



**Office of the Durham Police, Crime and Victims'
Commissioner**

&

Durham Constabulary

Joint Corporate Governance Framework

November 2020

All references in this document to the Police, Crime and Victims' Commissioner refer to the Police and Crime Commissioner for Durham as designated by the Police Reform and Social Responsibility Act 2011.

Contents	Page
Statement of Corporate Governance for the Police, Crime and Victims' Commissioner and Chief Constable	
Introduction	2
Context	2
Principles	3
Framework / Instruments of Governance	4
Code of Corporate Governance for the Police, Crime and Victims' Commissioner and Chief Constable	5
Introduction	5
Context	5
Code of Corporate Governance	5
Scheme of Corporate Governance	
Introduction	10
Key Role of the Police, Crime and Victims' Commissioner	11
General Principles of Delegation	11
Functions delegated to the Chief Executive, Office of the Police, Crime and Victims' Commissioner	12
Functions designated to the Chief Finance Officer, Office of the Police, Crime and Victims' Commissioner	14
Key Role of the Chief Constable	14
Financial Regulations and Rules of Procedure	17
Section A: Financial Management Framework	29
Section B: Financial Planning and Control	32
Section C: Management of Risk and Resources	42
Section D: Systems and Procedures	59
Section E: External Arrangements	66
Section F: Contract Procedure Rules	71
Section G: Delegates Limits	75
Section H: Guidance Notes on Breach of Procedure Rules or Financial Regulations	79
Section I: Anti-Fraud and Corruption Strategy and Fraud Response Plan	80
Section J: Decision Making Policy and Procedures	86
Section K: Statement of Working Relationship between PCVC and CC	94
Section L: Joint Chief Finance Officer Protocol	96
Section M: General Data Protection Regulations (GDPR)	99
Section N: Commissioning Board	105

Statement of Corporate Governance for the Police, Crime and Victims' Commissioner and Chief Constable of Durham

Introduction

The purpose of this statement is to give clarity to the way the two corporations' sole, Police, Crime and Victims' Commissioner and Chief Constable, will govern both jointly and separately, to do business in the right way, for the right reason at the right time.

Context

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

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

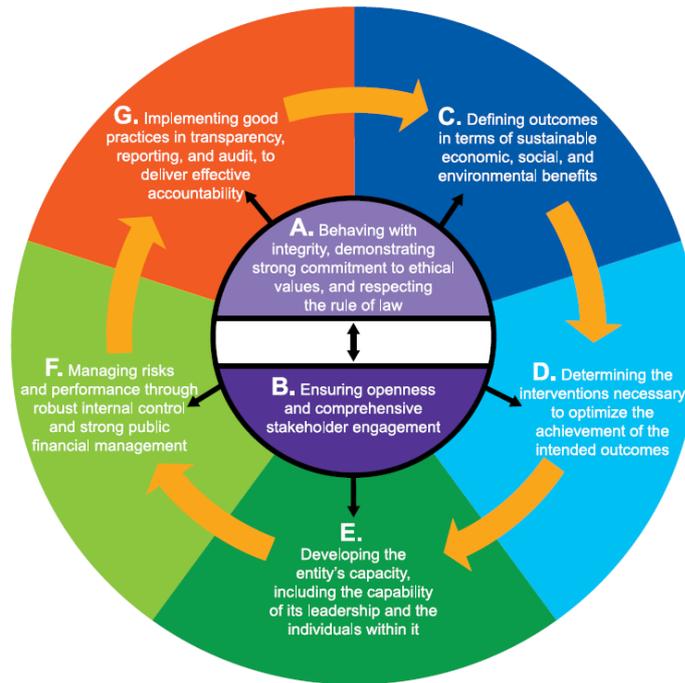
What is Governance?

The International Framework: Good Governance in the Public Sector (Chartered Institute of Public Finance and Accountancy (CIPFA) / International Federation of Accountants, 2014) (the 'International Framework') defines governance as follows: Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

The International Framework also states that: To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The diagram below, taken from the International Framework illustrates the various principles of good governance in the public sector and how they relate to each other:

**Achieving the Intended Outcomes
While Acting in the Public Interest at all Times**



Principles

The core principles to be adopted by both corporations sole will be those highlighted by CIPFA in their publication contained in Delivering Good Governance in Local Government Framework, 2016 (“The DGG Framework”).

This Code has been developed in accordance with, and is consistent with, the DGG Framework and is based upon the Framework’s seven principles, A to G detailed below.

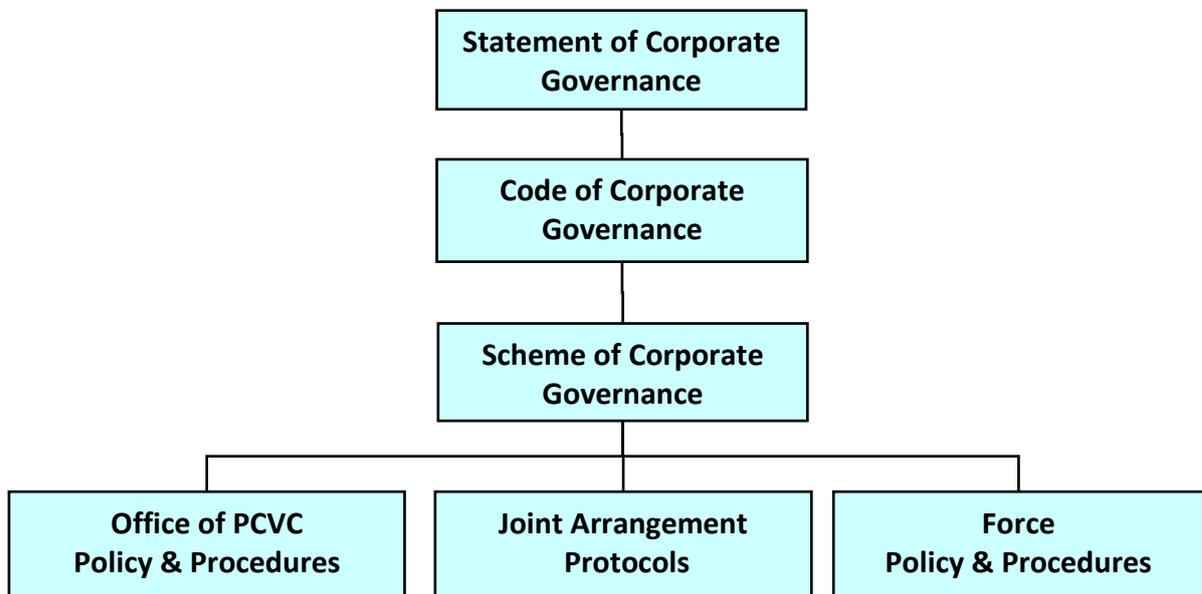
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Code details how both corporations' sole will follow these principles and the supporting principles that underpin them. To complement this, the Code also highlights the key documents and functions which contribute to good governance.

Framework / Instruments of Governance

The corporate governance framework within which both corporations sole will govern, both jointly and separately will consist of:

- Statement of corporate governance: statutory framework and local policy
- Code of corporate governance: sets out how the core principles will be implemented
- Scheme of corporate governance: defines the parameters within which the corporations soles will conduct their business
- Separate policy and procedures for each corporation sole, with protocols where they operate jointly.



Code of Corporate Governance for the Police, Crime and Victims' Commissioner and Chief Constable of Durham

Introduction

This code of corporate governance sets out how the Police, Crime and Victims' Commissioner and Chief Constable will govern their organisations both jointly and separately in accordance with policy contained within the statement of corporate governance. It will do this by highlighting the key enablers for ensuring good governance. This document has been prepared in accordance with the CIPFA Delivering Good Governance in Local Government Guidance Note for Police.

Context

This code will set out how the organisations will govern, using the seven good governance core principles¹ as the structure for setting out the statutory framework and local arrangements.

Code of Corporate Governance

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- The Policing Protocol 2011 (the protocol) requires all parties to abide by the seven **Nolan principles**² and these will be central to the conduct and behaviour of all. It also highlights the expectation that the relationship between all parties will be based upon the principles of goodwill, professionalism, openness and trust.
- The Financial Management Code of Practice requires the Police, Crime and Victims' Commissioner and Chief Constable to ensure that the **good governance principles** are embedded within the way the organisations operate. As such, the Commissioner and Chief Constable will set the tone for their respective organisations by creating a climate of openness, support and respect.
- The Police Service Code of Ethics, issued under the Police Act 1996, sets out principles and standards of professional behaviour for the policing profession of England and Wales. The Code applies to all police forces and, specifically, to Chief Officers in the discharge of their functions.
- The Commissioner and Chief Constable will set out their values in the respective corporate and strategic plans and use them as a guide for decision making and as a basis for developing positive and trusting relationships.

1 Delivering Good Governance in Local Government Framework, 2016

2 Standards in public life, 2005

- The Commissioner and Chief Constable will put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.

