevant authority in accordance with these Financial Instructions

The YATH Regional Police and Crime Commissioner's Contract Regulations do not provide for contracts less than £50,000 and direct the reader to the relevant authority in accordance with financial instructions. Contracts, contract exemptions and variations, extensions or terminations of contracts that are under £50,000 will be authorised as follows:

Estimated Value £	Quotation / Tender Requirements	Levels of Delegated Authority and Contract Signature Thresholds
< 10,000	Three quotations shall be obtained, preferably in writing or obtained from catalogues or price lists. Evidence of competition shall be retained locally.	Purchase orders and contracts to be approved the budget holder, subject to Regulation 8.1 below.
10,000 – 50,000	At least three formal written quotations or references to three supplier catalogues shall be obtained.	Purchase orders, requisitions and contracts to be approved the budget holder, subject to Regulation 8.1 below.
Contract exemptions (except Single Tender Actions) and variations, extensions or terminations of contracts:		To be approved by the budget holder, subject to Regulation 8.1 below.
Single Tender Actions, subject to the below		To be approved by the Chief Constables Chief Finance Officer

Single Tender Actions are not required for expenditure up to £1,000 where there is demonstrably only one supplier able to provide the desired goods or service, and the expenditure is for a specific type of expenditure on a list approved and updated from time to time by the Chief Constables Chief Finance Officer in consultation with the Commissioners Chief Finance Officer, and included in the Devolved Resource Manual.

Responsibilities of a Chief Officer

- 8.1 A Chief Officer or Budget Holder shall be responsible for
- (a) the procurement of all goods and services relating to the provision of services by his/her Area/Department, subject to any additional requirements of the Contract Regulations or the Property Procedure Rules
 - (b) ensuring that goods and services ordered are received and are of the correct quality

- (c) ensuring that goods and services are only procured by Budget Holders if there is approved budgetary provision to cover the associated costs (see **Regulation 7.8**)
- (d) adherence to the approved Procurement Strategy of NYP
- (e) the certification of invoices in accordance with arrangements approved by the Commissioners Chief Finance Officer and the Chief Constable's Chief Finance Officer and included in the Devolved Resource Management manual.

Payment of Accounts

- 8.2 The Commissioners Chief Finance Officer shall arrange the payment of all invoices, which are certified duly payable.

Leasing Agreements

- 8.3 The Commissioners Chief Finance Officer shall undertake the negotiation of terms for, and authorise the leasing of, NYP assets which the Police and Crime Commissioner, or a Chief Officer within the context of his/her budgetary responsibility, has decided to acquire where the main purpose of the leasing agreement is to finance the transaction.
- 8.4 A Chief Officer for whom any assets have been acquired under a leasing agreement shall ensure that all steps as are reasonably practicable, shall be taken to adhere to the terms and conditions of the relevant leasing agreement particularly as this relates to wear and tear, or residual condition of the asset at the end of the leasing period. A full inventory of all leased items must also be maintained by the Chief Officer (see **Regulation 10.1**).
- 8.5 Any NYP assets subject to a leasing agreement must not be disposed of without the prior consent of the Commissioners Chief Finance Officer who shall be responsible for notifying the lease company and obtaining their consent to disposal.

Acquisition of Property

- 8.6 All proposals for the acquisition of property must be dealt with in accordance with Rule 6 of the Property Procedure Rules.

9.0 DISPOSAL OF PROPERTY AND MATERIAL ASSETS

- 9.1 Prior to the disposal of any property or material asset, a Chief Officer must
- (a) ensure that the asset is of no use to any other Chief Officer (see Rule 7 of the Property Procedure Rules)
 - (b) for assets subject to a leasing agreement consult the Commissioners Chief Finance Officer (see **Regulation 8.5**)
 - (c) in the case of a proposed disposal of land and/or buildings follow the process in Rule 8 of the Property procedure Rules.
- 9.2 The procedures defined in the **CONTRACT REGULATIONS** for the procurement of goods and services apply to the disposal of any assets of the Police and Crime Commissioner, other than property. In particular no quotations or tenders for other than the highest price shall be accepted without reference to **Contract Regulations or Rule 8.1.4 of the Property Procedure Rules if it relates to the disposal of property.**
- 9.3 For the disposal of any single property (ie land and buildings) Rule 8 of the Property Procedure Rules applies.