B. Ensuring openness and comprehensive stakeholder engagement

- The protocol³ highlights that the Police, Crime and Victims' Commissioner is **accountable to local people** and that he draws on this mandate to set and shape the strategic objectives for the force area in consultation with the Chief Constable.
- The **Police and Crime Plan** will clearly set out what the strategic direction and priorities are to be and how it will be delivered.
- To complement this the **Communication and Engagement Strategy** will set out how local people will be involved with the Police, Crime and Victims' Commissioner and the Chief Constable to ensure they are part of the decision making, accountability and future direction. This will be a mixture of being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge.
- The Police, Crime and Victims' Commissioner and Chief Constable will develop arrangements for effective engagement with key **stakeholders and partners**, ensuring that where appropriate they remain closely involved in decision making, accountability, service delivery and future direction.

C. Defining outcomes in terms of sustainable economic, social, and environmental benefits

- The Act⁴ requires the Police, Crime and Victims' Commissioner to issue a **Police and Crime Plan** for one year beyond his term of office. It will outline the police and crime objectives and the strategic direction for policing.
- Each corporation sole must have regard to the Plan and the Police, Crime and Victims' Commissioner must have regard to the priorities of the responsible authorities⁵ during its development.
- **Collaboration agreements** will set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies, whether it be to reduce cost or increase capability to protect local people.
- A **Medium Term Financial Plan** will be developed by the Executive Board and thereafter reviewed quarterly to support delivery of these plans. A joint protocol will ensure proper arrangements for financial management.
- A **Commissioning and Award of Grants Framework** will be developed by the Police, Crime and Victims' Commissioner, which will incorporate commissioning intentions and priorities.

³ Policing Protocol Order 2011, section 14

⁴ Police Reform and Social Responsibility Act 2011

⁵ PRSR Act 2011, section 5

- A **complaints handling protocol** will be jointly agreed to provide clarity over the arrangements to respond to the breadth of concerns raised by local people, whether they be allegations of organisational or individual failure/ concerns.

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

- A **Medium Term Financial Plan** will be maintained, which includes actions to ensure financial sustainability and value for money.
- A **performance management framework** will be maintained, to ensure plans are met and remedial action taken.
- Processes will be put in place to ensure **data quality** is high, so as to enable objective and rigorous decision making.
- Victim and community feedback will be sought out and used to identify areas for improvement.
- Monthly **Executive Board** meetings will be used to raise issues and agree actions.
- A **risk management process** (Constabulary Plan on a Page, OPCVC Risk Register) will be maintained to identify where interventions may be required.
- A sound **understanding of demand** (current and future) which informs resource allocation decisions will be attained.

E. Developing the entity's capacity, including the capability of its leadership and the individuals within it

- The Act⁶ clearly sets out **the functions of the Police, Crime and Victims' Commissioner and Chief Constable** and the protocol⁷ sets out how these functions will be undertaken to achieve the outcomes of the police and crime plan.
- The Police, Crime and Victims' Commissioner may appoint a deputy who will be a member of his staff as highlighted in the Act⁸. The role description approved by the Police, Crime and Victims' Commissioner will incorporate functions delegated within the scheme of corporate governance.
- The Act requires the Police, Crime and Victims' Commissioner to appoint **a Chief Executive⁹ and chief finance officer**. The Chief Executive will be the head of paid service and undertake the responsibilities of monitoring officer¹⁰.

6 PRSR Act 2011, section 5 – 8,

7 Policing Protocol Order 2011

8 PRSR Act 2011, section 18 (1)

9 PRSR Act, sch 1, 6 (1) a,

10 Local Government and Housing Act, section 5,

- The Act¹¹ requires the Chief Constable to appoint **a chief finance officer**.
- The **financial management code of practice and statement of roles**¹² sets out the responsibilities of chief finance officers for both Police, Crime and Victims' Commissioner and Chief Constable. The current arrangements are that a Joint Chief Finance Office role exists to support the Chief Executive and the Chief Constable. The protocol that supports this arrangement is outlined in Section L - Joint Chief Finance Officer Protocol.
- The **scheme of corporate governance** highlights the parameters for key roles in the corporations sole including delegations or consents from the Police, Crime and Victims' Commissioner or Chief Constable, financial regulations and contract standing orders.
- Officers, police support staff and staff of the office of the Police, Crime and Victims' Commissioner will operate within:
 - Office of PCVC and force policy and procedures,
 - Corporate governance framework,
 - Discipline regulations, codes of conduct.
- Appropriate assurance mechanisms including the Annual Governance Statement will ensure the effective monitoring of the organisations to ensure they are achieving their priorities.
- A Joint Independent Audit Committee will operate in line with Chartered Institute of Public Finance and Accountancy (CIPFA) Guidance and within the guidance of the Financial Management Code of Practice¹³.
- The HR strategy for the Force and ODPCVC will set the climate for continued professional development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

F. Managing risks and performance through robust internal control and strong public financial management

- The **decision making policy and procedures** sets out how decisions will be taken and the standards to be adopted.
- It requires a forward plan of key decisions, which brings together the business planning cycles for the **Police and Crime Plan**, the **Office of the Police, Crime and Victims' Commissioner and the Force**. This will ensure proper governance by bringing together the right information at the right time e.g. needs assessments, costs, and budgets.

11 PRSR Act 2011, schedule 2 (4).

12 Financial Management Code of Practice for the Police, section 4, & CIPFA statement on role of chief finance officers, 2011

13 Financial Management Code of Practice for the Police, section 11.1.3

- The national decision making model¹⁴ will be applied to spontaneous incidents or planned operations, by officers or staff within the force as individuals or teams, and to both operational and non-operational situations.
- The **scheme of governance** highlights the parameters for decision making, including the delegations, consents, financial limits for specific matters and standing orders for contracts.
- The **risk management strategy** establishes how risk is embedded throughout the various elements of corporate governance of the corporations' sole, whether operating solely or jointly.
- A **publication scheme** will ensure that information relating to decisions will be made readily available to local people, with those of greater public interest receiving the highest level of transparency, except where operational and legal constraints exist.
- This will enable the **Police and Crime Panel** to be properly sighted on the decisions of the Police, Crime and Victims' Commissioner.

G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

- Relevant information relating to salaries, business interests and performance data will be published online.
- A **Procurement Department** will be established with clear guidelines for procuring goods and services, available to the OPCVC under the Shared Services Protocol.
- **Community engagement** processes will be established by both the Constabulary and the OPCVC, collaborating as far as possible (PACT / OPCVC Engagement Strategy).
- A **Joint Independent Audit Committee** will be established.
- Information will be published to the PCVC and Police and Crime Panel as part of established **accountability** mechanisms.
- The Constabulary will act upon the **findings/recommendations** of HMICFRS Inspections and Internal Audit/External Audit Reports, and the OPCVC will publish responses where appropriate.
- Both Corporations Sole will prepare an **Annual Governance Statement** for scrutiny.

¹⁴ Single National Decision Model (NDM) for the Police Service. ACPO July 2011

Scheme of Corporate Governance for the Police, Crime and Victims' Commissioner and Chief Constable

Notes

- 1 Within this document there are references to significant financial implications. These are items of spending of £100,000 or more which have not been budgeted for.
- 2 This document also refers to sensitive issues. These are unusual or exceptional circumstances which have arisen as a result of a risk assessment based on the PESTELO (Political, Economic, Social, Technological, Environmental, Legal, and Organisational) method.
- 3 Section 18 (6) of the Police Reform and Social Responsibility Act 2011 prohibits delegation to certain persons, including a police constable. As a consequence all delegations within this Scheme of Governance relating to the local Force must be to a member of Police Staff, providing that they are not employed by the Chief Constable. Any such delegation will therefore cease to operate if the member of staff becomes employed by the Chief Constable.

Introduction

- The Statement of Corporate Governance details the key roles of the Police, Crime and Victims' Commissioner, Chief Executive, the Police, Crime and Victims' Commissioner's Chief Finance Officer (PCVCCFO), Chief Constable and his Chief Finance Officer (CCCFO).
- The Code of Corporate Governance describes the strategies, arrangements, instruments and controls to ensure good governance in the two corporations sole.
- This Scheme of Corporate Governance provides a framework which ensures the business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. It forms part of the overall corporate governance framework of the two corporations sole. It should be read in the context of the aforementioned statement and code.
- This Scheme of Corporate Governance sets out the delegations by the Police, Crime and Victims' Commissioner to the Chief Executive, the PCVCCFO, and the Police Force via senior officers such as the Chief Constable's Chief Finance Officer.
- In addition, this Scheme of Corporate Governance incorporates other instruments such as the financial regulations and the contract procedure rules.
- This Scheme of Corporate Governance aims to clarify those powers which, for the benefit of good business practice, are given to the statutory officers. The Police, Crime and Victims' Commissioner may limit these powers and/or remove delegation.
- The Police, Crime and Victims' Commissioner may set out reporting arrangements on any authorised powers.
- The powers given to the statutory officers should be exercised in line with the Police, Crime and Victims' Commissioner's delegation, the law, standing orders and financial regulations, and also policies, procedures, plans, strategies and budgets.
- This Scheme of Corporate Governance does not identify all the statutory duties which are contained in specific laws and regulations.