- 9.4 For the disposal of any other single material asset a Chief Officer may proceed in accordance with procedures set out in the Devolved Resource Management annual.

10.0 INVENTORIES AND STORES

- 10.1 A Chief Officer shall maintain a written inventory of all items of moveable property used in their Area/Department which belong to the Police and Crime Commissioner whose individual cost or value exceeds £1,000. The form of the inventory and the definition of moveable property are as agreed by the Commissioners Chief Finance Officer and set out in the Devolved Resource Management annual. This Regulation also applies to any item purchased under a leasing agreement (see **Regulation 8.4**).
- 10.2 A Chief Officer shall be responsible for the custody of all stores, cash and financial documents used in their Area/Department. Cash held on any Police and Crime Commissioner premises should not exceed any sums for which the Police and Crime Commissioner is insured.
- 10.3 A Chief Officer may (with the approval of the Chief Constable's Chief Finance Officer) arrange for the disposal of unrequired stock or inventory items, up to a limit of estimated value of £5,000 in any period of three consecutive calendar months. In excess of that amount the approval of the Commissioner's Chief Finance Officer, who may require a report be made to the Police and Crime Commissioner, or the approval of the Chief Constable as relevant, will be required. (see also **Regulation 9**).
- 10.4 A Chief Officer may (with the approval of the Chief Constable's Chief Finance Officer) write off stock and inventory deficiencies up to a limit of £5,000 in any period of three consecutive calendar months. In excess of that amount the approval of the Commissioners Chief Finance Officer, who may require a report be made to the Police and Crime Commissioner, or the approval of the Chief Constable as relevant, will be required (see also **Regulation 9**).

11.0 POLICY ON FINANCIAL PROVISIONS AND RESERVES

Preamble

The Police and Crime Commissioner maintains provisions and reserves to ensure a sound financial position for North Yorkshire Police. The overriding aim is to ensure that, within the budget, the maximum amount of funding is available to deliver policing. To this end, the levels of provisions and reserves are regularly reviewed to ensure that funding is directed to service use rather than being tied up unnecessarily in balances. Retaining reserves is a useful and considered tool which enables a sound financial position to be maintained and which can be used to reduce or negate the need for higher cost funding alternatives, ie borrowing.

The way in which provisions and reserves are managed and the distinction between them is determined by Accounting Standards.

The Police and Crime Commissioner has a Policy on Financial Provisions and Reserves which is reviewed annually.

The levels of financial provisions and reserves are formally reported to the Police and Crime Commissioner in quarterly budget monitoring reports and as part of the Annual Statement of Accounts.

MISCELLANEOUS MATTERS

Preamble

In addition to arrangements for the key aspects of financial administration (ie Revenue Budget, Capital Plan and procurement) there are a range of other financial matters that

require specific Financial Regulations. These are covered in the remaining sections of this document.

12.0 PAYROLL, PENSIONS AND OTHER EMOLUMENTS

- 12.1 The calculation and payment of all salaries, wages, pensions, gratuities, compensation and other emoluments payable by the Police and Crime Commissioner to her employees, by the Chief Constable to his employees and officers or former employees or officers shall be performed in accordance with arrangements approved by the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer.
- 12.2 Each Chief Officer shall be responsible for the certification of all amounts properly payable for pay and pensions in accordance with the arrangements approved by the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer.
- 12.3 The Commissioners Chief Finance Officer and the Chief Constable's Chief Finance Officer shall be authorised to implement national and provincial pay awards with effect from their implementation dates.

Travelling and Subsistence Allowances

- 12.4 The calculation and payment of all Travelling and Subsistence Allowances payable by the Police and Crime Commissioner to her employees or the Chief Constable to his employees and officers shall be performed in accordance with arrangements approved by the Commissioners Chief Finance Officer and the Chief Constable's Chief Finance Officer.
- 12.5 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall maintain a record of officers authorised to certify claims on behalf of Chief Officers. Certification of a claim shall signify that the Chief Officer is satisfied that the allowance or expenses are properly payable by the Police and Crime Commissioner in respect of duties performed by the claimant.

13.0 INCOME

- 13.1 Each Chief Officer shall be responsible for the determination of rents, fees and/or charges relevant to the activities carried out by/within their Area/Department. For practical purposes this responsibility should be linked to the budget management arrangements established in accordance with **Regulations 4.12/4.13**.
- 13.2 Rents, fees and/or charges within the control of the Police and Crime Commissioner or Chief Constable shall be subject to review at least annually by a Chief Officer and the Commissioners Chief Finance Officer or Chief Constable's Chief Finance Officer except as provided in any specific agreements between the Police and Crime Commissioner or the Chief Constable and relevant third parties. If a review results in a proposal to change the policy under which a rent/fee/charge is determined the review shall be reported to the Police and Crime Commissioner or Chief Constable before it is implemented.
- 13.3 A Chief Officer shall agree with the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer the administrative arrangements for the collection of any money due to the Police and Crime Commissioner or Chief Constable respectively. The collection of debts will be the responsibility of the Commissioners Chief Finance Officer or the Chief Constable's Chief Finance Officer and shall be administered via the debtor system linked to the financial ledger - any alternative arrangement requires the prior written approval of the Commissioners Chief Finance Officer or the Chief Constable's Chief Finance Officer.
- 13.4 Income may NOT be used to directly offset payments due. All money received on behalf of the Police and Crime Commissioner or Chief Constable shall, as soon as

practicable, be banked for the credit of the Police and Crime Commissioner or Chief Constable.

Debt Write-Off

- 13.5 Any proposal by a Chief Officer to write off an individual debt up to a limit of £5,000 may be agreed by the Chief Constable's Chief Finance Officer. In excess of that amount the approval of the Commissioners Chief Finance Officer, who may require a report be made to the Police and Crime Commissioner, or the approval of the Chief Constable will be required.

14.0 PETTY CASH

Preamble

To assist designated officers to purchase minor items the Chief Constable's Chief Finance Officer may grant petty cash advances. Before seeking such an advance a Budget Holder should consider using a Purchasing Card (see **Contract Regulation 13**).

Regulations

- 14.1 The Chief Constable's Chief Finance Officer may make cash advances to Budget Holders to allow them to meet minor expenses, subject to such conditions as are deemed necessary.
- 14.2 Any cash shall be kept in a safe place at all times (see also **Regulation 10.2**).
- 14.3 Individual petty cash purchases must not exceed £50 per item and must be supported where possible by authenticated receipts.
- 14.4 Payments from petty cash can only be made in respect of reasonable expenditure of a minor nature which is incurred for the benefit of the Police and Crime Commissioner or the Chief Constable. The specific purposes for which petty cash expenditure can be incurred shall be defined by the Chief Constable's Chief Finance Officer. Petty cash can be used either to reimburse expenditure previously incurred or to provide an advance to pay for known future expenditure.
- 14.5 No income received, other than reimbursement of approved petty cash expenditure, may be paid into a petty cash Imprest Account.

15.0 BANKING

- 15.1 All arrangements for the operation and supervision of the Police and Crime Commissioner's and Chief Constable's bank account(s) shall be made by the Commissioner's Chief Finance Officer. No alternative bank account(s) may be opened without the prior written approval of the Commissioner's Chief Finance Officer. The purpose of any new bank account and the identity of the bank and details of the account shall be recorded in writing and retained on an appropriate file by the Commissioner's Chief Finance Officer.
- 15.2 When the need for a bank account ceases then the Commissioner's Chief Finance Officer shall be notified immediately and the account closed in accordance with procedures agreed with the Commissioner's Chief Finance Officer.
- 15.3 Any payments made over £20,000 by cheque shall require 2 signatures as set out in the bank mandate.