1. Key Role of the Police, Crime and Victims' Commissioner

- a. The details of the role of the Police, Crime and Victims' Commissioner can be found in the Code of Corporate Governance.
- b. The Police, Crime and Victims' Commissioner is the legal contracting body who owns all the assets and liabilities, with the responsibility for the financial administration of his/her office and the Force, including all borrowing limits. Consent can be given to the Chief Constable to acquire property (other than land and buildings) and is detailed in the financial regulations and contract procedure rules.
- c. The Police, Crime and Victims' Commissioner will receive all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. All funding for the Force must come via the Commissioner's bank account. How this money is allocated is for the Commissioner to decide in consultation with the Chief Constable, or in accordance with any grant terms.
- d. The Police and Crime Panel's role is to scrutinise the Commissioner's decisions, but not those of the Chief Constable.
- e. The Police, Crime and Victims' Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable, monitoring complaints against officers and staff, and complying with the requirements of the Independent Police Complaints Commission.

2. General Principles of Delegation

- a. The Commissioner expects anyone exercising delegated powers under this scheme to draw to the attention of the Office of Police, Crime and Victims' Commissioner any issue which is likely to be regarded by the Commissioner as novel, contentious or repercussive.
- b. In addition, the Commissioner is ultimately accountable for the Police Fund. Before any financial liability affecting the Police Fund that the Commissioner might reasonably regard as novel, contentious or repercussive is incurred, prior written approval must be obtained from the Commissioner's office.
- c. The Police, Crime and Victims' Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of delegation.
- d. The scheme does not attempt to list all matters which form part of everyday management responsibilities.
- e. Giving delegation to officers under this scheme does not prevent an officer from referring the matter to the Police, Crime and Victims' Commissioner for a decision if the officer thinks this is appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
- f. When a statutory officer is considering a matter that touches upon another statutory officer's area of responsibility, they should consult the other statutory officer before authorising the action.
- g. All decisions made by statutory officers under delegated powers must be recorded and be available for inspection. The statutory officers will be responsible for ensuring a robust audit trail is maintained.

- h. The Police, Crime and Victims' Commissioner will want to be involved in any projects/areas of work which may have a significant impact on the people of County Durham and Darlington. He/she will want to be involved in the scope, tendering process and evaluation of any business case.
- i. In this document, reference made to the statutory officers include officers authorised by them to act on their behalf.
- j. The statutory officers are responsible for making sure that the members of staff that they supervise know about the provisions and obligations of this Scheme of Governance.
- k. The person appointed as the Chief Executive (who will also be the Monitoring Officer), the PCVCCFO and the Chief Constable's Chief Finance Officer have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to carry these out.
- l. The Scheme of Delegation provides an officer with the legal power to carry out certain duties of the Commissioner. In carrying out these duties the officer must comply with all other statutory and regulatory requirements and relevant professional guidance including:
 - i. Police Reform and Social Responsibility Act 2011 and other relevant legislation, including secondary legislation.
 - ii. Policing Protocol Order 2011,
 - iii. Financial Regulations
 - iv. Home Office Financial Management Code of Practice
 - v. CIPFA Statement on the role of the Chief Finance Officer in public service organisations
 - vi. Contract Procedure Rules
 - vii. The Commissioner's Corporate Governance framework
 - viii. The Commissioner's and Force employment policies and procedures
 - ix. The Data Protection Act 1998 and the Freedom of Information Act 2000
 - x. Health and safety at work legislation and codes.
- m. This Scheme is a record of the formal delegations in accordance with the Act. The Police, Crime and Victims' Commissioner's corporate governance framework, including this Scheme of Governance will be reviewed annually. The scheme allows any delegates to authorise others to exercise delegated powers on their behalf.

3. Functions delegated to the Chief Executive, Office of the Police, Crime and Victims' Commissioner

Introduction

- a. The Code of Corporate Governance identifies the role of the Chief Executive as the head of the Police, Crime and Victims' Commissioner's staff, and the Monitoring Officer.
- b. The formal delegations, listed below, are those given to the Chief Executive, which are in effect at the time of the publication of the scheme.

General

- c. Prepare the police and crime plan for submission to the Commissioner.

- d. Prepare an annual report for submission to the Commissioner.
- e. Provide information to the Police and Crime Panel, as reasonably required to enable the panel to carry out its functions.
- f. To sign all contracts on behalf of the Commissioner in accordance with any decisions he has made.

Human Resources

- g. To appoint and dismiss, in consultation with the Police, Crime and Victims' Commissioner, staff who are not under the direction and control of the Chief Constable other than the Chief Finance Officer.
- h. To undertake the management of staffing resources for all staff employed by the Police, Crime and Victims' Commissioner (and not under the direction and control of the Chief Constable) in line with agreed policies and procedures.
- i. To settle employment tribunal cases and grievances of staff under the direction and control of the PCVC other than cases felt to be exceptional having regard to the degree of reputational or financial risk involved.
- j. To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
- k. To appoint Independent Custody Visitors and terminate appointments in accordance with the Commissioner's ICV Scheme.

Other

- l. To affix the common seal of the Police, Crime and Victims' Commissioner to all documents:
 - i. Of a contractual nature that are £100,000 or above in value over the life of the contract;
 - ii. Which grant or convey an interest in land;
 - iii. Which are grants that are £100,000 or above;
 - iv. When it is determined by the Police, Crime and Victims' Commissioner there is a particular need for the seal to be attached.
- m. To authorise those providing legal services to the Commissioner to make, defend, withdraw or settle any claims or legal proceedings on the Police, Crime and Victims' Commissioner's behalf, in consultation with the Chief Finance Officer where there are significant financial implications.
- n. To determine whether to record a complaint against the Chief Constable in accordance with the Police, Crime and Victims' Commissioner's adopted protocol.
- o. To respond to consultations on proposals affecting the Police, Crime and Victims' Commissioner, if necessary, after first taking the views of the Commissioner, the PCVCCFO or the Chief Constable, as appropriate.
- p. To procure legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Police, Crime and Victims' Commissioner's best interests and for his benefit.
- q. To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.
- r. To provide financial assistance to police officers (and, if considered appropriate, police community support officers, members of the special constabulary and

police staff) in legal proceedings taken against them or in which they are an interested party. This action must be taken in line with Home Office advice and the PCVC's adopted protocol.

4. Functions delegated to the Chief Finance Officer, Office of the Police, Crime and Victims' Commissioner

- a. The Code of Corporate Governance identifies the role of the Chief Finance Officer. As the financial adviser to the Police, Crime and Victims' Commissioner there is a statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2003 (as amended). The Police, Crime and Victims' Commissioner for Durham has chosen to title this officer as PCVCCFO.
- b. The detailed financial management responsibilities of the PCVCCFO are set out in the financial regulations.

5. Key Role of the Chief Constable

Introduction

- a. The role of the Chief Constable is referred to in Code of Corporate Governance, but essentially is responsible for maintaining the Queen's peace and has direction and control over the force's officers and staff.
- b. The Chief Constable is accountable to the Commissioner for the exercise of police powers, for the delivery of efficient and effective policing, and management of resources and expenditure by the police force.

Financial

- c. The detailed financial management responsibilities of the Chief Constable and his / her staff are set out in the financial regulations.

Procurement

- d. To undertake the day to day management of the procurement function in accordance with the contract procedure rules.

Property/Fleet

- e. To undertake the day to day management of the property/fleet function subject to the provision of financial regulations.

Personnel

- f. To manage, as far as is allowed by government directives, the numbers, locations, ranks and grading of police staff and police officers within the overall workforce budget approved by the Police, Crime and Victims' Commissioner (except for posts at chief-officer level upon which the Commissioner should be consulted on).
- g. To appoint all police staff.
- h. To authorise, in line with police staff conditions of service, the suspension or dismissal of any staff under the direction and control of the Chief Constable, subject to a right of appeal to the PCVC.

- i. To approve the retirement of staff, in the interests of the efficiency of the service, and to report to the Police, Crime and Victims' Commissioner on this issue regularly
- j. To approve the appointment or secondment of police officers for central services or overseas duty.
- k. In line with the terms of any approval given by the Secretary of State, to grant leave with pay, and the payment of appropriate fees and charges, for police officers chosen to take degree courses at university.
- l. To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be brought to the attention of the Police, Crime and Victims' Commissioner for a decision.
- m. To approve payments under any bonus or performance-related payment schemes approved by the Police, Crime and Victims' Commissioner, honoraria payments made for taking on extra duties and responsibilities, or similar special payments.
- n. To negotiate, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. All agreements reached must be reported back to the Police, Crime and Victims' Commissioner.
- o. To grant essential or casual car-user allowances.
- p. To make awards under any staff-suggestion scheme.
- q. With the agreement of the Chief Executive to issue certificates to staff to exempt them from political restrictions under the relevant legal provisions
- r. To approve the retirement of police officers and police staff up to and including the rank of Chief Superintendent on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from the Force Medical Examiner or a medical practitioner. However, the Police, Crime and Victims' Commissioner must be consulted on the retirement of the Deputy Chief Constable and Assistant Chief Constable. All such matters shall be reported for information to the PCVC.