16.0 TREASURY MANAGEMENT

NOT PROTECTIVELY MARKED

- 16.1 The Police and Crime Commissioner has adopted the CIPFA 'Code of Best Practice and Guide for Treasury Management in the Public Services' together with those of its specific recommendations that are relevant to the Police and Crime Commissioner's Treasury Management activities.
- 16.2 A Treasury Management Policy Statement setting out the matters detailed in the CIPFA 'Code of Best Practice and Guide for Treasury Management in the Public Services' shall be approved by the Police and Crime Commissioner after consultation with the Executive Board and thereafter its implementation and monitoring shall be delegated to the Commissioner's Chief Finance Officer.
- 16.3 At or before the start of each financial year, the Commissioner's Chief Finance Officer shall report to the Police and Crime Commissioner at the Executive Board on the Strategy for Treasury Management, including an Annual Investment Strategy, it is proposed to adopt for the coming financial year. This report will include specific reference to borrowing limits and requirements as required by Part 1 Chapter 1 Local Government Act 2003.
- 16.4 All money in the possession of the Police and Crime Commissioner or the Chief Constable shall be under the control of the officer designated for the purposes of Section 151 of the Local Government Act 1972 (ie the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer).
- 16.5 The Commissioner's Chief Finance Officer will make arrangements for the daily management of cash, loans and investment work.
- 16.6 The Commissioner's Chief Finance Officer shall report to the Police and Crime Commissioner at the Executive Board not less than twice in each financial year on the activities of the treasury management operation and on the exercise of delegated treasury management powers. One such report shall comprise an Annual Report on Treasury Management for presentation by 30 September of the succeeding financial year.
- 16.7 The Commissioner's Chief Finance Officer shall periodically review the Treasury Management Policy Statement and report to the Police and Crime Commissioner at the Executive Board on any necessary changes.
- 16.8 The Commissioner's Chief Finance Officer shall maintain a Treasury Management Approved Practices document setting out the framework for Treasury Management.

17.0 VOLUNTARY FUNDS

Preamble

A voluntary fund is any fund which, although not legally the property of the Police and Crime Commissioner or the Chief Constable, is controlled or administered solely, or in part, by an officer by reason of his or her employment with the Police and Crime Commissioner or the Chief Constable.

Regulations

- 17.1 The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer shall be informed of the purpose and nature of all voluntary funds maintained by any officer in the course of their duties with the Police and Crime Commissioner or Chief Constable. Formal accounts shall be prepared and shall be audited annually by a competent, independent person and shall be submitted with an audit report to the appropriate body within 6 months of the accounting year end. A copy of the accounts and audit report shall be supplied to the Commissioner's Chief Finance Officer or the Chief Constables's Chief Finance Officer immediately after the meeting of the body. The Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

NOT PROTECTIVELY MARKED

shall be entitled to verify that the reports have been made and to carry out such checks on the accounts as he/she considers appropriate.

- 17.2 Voluntary Funds, and any related bank accounts, shall be operated in accordance with procedures set out in the Devolved Resource Management manual.

18.0 INSURANCE

- 18.1 The Police and Crime Commissioner and Chief Constable has risks which are mitigated by insurance. These include public liability, employer liability, professional and officials indemnity, fleet and estates. It is important that the Police and Crime Commissioner and Chief Constable regularly reviews their exposure to risk to ensure that appropriate insurance is in place at all times.

- 18.2 The Commissioners Chief Finance Officer and Chief Constable should (either personally or with the assistance of appropriate professional advisors) ensure acceptable level of risks are determined and ensure that appropriate insurance is secured on the Police and Crime Commissioner's and Chief Constable's behalf.

- 18.3 The Police and Crime Commissioner, Chief Constable, police officers and police staff shall promptly notify the Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer of:

- (a) any happening which may result in a claim against the Police and Crime Commissioner or Chief Constable or in favour of it.
- (b) all new risks, of whatever nature, which may require to be insured, together with any changed circumstances affecting existing risks.
- (c) any action(s) taken which might affect the Police and Crime Commissioner's or Chief Constable's current, and future, insurance arrangements.

- 18.4 No police officer, civilian employees or the Police and Crime Commissioner shall (without first seeking appropriate professional advice) admit liability to a claimant, or make any statement which could be construed as such, concerning a matter which should properly be dealt with by insurers.

19.0 RISK MANAGEMENT

- 19.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all significant strategic and operational risks to the Police and Crime Commissioner and the Chief Constable. This should include the proactive participation of all those associated with the planning and delivering of services.

- 19.2 The Police and Crime Commissioner and Chief Constable shall approve arrangements for risk management. These arrangements will be detailed in the Risk Management Strategy and brought to Executive Board for ratification.

- 19.3 The Chief Executive Officer and the Chief Constable shall effect and administer the Risk Management Strategy, including securing that:

- (a) procedures are in place to identify, assess, prevent or manage known risks and that these procedures are operating effectively.
- (b) a monitoring process is in place to regularly review the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis with any significant changes being reported to the Risk Management Group.

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

- (c) Senior officers and managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management.
- (d) A Corporate risk register should be presented to the Risk Management Group on a regular basis. This risk register will identify known and potential risks to the Police and Crime Commissioner and Chief Constable, assess the impact of the risk and specify approved action to address these risks.

20.0 AUDIT

Preamble

The Accounts and Audit (England) Regulations 2011, issued under the provisions of the Audit Commission Act 1998, apply to the Police and Crime Commissioner and the Chief Constable. The Regulations (and in particular regulation 6) require the Police and Crime Commissioner and Chief Constable to maintain an adequate and effective internal audit of their accounting records and of their system of internal control. The following Regulations provide the framework for this statutory duty to be discharged.

Regulations

- 20.1 Every Chief Officer, Budget Holder and Project Manager is responsible for the implementation and maintenance of all internal control procedures relating to financial systems and for achieving the economic, effective and efficient use of resources within their Area/Department or in respect of Capital schemes allocated to them.
- 20.2 The Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer shall be responsible for maintaining an independent and effective internal audit service and assistance in providing safe and efficient financial management. The Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer are responsible for internal audit and must be satisfied as to the system of financial controls in place and the effectiveness of the financial administration system.
- 20.3 Internal Audit shall provide an assurance function that primarily provides an independent objective opinion to the Police and Crime Commissioner and the Chief Constable on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives. Internal Audit shall objectively examine and report on the adequacy of the control environment as a contribution to proper, economic, efficient and effective use of resources. Internal auditors will not undertake any operational delivery within the force or for the Police and Crime Commissioner except for audit activity and will maintain independence from service delivery.
- 20.4 Each Chief Officer shall therefore make arrangements for the Commissioner's Chief Finance Officer or the Chief Constable's Chief Finance Officer or their authorised internal audit representative to:-
 - (a) enter at all reasonable times on any premises or land used by the Police and Crime Commissioner or Chief Constable;
 - (b) have access to all correspondence, documents, books or other records relating to any financial transactions of their establishment or operational area;
 - (c) require and receive such explanation(s) as he/she considers necessary to establish the correctness of any matter under examination;
 - (d) require any officer, agent or contractor of the Police and Crime Commissioner or Chief Constable or appointed by the Police and Crime Commissioner or Chief Constable to produce cash, stores, or other Police and Crime Commissioner or Chief Constable property under his/her control for inspection.