Legal

- s. Approve (subject to a subsequent report to the PCVC) the financial settlement of all claims including employment tribunal cases and grievances from officers and police staff considered not to be significant because:-
- t. The compensation to be paid is £100,000 or less (to include multiple or linked claims/claimants) except in the case of accident claims where the threshold will be £ 50,000 or less and ex gratia payments for damage caused by officers and staff where the threshold will be £ 50,000 or less.
- u. They do not involve a high profile claimant including Association of Chief Police Officer (ACPO) rank police officers
- v. There is no particular public interest in the case
- w. There is no real risk that the Police, Crime and Victims' Commissioner will be exposed to serious public criticism or serious weaknesses in the organisation or policies and procedures will be revealed.
- x. It is not in the nature of a test case.
- y. Arrange to institute, defend or participate in legal actions to protect the interests of Durham Constabulary and the Office of the Police, Crime and Victims' Commissioner, other than as delegated to the Chief Executive.

Other

- z. To sign all contracts on behalf of the Police, Crime and Victims' Commissioner, irrespective of value, once they have been properly approved, except those which are required to be executed under the common seal of the Police, Crime and Victims' Commissioner. In these cases the Chief Executive is authorised to sign and affix the seal.
- aa. To exercise the powers and duties of the Police (Property) Regulations 1997 by:
 - i. Authorising, where appropriate, requests to donate unclaimed lost property to charity; and
 - ii. Approve the keeping of unclaimed lost property if it can be put to good use for police purposes.

Urgent Matters

- bb. If any matter which would normally be referred to the Police, Crime and Victims' Commissioner for a decision arises and cannot be delayed, the matter may be decided by the appropriate officer.
- cc. The appropriate officers authorised to decide urgent matters are:
 - i. The Chief Executive (all issues other than financial matters);
 - ii. The PCVCCFO (financial and related issues);
 - iii. The Chief Constable's Chief Finance Officer(financial issues);
 - iv. Urgent decisions taken must be reported to the Police, Crime and Victims' Commissioner as soon as practicably possible.

Financial Regulations and Rules of Procedure

Contents		Page
Introduction		19
Purpose		19
Status		20
The Financial Regulations		21
Definitions Within the Regulations		21
The Role of the Statutory Officers		25
Section A	Financial Management Framework	29
A1	Financial Management Standards	29
A2	Accounting Systems, Records and Returns	29
A3	The Annual Statement of Accounts	30
Section B	Financial Planning and Control	32
B1	Financial Planning	32
B2	Budgetary Control	35
B3	Capital Programme	38
B4	Maintenance of Balances and Reserves	41
Section C	Management of Risk and Resources	42
C1	Risk Management and Business Continuity	42
C2	Internal Controls	43
C3	Audit Requirements	44
C4	Preventing Fraud and Corruption	48
C5	Assets	49
C6	Treasury Management and Banking Arrangements	53
C7	Staffing	55
C8	Police Objective Analysis / Activity Analysis	56
C9	Trust Funds	56
C10	Evidential and Non Evidential Property	57
C11	Gifts, Loans and Sponsorship	57
Section D	Systems and Procedures	59
D1	General	59
D2	Income	60
D3	Ordering and Paying for Work, Goods and Services	61
D4	Payments to Employees	62
D5	Taxation	63
D6	Corporate Credit Cards	63
D7	Purchasing Cards	64
D8	Ex Gratia Payments	64
Section E	External Arrangements	66
E1	External Funding	66
E2	Working for Third Parties	67
E3	Joint Working Arrangements	67
Section F	Contract Procedure Rules	71
F1	Durham Contract Procedure Rules	71

Contents		Page
Section G	Delegated Limits	75
Section H	Guidance Notes on Breach of Standing Orders and/or Financial Regulations	79
Section I	Anti-Fraud and Corruption Strategy and Fraud Response Plan	80
Section J	Decision Making Policy	86
Section K	Statement of Working Relationship between PCVC and Chief Constable	94
Section L	Joint Chief Finance Officer Protocol	96
Section M	General Data Protection Regulations (GDPR)	99
Section N	Commissioning Board	105

Introduction

Purpose

1. The purpose of this document is to set out the Financial Regulations that apply to the Police, Crime and Victims' Commissioner for Durham (PCVC), all staff in his/her office, the Chief Constable and police officers and police staff within the Durham Constabulary having due regard to the overall regulatory framework of their approach to financial management.
2. To conduct business effectively, sound financial management policies are essential and they must be strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial affairs of the PCVC and the Chief Constable are conducted properly and in compliance with all necessary requirements. They also seek to reinforce the standards of conduct in public life required by the PCVC, the Chief Constable, police officers, police staff and staff within the Office of the PCVC and in particular the need for openness, accountability and integrity.
3. The Regulations are designed to establish financial responsibilities, to confer duties, rights and powers upon the PCVC, the Chief Constable and their officers and staff and to provide clarity about the financial accountabilities of groups or individuals and anyone acting on their behalf.
4. They reflect the application of best practice and the requirements of legislation. In particular they seek to meet the criteria set out in the Financial Management Code of Practice issued by the Home Office under Section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 which permits the Secretary of State to issue codes of practice to all Police, Crime and Victims' Commissioners and Chief Constables.
5. The PCVC and the Chief Constable are established in law as corporations' sole within the Police Reform and Social Responsibility Act 2011. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. All politically restricted staff of the PCVC are accountable through the respective PCVC Statutory Officers to the directly elected holder of that office.
6. The public accountability for the delivery and performance of the police service rests with the PCVC on behalf of the electorate. The PCVC has an electoral mandate to set the strategic direction of the Force in consultation with the Chief Constable. The Chief Constable is accountable to the PCVC. The Police and Crime Panel provides a check and balance by scrutinising the PCVC.
7. The PCVC may appoint a Deputy PCVC who may exercise the functions of the PCVC set out in the Scheme of Governance.

8. The PCVC is the recipient of all funding, including the government grants, precept and other sources of income, related to policing and crime reduction and all funding for the Force must come via the PCVC's bank account. The PCVC is responsible for allocating this funding in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
9. The PCVC is required to appoint a Chief Executive and Monitoring Officer and he/she and the Chief Constable are both required to appoint a Chief Finance Officer (CFO).

Status

10. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and corporate governance framework that includes the Policing Protocol, codes of conduct, the scheme of governance, within which levels of delegation and contract procedure rules sit.
11. The PCVC, Chief Constable and all officers and staff have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
12. Financial Regulations explain the working financial relationship between the PCVC and the Chief Constable and their respective CFOs, the PCVCCFO and the CCCFO, and to the role played by the PCVC's Chief Executive and Monitoring Officer.
13. The PCVC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCVCCFO is responsible for maintaining and reviewing of Financial Regulations and submitting any additions or amendments to the PCVC and Chief Constable, after consulting with the CCCFO and the Chief Executive. Copies will be available on the PCVC's website and on the Force Intranet.
14. A delegation in these Financial Regulations to a Chief Officer shall permit further delegation to other officers provided that the terms of the delegation are clearly documented.
15. Any devolved financial management rules to supplement these Regulations, shall be issued by the Chief Constable after consultation with the PCVCCFO and Chief Executive.
16. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
17. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the PCVCCFO and/or CCCFO who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCVC and/or Chief Constable. Further guidance is set out in Section H.

18. The PCVC and all officers and staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.
19. The Financial Regulations shall only be suspended by a formal decision of the PCVC.

The Financial Regulations

20. The Financial Regulations are divided into a number of sections. References are made in the individual sections to delegated limits of authority with the actual value of each limit is set out in Section G. Changes to delegated limits can then be made without reviewing the whole document.
 - Section A: Financial Management Framework
 - Section B: Financial Planning and Control
 - Section C: Management of Risk and Resources
 - Section D: Systems and Procedures
 - Section E: External Arrangements
 - Section F: Contract Procedure Rules
 - Section G: Delegated Limits
 - Section H: Guidance Notes on Breaches of Contract Procedure Rules and/or Financial Regulations
 - Section I: Anti-Fraud and Corruption Strategy and Fraud Response Plan
 - Section K: Joint Chief Finance Officer Protocols
 - Section M: General Data Protection Regulations (GDPR)
 - Section N: Commissioning Board

Definitions within the Regulations

21. These Regulations refer to:-
 - The Police, Crime and Victims' Commissioner for Durham (the PCVC)
 - The Office of the PCVC (OPCVC)
 - The Chief Constable of Durham
 - The Statutory Officers
 - The Constabulary
22. The Statutory Officers are:
 - The Chief Executive who also fulfils the role of Monitoring Officer
 - The PCVC's Chief Finance Officer is the PCVCCFO
 - The Chief Constable's Chief Finance Officer is the CCCFO
23. The 'Force' refers to the Chief Constable, police officers, police staff, police community support officers (PCSOs), special constabulary, volunteers and other members of the wider police family under his /her direction and control.

24. Chief Officers when referred to as a generic term means the Chief Constable, Chief Executive, PCVCCFO and CCCFO.
25. 'Employees' when referred to as a generic term refers to police officers, police staff, volunteers, staff of the OPCVC and other members of the wider police family.
26. The expression 'authorised officer' refers to employees authorised by a Chief Officer.
27. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services or building works made on behalf of the PCVC, the Force or their affiliated bodies.
28. The expression 'best value for money' shall mean the most cost effective means of meeting the need and takes account of whole life costs.
29. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or PCVCCFO, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or PCVCCFO.
30. The terms Chief Constable, Chief Executive, PCVCCFO and CCCFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

The Police, Crime and Victims' Commissioner (PCVC)

31. The PCVC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCVC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of governance. How this money is allocated is a matter for the PCVC in consultation with the Chief Constable, or in accordance with any grant terms. The Statutory Officers of the Chief Constable and the PCVC will provide professional advice and recommendations.
32. The PCVC shall appoint a Chief Finance Officer (the PCVCCFO) to be responsible for the proper administration of the Commissioner's financial affairs. The PCVC shall also appoint a Chief Executive who will also act as the PCVC's Monitoring Officer and Head of Paid Service.

33. The PCVC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of the medium term financial plan in consultation with the Chief Constable. He/she is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
- Governance policies
 - Police and Crime Plan
 - Medium Term Financial Plan
 - Annual Revenue Budget
 - Capital Programme
 - Treasury Management Strategy, in line with CIPFA Guidance
 - Estate Strategy and Fleet Replacement Programme
 - Risk Management Strategy
 - HR Strategy
 - ICT Strategy
34. The PCVC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
35. The PCVC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
36. The PCVC shall provide the PCVCCFO with such staff, accommodation and other resources as are in his opinion sufficient to allow his duties under this section to be performed.
37. The PCVC may appoint a Deputy PCVC (DPCVC) and arrange for the DPCVC to carry out appropriate functions of the PCVC delegated to him/her.

The Deputy Police, Crime and Victims' Commissioner (DPCVC)

38. The DPCVC may exercise any of the functions conferred on him by the PCVC as detailed in the Scheme of Governance.

The Chief Constable

39. The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCVC.
40. The Chief Constable is accountable to the law for the exercise of police powers and to the PCVC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, his/her constables and staff, remain operationally independent in the service of the public.

41. To help ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of all constables and staff within their force, the Chief Constable should have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCVC.
42. The Chief Constable must ensure that the financial management of his/her allocated budget remains consistent with the objectives and conditions set by the PCVC.
43. When the Chief Constable intends to make significant change of policy or seeks to move significant sums of their budget then the approval of the PCVC should be sought.
44. The Chief Constable shall appoint a Chief Finance Officer (CCCFO) to lead the Force on financial management and be responsible for the proper administration of the Chief Constable's financial affairs.
45. The CCCFO is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the CCCFO shall comply with the approved policies and framework of accountability.
46. The CCCFO may prepare devolved financial management rules to supplement the Financial Regulations and provide detailed advice on the operation of the specific financial processes delegated to him/her. He/she shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

The Joint Independent Audit Committee

47. The Home Office Financial Management Code of Practice states that the PCVC and Chief Constable should establish an independent Audit Committee. This should be a combined body which will consider the internal and external audit reports of both the PCVC and the Chief Constable. This Committee will advise the PCVC and the Chief Constable according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Committee the PCVC and the CCCFO shall have regard to CIPFA Guidance on Audit Committees and principles of good practice set out in the HM Treasury Audit Committee Handbook.
48. The Joint Independent Audit Committee shall comprise between five and seven members who are independent of the PCVC and the Force.
49. The Joint Independent Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis

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

The Role of the Statutory and Key Officers

The Police, Crime and Victims' Commissioner's Chief Finance Officer (PCVCCFO)

1. The PCVCCFO has responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
2. The PCVCCFO's statutory responsibilities are set out in:
 - a) Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011;
 - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
 - c) The Accounts and Audit Regulations 2011.
3. The PCVCCFO is the PCVC's professional adviser on financial matters and shall be responsible for:
 - a) Ensuring that the financial affairs of the PCVC are properly administered and that Financial Regulations are observed and kept up to date;
 - b) Ensuring regularity, propriety and Value for Money (VfM) in the use of public funds directed at policing and crime in the policing area;
 - c) Ensuring that agreed budgetary demands do not exceed the funding available from Central Government, council tax precept, other contributions and recharges;
 - d) Reporting to the PCVC, the Police and Crime Panel and to the external auditor:
 - Any unlawful, or potentially unlawful, expenditure by the PCVC or officers of the PCVC;
 - When it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;
 - e) Advising the PCVC on the robustness of the estimates and the adequacy of financial reserves;
 - f) Preparing the annual statement of accounts, in conjunction with the CCCFO;
 - g) Ensuring the provision of an effective internal audit service, in conjunction with the CCCFO;
 - h) Securing the treasury management function, including loans and investments;
 - i) Advising, in consultation with the Chief Executive on the safeguarding of assets, including risk management and insurance;
 - j) Arranging for the determination and issue of the precept;
 - k) Liaising with the external auditor; and
 - l) Advising the PCVC on the application of value for money principles by the Force to support the PCVC in holding the Chief Constable to account for efficient and effective financial management.
4. The PCVCCFO has a duty to ensure the proper administration of the financial affairs of the OPCVC and responsibility for an overview of the proper administration of the

financial affairs of the Force in accordance with Section 151 of the Local Government Act 1972.

5. The PCVCCFO, in consultation with the Chief Executive, CCCFO and/or Chief Constable as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCVC and the Constabulary.
6. The PCVCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCVC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCVC's accounts, including group accounts, where appropriate.
7. To enable him/her to fulfil these duties and to ensure the PCVC is provided with adequate financial advice the PCVCCFO:
 - a) Must be a key member of the PCVC's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the PCVC's strategic objectives sustainably and in the public interest;
 - b) Must be actively involved in, and able to bring appropriate influence to bear on, all strategic business decisions of the PCVC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the PCVC's financial strategy;
 - c) Must lead the promotion and delivery by the PCVC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
 - d) Must ensure that the finance function is resourced to be fit for purpose;
 - e) Must ensure the Joint Chief Finance Officer Safeguards Protocol is invoked should the conditions arise.

The Chief Constable's Chief Finance Officer (CCCFO)

8. The CCCFO has responsibility for the proper administration of the financial affairs of the Force and a personal fiduciary responsibility to the local council taxpayer.
9. The CCCFO is responsible to the Chief Constable for all financial activities within the Force or contracted out under the supervision of the Force.
10. The CCCFO's responsibilities are set out in:
 - a) Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011;
 - b) Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure); and
 - c) The Accounts and Audit Regulations 2011.
11. The CCCFO is responsible for:

- a) Ensuring that the financial affairs of the Force are properly administered and that these Financial Regulations are observed and kept up to date;
 - b) Reporting to the Chief Constable, the PCVC, the PCVCCFO and to the External Auditor as appropriate:
 - Any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable
 - When it appears that any expenditure of the Chief Constable is likely to exceed the resources available to it to meet that expenditure;
 - c) Advising the Chief Constable on value for money in relation to all aspects of the Force's expenditure;
 - d) Advising the Chief Constable and the PCVC on the soundness of the budget in relation to the Force;
 - e) Liaising with the external auditor; and
 - f) Working with the PCVCCFO and his/her staff to produce the statement of accounts for the Chief Constable and to assist in the production of group accounts.
12. The CCCFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the Chief Constable's accounts. The CCCFO will need to observe the locally agreed timetable for the compilation of the group accounts established by the PCVCCFO.
13. To enable him/her to fulfil these duties the CCCFO:
- a) Must be a key member of the Chief Constable's Management Team, helping it to develop and implement strategy and to resource and deliver the PCVC's strategic objectives sustainably and in the public interest;
 - b) Must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the Chief Constable to ensure immediate and longer term implications, opportunities and risks are fully considered;
 - c) Must lead the promotion and delivery by the Chief Constable of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
 - d) Must ensure that the finance function is resourced to be fit for purpose.
14. It must be recognised that Financial Regulations cannot foresee every eventuality. The CCCFO, in consultation with the PCVCCFO, shall be responsible for interpreting these Regulations so as to ensure the efficient and effective operation of services.

The Chief Executive and Monitoring Officer

15. The Chief Executive is responsible for the leadership and general administration of the PCVC's office.
16. The Chief Executive is also the PCVC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

17. As Monitoring Officer he/she is responsible for:

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

Section A: Financial Management Framework

A1: Financial Management Standards

Overview

1. The PCVC, Chief Constable and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that 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.
2. The PCVC shall receive updates on the financial performance of the Force and the Office of the PCVC by receiving regular budget monitoring and outturn reports, and also the Annual Audit Letter provided by the external auditor.