NOT PROTECTIVELY MARKED

- 20.5 The Commissioner's Chief Finance Officer and Chief Constable's Chief Finance Officer will require Internal Audit to operate in accordance with proper internal audit practices as set out in CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom.
- 20.6 If any employee of the Police and Crime Commissioner or employee or officer of the Chief Constable suspects or knows of any loss or irregularity concerning cash, property, stores or other financial matters they should inform the Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer, as appropriate. Internal Audit must be informed immediately. Such communications may be oral initially but must be confirmed promptly in writing. If appropriate communication should be directly to the Chief Executive Officer.
- 20.7 The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer as appropriate shall determine the scope of any internal enquiries or investigations, subject to consultation with the appropriate Chief Officer. The Head of Professional Standards Department or appropriate Chief Officer should correspondingly notify the Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer, as appropriate, and Internal Audit of any matters arising within the scope of 20.6 above.
- 20.8 The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer as appropriate, in consultation with the appropriate Chief Officer shall decide whether any matter under investigation should be referred for police investigation and take recovery action as appropriate on such matters. The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer as appropriate and appropriate Chief Officer will agree an appropriate route for investigation and reporting. Where investigations are led by Professional Standards Department the respective Chief Officers will be kept informed and the Chairman of Ethics and Standards Board updated as appropriate.
- 20.9 The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer shall report serious losses and irregularities to the Police and Crime Commissioner and/or the PCC/CC Audit Committee.
- 20.10 The Commissioner's Chief Finance Officer or Chief Constable's Chief Finance Officer as appropriate or his/her representative shall seek to preserve and respect the confidentiality of information received in discharging tasks under this Section of the Financial Regulations where it is appropriate to do so and where it does not compromise transparency or future probity.
- 20.11 The two Chief Finance Officers, the Head of Internal Audit and the External Auditors shall have the right to communicate directly with the Police and Crime Commissioner, the Chief Constable or the Chairman of the Independent Audit Committee on any matter that he/she deems appropriate.
- 20.12 An appropriate body will be appointed by the Home Office to have responsibility for external audit. The cost will form part of the costs of the Police and Crime Commissioner and the Chief Constable. External auditors shall have full access to internal audit reports. In developing the external audit plan, the external auditor will normally work closely with the Commissioner's Chief Finance Officer and the Chief Constable's Chief Finance Officer.
- 20.13 The Chief Constable, who has a direct interest in secure, efficient and effective arrangements for internal audit, shall receive all internal audit reports on matters relating to activity under his control as a matter of course.
- 20.14 Before deciding which aspects of Force financial activity to include in the internal audit plan, the Commissioner's Chief Finance Officer shall consult the Chief Constable's

NOT PROTECTIVELY MARKED

DATE OF ISSUE: 1 April 2014

Chief Finance Officer and the Chief Constable. This plan shall include, if required, systems audits or value for money audits.

- 20.15 The Police and Crime Commissioner will use the reports of external auditors to aid her in her monitoring role and to ensure that the agreed regulations of the Police and Crime Commissioner and the Chief Constable are being followed.
- 20.16 An Audit Committee will be established in accordance with the Financial Management Code of Practice comprising persons independent of the Police and Crime Commissioner and the Chief Constable. This Committee will receive all copies of internal and external audit reports.
- 20.17 Wherever possible responses to Internal Audit reports should be forwarded to the Head of Audit and Risk within 3 weeks of the final report being issued. Audit reports will be reported to the next available Audit Committee. Reports will be taken without a management response should this not have been provided to the Auditors following a reasonable length of time.
- 20.18 An annual report including an opinion on the overall adequacy and effectiveness of the control environment must be presented to the Police and Crime Commissioner and Chief Constable timed to support the Statement on Internal Control.

21.0 REVISION OF FINANCIAL REGULATIONS

- 21.1 The Commissioner's Chief Finance Officer, the Chief Constable's Chief Finance Officer and the Chief Executive Officer shall regularly review the application and effect of these Regulations and shall propose such updated Regulations to the Police and Crime Commissioner and the Chief Constable as they may consider appropriate.

22.0 COLLABORATIVE ARRANGEMENTS

- 22.1 The Police and Crime Commissioner and Chief Constable have adopted an agreed set of financial regulations for use across the four forces of the region engaged in collaborative working.
- 22.2 The regional forces comprise Humberside, North Yorkshire, South Yorkshire and West Yorkshire and each respective Police and Crime Commissioner and Chief Constable has adopted the financial regulations. The Police and Crime Commissioner and Chief Constable has agreed that these shall apply to financial transactions and use of assets when engaged in work of a regional collaborative nature under the programme of collaborative arrangements and where other agreements and or binding arrangements do not apply.