Joint Responsibilities of the PCVCCFO and CCCFO

3. To ensure that proper practices are adhered to.
4. To advise on the key strategic controls necessary to secure sound financial management.
5. To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons based on national and local financial performance indicators.
6. To ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
7. To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.

Responsibilities of the Chief Constable

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

A2: Accounting Systems, Records and Returns

Overview

1. Maintaining proper accounting records is one of the ways in which the PCVC and Chief Constable will discharge their responsibility for stewardship of public resources. There is a statutory responsibility to prepare their annual accounts to present a true and fair view of the financial position of the OPCVC and the Force and of operations during the year. These are subject to external audit. This audit provides assurance that the

accounts are prepared properly, that proper accounting practices have been followed and that adequate arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

Joint Responsibilities of the PCVCCFO and CCCFO

2. To determine the accounting policies and procedures to be adopted, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the Chief Constable. All employees shall operate within the required accounting policies and published timetables.
3. To make proper arrangements for the audit of the PCVC's, Force's and group accounts in accordance with the Accounts and Audit Regulations.
4. To ensure that all claims for funds including grants are made by the due date.
5. To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.
6. To prepare and publish the audited accounts in accordance with the statutory timetable.

Joint Responsibilities of the Chief Constable and CCCFO

7. To obtain the approval of the PCVCCFO before making any fundamental changes to accounting records and procedures or accounting systems.
8. To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
9. To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
10. To ensure that prime documents are retained in accordance with legislative and internal requirements. The format of such documents shall satisfy the requirements of internal and external audit. The PCVCCFO, the Chief Executive and the Chief Constable shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate officers.

A3: The Annual Statement of Accounts

Overview

1. The PCVC has a statutory responsibility to prepare accounts to present a true and fair view of the financial position of the OPCVC and the Force and of operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The

accounts will comprise separate statements for the PCVC, Chief Constable as well as group accounts covering both entities.

2. The PCVC is responsible for approving these annual accounts.
3. The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources are adequate.

Responsibilities of the PCVCCFO

4. To draw up the timetable for final accounts preparation, in consultation with the CCCFO and external auditor.
5. To prepare, sign and date the statement of accounts, stating that it presents a true and fair view of the financial position of the OPCVC and the Force at the accounting date and its income and expenditure for the financial year just ended.
6. To publish the approved and audited accounts each year, in accordance with the statutory timetable.

Joint Responsibilities of the PCVCCFO and CCCFO

7. To select suitable accounting policies and apply them consistently.
8. To make judgements and estimates that are reasonable and prudent.
9. To comply with the Code of Practice on Local Authority Accounting.

Responsibilities of the CCCFO

10. To comply with accounting guidance provided by the PCVCCFO and supply him with appropriate information upon request within a reasonable timescale.

Responsibilities of the PCVC

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

Section B: Financial Planning and Control

B1: Financial Planning

1. Delivering a range of policing activities is complex and needs systems to be developed and implemented to enable scarce resources to be allocated in accordance with carefully considered priorities. Proper financial planning is essential if an organisation is to function effectively.
2. The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
3. The planning process should be continuous and the Medium Term Financial Plan should be a multi-year plan. The process should include a more detailed annual plan, the budget, covering the forthcoming financial year. This allows the PCVC and the Force to plan, monitor and manage the way funds are allocated and spent during the financial year and over the medium term.
4. The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The annual budget will be supported by a detailed objective analysis of spending.
5. It is recognised that the impact of financial planning in the police service will be constrained by the quality and timing of information made available by Central Government on resource allocation.

Medium Term Financial Plan

6. The PCVC and Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing medium term financial plans including financial projections for multi years together with a capital programme covering the same period.

Responsibilities of the PCVC

7. To identify and agree, in consultation with the Chief Constable and other relevant partners and stakeholders, a medium term financial plan which includes funding and spending plans for both revenue and capital. The strategy should take into account multiple years, the inter-dependencies of revenue budgets and capital investment, the role of reserves and consideration of risks. It should have regard to affordability and also to CIPFA's Prudential Code for Capital Finance in Local Authorities. The strategy should be aligned with the Police and Crime Plan.

Joint Responsibilities of the PCVCCFO and Chief Constable

8. To determine the format and timing of the medium term financial plan to be presented to the PCVC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
9. To prepare a medium term forecast of proposed income and expenditure for submission to the PCVC. When preparing the forecast, the Chief Constable shall have regard to:
 - The Police and Crime Plan;
 - Policy requirements approved by the PCVC as part of the policy framework;
 - The Strategic Policing Requirement;
 - Unavoidable future commitments, including legislative requirements;
 - Initiatives already underway;
 - Revenue implications of the capital programme;
 - Proposed service developments and plans which reflect public consultation;
 - The need to deliver efficiency and/or productivity savings;
 - Government grant allocations; and
 - Potential implications for local taxpayers.
10. To ensure that the medium term financial plan includes options for the use of general balances, reserves and provisions, assumptions about future levels of government funding and demonstrates potential implications for local taxation.
11. A gap may be identified between available resources and required resources. Requirements should therefore be prioritised by the Chief Constable using arrangements which appropriately engages with the Force and its representatives to enable the PCVC to make informed judgements as to future funding levels and planning the use of resources.

Annual Revenue Budget Preparation

1. The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCVC's strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCVC and the Force.
2. The PCVC should consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget which will include a separate Force budget. This will take into consideration funding from Government and from other sources and balance the expenditure needs of the policing service and the PCVC against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.
3. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.

Responsibilities of the PCVC

4. To agree the planning timetable with the Chief Constable.
5. To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.
6. To present the proposed budget and precept recommendations to the Police and Crime Panel and respond to their views and comments in accordance with legislative requirements.

Responsibilities of the PCVCCFO

7. To determine the format of the revenue budget to be presented to the PCVC in consultation with the CCCFO. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
8. To seek timely and accurate information from billing authorities on the councils' tax bases and the latest surplus/deficit position on collection funds to inform budget deliberations.
9. To advise the PCVC on appropriations from/to and/or the appropriate level of general balances, earmarked reserves or provisions to be held.
10. To submit a report to the PCVC on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCVC.
11. Upon approval of the annual budget, to submit the Council Tax requirement return to Central Government and precept requests to appropriate bodies in accordance with the legal requirement.
12. To produce and issue information required by the billing authorities to explain how the precept will be used to pay for the cost of policing, in accordance with statutory requirements.

Joint Responsibilities of the Chief Constable and CCCFO

13. To prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCVCCFO
14. To submit estimates in the agreed format to the PCVC for approval.

15. To identify all proposed individual major revenue projects (a major revenue project shall be defined as one in excess of the value shown in Section G).

B2: Budgetary Control

1. Budget management ensures that once the PCVC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the Chief Constable and PCVC to review and adjust their budget targets during the financial year. It also provides the mechanism that calls to account those managers responsible for defined elements of the budget.
2. The key controls for delegating, managing and controlling the revenue budget are that:
 - a) There is a nominated budget manager for each cost centre heading who is accountable for the budgets under his/her direct control; and
 - b) The management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

Revenue Budget Monitoring

1. By continuously identifying and explaining variances against budgetary targets, the PCVC and the Chief Constable can identify changes in trends and resource requirements at the earliest opportunity. The PCVC and Chief Constable both operate within an annual cash limit, approved when setting the annual budget. To ensure that the budget is not overspent in total, the Chief Constable, the Chief Executive and the PCVCCFO are required to manage expenditure within budget allocations, subject to the rules of virement.

Joint Responsibilities of the Chief Constable and CCCFO

2. To provide appropriate financial information to enable budgets to be monitored effectively.
3. To ensure that each element of income or expenditure has a nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits expenditure.
4. To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the Chief Constable, both the PCVCCFO and PCVC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCVC.

5. To submit a budget monitoring report to the PCVC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the PCVC and PCVCCFO
6. To ensure that budget holders manage income and expenditure within their area, monitor performance and report variances within their own areas to the Chief Constable and CCCFO.
7. To take any action necessary to avoid an adverse variation to their budget allocation and alert the PCVC and PCVCCFO to any problems.
8. To require detailed budget monitoring to be undertaken by budget holders on a monthly basis and for this to be reported to the CCCFO.
9. To ensure that budget holders receive sufficient financial support to enable them to undertake their budgetary control responsibilities.
10. To refer major revenue projects back to the PCVC for further approval where, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section G.

Joint Responsibilities of the Chief Constable and the PCVCCFO

11. To submit a timely budget monitoring report, containing the most recently available financial information to the PCVC showing spending to date and comparisons of projected outturn with the latest approved budget.

Responsibilities of the PCVCCFO

12. To manage the budget allocated for the PCVC's Office.
13. To ensure that total spending for the PCVC's Office remains within the overall allocation of resources and take corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the PCVCCFO the PCVC shall be alerted immediately together with proposals to remedy the situation as part of the regular reporting process to the PCVC.

Revenue Virement

1. A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is a line in the approved budget report. The scheme of virement is intended to enable chief officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCVC and, therefore, to provide the opportunity to optimise the alignment of resources to emerging needs.

2. The Chief Constable is expected to exercise discretion in managing budgets responsibly and prudently and should only be required to refer back to the PCVC when virement would incur substantive changes in the policy of the PCVC or where a virement might create a future year or continuing commitment.
3. The Chief Constable shall still be held to account by the PCVC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require detailed reports on significant changes.
4. Key controls for the scheme of virement are:
 - a) It is administered by Chief Officers having regard to value for money, and within delegated powers given by the PCVC. Any variation from this scheme requires the approval of the PCVC;
 - b) The overall budget is agreed by the PCVC. Chief Officers and budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget;
 - c) Virement does not create an ongoing additional overall budget liability; and
 - d) Each Chief Officer shall ensure that virement is undertaken as necessary to maintain the accuracy of budget monitoring.

Responsibilities

5. The limits that apply on virements between budget headings are defined in Section G.
6. The exceptions to the above framework are that:
 - a) Virement is not permitted in relation to financing items such as asset charges or where a proposal would adversely affect long term revenue commitments of the Force and the PCVC; and
 - b) When the virement is between an income budget line and an expenditure budget line which is directly related, approval is sought from the PCVCCFO and/or CCCFO and the income and expenditure budgets will be increased for budget monitoring purposes.
7. All requests for virement must be made in the format prescribed by the PCVCCFO and/or CCCFO and information on the virements within the limits set out in section G will be available to support budget monitoring report information.
8. The approval of the PCVC shall be required if the virement involves:
 - a) A substantial change in policy;
 - b) A significant addition to commitments in future years;
 - c) Where resources to be transferred were originally provided to meet expenditure of a capital nature.

Treatment of Year End Balances

1. With regard to devolved budgets a year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year, dependent upon the nature of the budget variation. The impact of carry forwards on reserves and balances will be undertaken in accordance with the approved scheme for that purpose.
2. The carry forward of underspent and overspent budgets is permitted only within the delegation limits set out within the carry forward scheme. Carry forwards are to be the subject of a report to the PCVC as part of the year end outturn report. Budget Managers will be required to satisfy the Chief Constable that expenditure proposed against carry forward underspends is in accordance with Police and Crime Plan priorities and is non recurrent in nature.

Joint Responsibilities of the PCVCCFO and the CCCFO

3. To ensure that Budget Managers report any overspend on their budgets in any financial year.
4. To consider reducing budgets for the following financial year where overspending has occurred or is expected to occur.
5. To consider requests from Budget Managers who identify planned underspends in any financial year for budget provision to be carried forward to the following financial year, subject to the limits indicated in Section G.
6. To refer all carry forwards that fall outside of the parameters stipulated in these Regulations to the PCVC for approval.

Responsibilities of the PCVC

7. To consider the arrangements for carrying forward underspends when considering the level of reserves and balances as part of the development of the financial strategy.

B3: Capital Programme

1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
2. Capital investment can be undertaken providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the PCVC will consider his/her spending plans.

3. The capital programme is linked to the Estates and ICT Strategies and the Fleet Replacement Programme

Responsibilities of the Chief Constable

4. To develop and implement approved Estate and ICT Strategies and the Fleet Replacement Programme.

Joint Responsibilities of the PCVCCFO and Chief Constable

5. To prepare a Medium Term Financial Plan for consideration and approval by the PCVC including all financial implications of capital spending plans.

Responsibilities of the PCVC

6. To approve the Estate and ICT Strategies and the Fleet Replacement Programme and asset management plans together with other strategies involving proposals for significant investment in capital assets.
7. To approve a multi-year capital programme and sources of funding.

Joint Responsibilities of the Chief Constable and CCCFO

8. To prepare a multi-year rolling programme of proposed capital expenditure for consideration and approval by the PCVCCFO and PCVC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
9. To prepare project appraisals and funding options for significant capital items to be included in the capital programme for submission to the PCVCCFO and PCVC for consideration and scheme approval. This will include all additional revenue and capital costs and provide evidence of the scheme's viability for inclusion.
10. To ensure that each capital project has a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.
11. To identify, in consultation with the PCVCCFO, available sources of funding the capital programme, including the identification of potential capital receipts from disposal of property or other assets.
12. To prioritise requirements so that if a gap is identified between available resources and required capital investment the PCVC can make informed judgements as to which schemes should be included in the capital programme, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.
13. Not to incur capital expenditure unless the scheme is approved by the PCVC apart from professional fees (e.g. feasibility studies, planning fees).

Responsibilities of the PCVCCFO

14. To make recommendations to the PCVC on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code, to support the capital programme.

Responsibilities of the Chief Constable

15. To incur expenditure, providing the project appraisal has been approved and the costs of the schemes is included within the approved capital programme and provided cost variations do not exceed the sum contained in the approved programme by more than the amounts identified in Section G.
16. To ensure that property leases, finance leases or other credit arrangements with the value or term above the limits set out in Section G are not entered into without the prior approval of the PCVCCFO.

Monitoring of Capital Expenditure

Responsibilities of the Chief Constable

17. To ensure that adequate records are maintained for all capital contracts

Joint Responsibilities of the Chief Constable and the PCVCCFO

18. To monitor progress of the capital programme and expenditure throughout the year against the approved programme.
19. To submit timely capital monitoring reports to the PCVC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCVCCFO.
20. To prepare a business case for all new capital schemes (after the annual programme has been agreed) for submission to the PCVC for consultation and approval.
21. To demonstrate how any amendments to the capital programme which increase the overall revenue and capital costs are to be funded.

Joint Responsibilities of the PCVCCFO and the CCCFO

22. To report on the outturn of capital expenditure as part of the annual report on the statutory accounts.

B4: Maintenance of Balances and Reserves

Overview

1. The PCVC must decide the level of general reserves he wishes to retain before he can decide the level of council tax precept. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves should not be generally be used to support recurring revenue costs. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

Responsibilities of the PCVCCFO

2. To advise the PCVC on reasonable levels and the establishment of balances and reserves.
3. To report to the PCVC on the adequacy of reserves and balances before he/she approves the annual budget and precept.
4. To approve appropriations to and from each earmarked reserve. These will be separately identified in the Annual Statement of Accounts.

Responsibilities of the Chief Constable and PCVCCFO

5. To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval.
6. To present a business case to the PCVCCFO and PCVC for one-off expenditure items to be funded from earmarked and/or general reserves.

Responsibilities of the PCVC

7. To approve a policy on reserves and balances, including the minimum and maximum acceptable levels of general balances.
8. To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
9. To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting and final accounts processes.

Section C: Management of Risk and Resources

C1: Risk Management and Business Continuity

1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks. This should include the proactive participation of all those associated with planning and delivering services.
2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the chance or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the PCVC and the Force and to ensure continued corporate and financial well-being. In essence it is, therefore, an integral part of good business practice.

Joint Responsibilities of the PCVC and Chief Constable

3. The Code of Corporate Governance highlights the importance of risk management being embedded throughout the governance arrangements in both organisations, whether operating jointly or separately. The PCVC and Chief Constable are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

Responsibilities of PCVCCFO and CCCFO

4. To prepare a risk management policy for promoting a culture of risk management awareness throughout the Force and OPCVC and reviewing risk as an ongoing process.
5. To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis
6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis

Responsibilities of the PCVCCFO

7. To advise the PCVC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.
8. To arrange for regular reviews to be undertaken of self-insurance arrangements and, following these reviews, to recommend to the PCVC a course of action to ensure that, over the medium term, funds are available to meet all known liabilities.

Responsibilities of the CCCFO

9. To ensure, in consultation with the PCVC CFO, that appropriate insurance cover is provided, including where new risks are identified or circumstances affecting risks change.
10. To administer insurance matters including the settlement of liability claims.
11. To notify the PCVCCFO of any significant claims, both in terms of reputation and finance.
12. To notify the Chief Executive of any terms of indemnity that are requested.
13. To ensure that claims made against insurance policies are made promptly.
14. To make all appropriate employees aware of their responsibilities for managing relevant risks.
15. To ensure that employees, or anyone covered by the Force and OPCVC insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
16. To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk.
17. To ensure before any contract for works is made that the insurance cover to be furnished by the contractor in respect of any act or defaults is sufficient unless cover is provided by the PCVC.

Responsibilities of the Chief Executive

18. To evaluate and authorise any terms of indemnity that are requested by external parties.

C2: Internal Controls

1. Internal control refers to the systems of control devised by management to help ensure objectives of the PCVC and the Chief Constable are achieved in a manner that promotes economical, efficient and effective use of resources and that assets and interests are safeguarded.
2. Policing is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. The PCVC and the Chief Constable have statutory obligations, and, therefore, systems of internal control are required to identify, meet and monitor compliance with these obligations.

3. The PCVC and the Chief Constable face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Systems of internal control are necessary to manage these risks. These systems of internal control are established in order to provide achievement of:
 - Efficient and effective operations;
 - Reliable financial information and reporting;
 - Compliance with laws and regulations; and
 - Risk management.

Responsibilities of Chief Officers

4. To implement effective systems of internal control, in accordance with advice from the PCVCCFO and CCCFO. These arrangements shall ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.
5. To ensure that effective key controls exist and are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities and mitigate risk.
6. To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

Joint Responsibilities of the Chief Executive and Chief Constable

7. To produce Annual Governance Statements for consideration and approval by the PCVC. Following approval, the Annual Governance Statements should be signed in the case of the OPCVC by the PCVC, Chief Executive and CFO and for the Force, by the Chief Constable and the CFO.

C3: Audit Requirements

Internal Audit

1. Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
2. The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local

Government Act 1972), which requires that authorities “make arrangements for the proper administration of their financial affairs”. In the Police Service the PCVC and Chief Constable are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2015 (as amended) which state that a “relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control”. The Public Sector Internal Audit Standards (PSIAS) and CIPFA’s Local Government Application Note constitute proper practices to satisfy these requirements.

3. In addition to enabling the PCVC and the Chief Constable to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, internal audit is needed:
 - To satisfy the PCVC and the Chief Constable that effective internal control systems are in place; and
 - To satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

Responsibilities of the Joint Independent Audit Committee

4. To approve the terms of reference within which Internal Audit operates. In terms of Internal Audit the ToRs will include the following key activities and responsibilities:
 - Advising the OPCVC and Chief Constable according to good governance principles;
 - Providing independent assurance on the adequacy and effectiveness of the OPCVC and Durham Constabulary internal control environment and risk management framework;
 - Overseeing the effectiveness of the framework in place for ensuring compliance with statutory requirement; and
 - Independently scrutinising financial and non-financial performance with a view to advising the PCVC and Chief Constable of potential exposure to risks and weaknesses that might impact upon the internal control environment.

Joint Responsibilities of the PCVC and Chief Constable

5. To ensure the provision of an adequate and effective internal audit service.

Joint Responsibilities of the PCVC, Chief Constable, PCVCCFO and CCCFO

6. To ensure that internal auditors, having been security cleared, have the authority to:
 - Access police and OPCVC premises at reasonable times;
 - Access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
 - Receive any information and explanation considered necessary concerning any matter under consideration;

- Require any employee to account for cash, stores or any other police and PCVC assets under their control; and
 - Access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
7. To ensure that Internal Audit has direct access to all Chief Officers and employees, where necessary.

Responsibilities of the Head of Internal Audit

8. To prepare, in consultation with the PCVC, Chief Constable, PCVCCFO and CCCFO, an annual audit plan that conforms to PSIAS, for consideration by the Independent Audit Committee.
9. To attend meetings of the Independent Audit Committee and to present periodically a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
10. To present an annual report to the Independent Audit Committee, including an opinion on the on the effectiveness of the internal control environment in within the Force and OPCVC.

Responsibilities of Chief Officers

11. To consider and respond promptly to control weaknesses, issues and recommendations in audit reports and ensure that all critical or significant agreed actions arising from the audit are implemented in accordance with the agreed action plan included in each report.

Responsibilities of the CCCFO

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

Professional Standards, the PCVCCFO, the CCCFO and the Head of Internal Audit referred to in the Anti-Fraud and Corruption Strategy and Fraud Response Plan set out in Section I.

External Audit

1. Local and other authorities, police forces and elected policing bodies (PCVCs) are responsible for appointing their own auditor. The National Audit Office Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfil their statutory responsibilities under the Local Audit and Accountability Act 2014. The external auditor has rights of access to all documents and information necessary for audit purposes. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Local Audit and Accountability Act 2014 and the Local Government Act 1999. In particular, Local Audit and Accountability Act 2014 requires the National Audit Office to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice sets out the auditor's objectives to review and report upon:
 - The audited body's financial statements; and
 - Aspects of the audited body's arrangements to secure Value for Money.
2. In auditing the annual accounts the external auditor must satisfy themselves, in accordance with the Local Audit and Accountability Act 2014, that:
 - The accounts are prepared in accordance with the relevant regulations;
 - They comply with the requirements of all other statutory provisions applicable to the accounts;
 - Proper practices have been observed in the compilation of the accounts; and
 - The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

The Local Audit and Accountability Act 2014 Act sets out other specific responsibilities of the auditor, for example under section on financial reporting.

Responsibilities of the Joint Independent Audit Committee

3. To consider the annual external audit plan and fee.
4. To advise the PCVC and Chief Constable on the annual governance reports.
5. To receive the Annual Audit Letter.

Joint Responsibilities of the PCVCCFO and CCCFO

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

Joint Responsibilities of the Chief Constable and PCVCCFO

7. To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.
8. To respond to draft action plans and to ensure that agreed recommendations are implemented in a timely manner.

Other Inspection Bodies

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

Joint Responsibilities of the PCVC and the Chief Constable

2. To receive and respond to reports from other inspection bodies.

C4: Preventing Fraud and Corruption

1. The PCVC and the Chief Constable will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside their organisations.
2. Expectations of propriety and accountability are that the PCVC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
3. It is expected that all individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity and without thought or actions involving fraud or corruption.

Joint Responsibilities of the PCVC and Chief Constable

4. To foster a culture that will not tolerate fraud and corruption.
5. To approve and maintain an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan (Section I).
6. To ensure that adequate and effective internal control arrangements are in place
7. To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCVC, Chief Constable and all employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCVC, the Chief Constable, Chief Officers and all employees.

8. To maintain a whistle blowing policy to provide a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity, that they are not malicious, and that appropriate action is taken to address any concerns identified. The Chief Constable shall ensure that all officers and employees are aware of any approved whistle blowing policy.
9. To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all officers and employees.
10. To adopt and adhere to the whistle blowing policy.

Joint Responsibilities of the Chief Executive, PCVCCFO and Chief Constable

11. To prepare an effective Anti-Fraud and Corruption Strategy and Fraud Response Plan for approval by the PCVC and Chief Constable.
12. To adhere to appropriate legislation.
13. To arrange for any suspected incidents of fraud or corruption to be reported in line with the protocol agreed between the Chief Constable's Head of Professional Standards, the PCVCCFO, the CCCFO and the Head of Internal Audit and for these to be unrestricted in line with the agreed Anti-Fraud and Corruption Strategy and Fraud Response Plan.

C5: Assets

1. Assets are held in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management which provides information about assets so that they are:
 - Accurately recorded and classified;
 - Safeguarded against loss;
 - Used efficiently and effectively;
 - Adequately maintained; and
 - Valued in accordance with statutory and management requirements.

Context

2. The PCVC will initially own and fund all assets regardless of whether they are used by the PCVC, by the Force or by both bodies. However, with consent from the PCVC, the

Chief Constable can acquire property (other than land or buildings) and as set out in the Scheme of Governance.

3. The Chief Constable is responsible for the direction and control of the Force and should therefore have day-to-day management of all assets used by the Force.
4. The PCVC should consult the Chief Constable in planning the budget and developing a medium term financial plan. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

Joint Responsibilities of the PCVC and Chief Constable

5. To ensure that:
 - a) Assets are only used for the purposes of the Force and the OPCVC and are available for use when required and are properly accounted for;
 - b) An asset register is maintained that provides information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
 - c) Assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place;
 - d) Lessees and other prospective occupiers of land owned by the PCVC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
 - e) Title deeds to PCVC property are held securely;
 - f) No PCVC asset is subject to personal use by an employee without proper authority;
 - g) Valuable and portable items such as computers, cameras and video recorders are identified with security markings as appropriate as belonging to the Force or OPCVC;
 - h) All officers, employees and volunteers are aware of their responsibilities with regard to safeguarding assets and information, including the requirements of the Data Protection Act and software copyright legislation;
 - i) Assets no longer required are disposed of in accordance with the law and these financial regulations; and
 - j) All officers, employees and volunteers are aware of their responsibilities with regard to safeguarding the security of Force and OPCVC ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

Valuation

Responsibilities of the Chief Constable

1. To maintain an asset register for all fixed assets with a value in excess of the limits shown in Section G, in a form approved by the PCVCCFO.
2. To ensure that assets are recorded when they are acquired by the Force or the PCVC shall remain on the asset register until disposal and valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* and the requirements specified by the PCVCCFO.

Inventories

Responsibilities of the Chief Constable

1. To ensure that inventories are maintained by the Force in a format approved by the PCVCCFO and CCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

Responsibilities of the PCVC

2. To ensure that inventories are maintained for the PCVC's office in a format approved by the PCVCCFO that record an adequate description of items with a value in excess of the amount shown in Section G. Other items of equipment should also be recorded if they are deemed to be both desirable and portable (e.g. laptops).

Stocks and Stores

Responsibilities of the Chief Constable

1. To make arrangements for the care, custody and control of the stocks and stores of and maintain detailed stores accounts in a form approved by the PCVCCFO.
2. To undertake a complete stock check at least once per year either by means of continuous or annual stocktake. The stocktake shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
3. Discrepancies between the actual level of stock and the book value of stock may be written-off, in consultation with the PCVCCFO.
4. To write-off obsolete stock, up to the limits shown in Section G. Amounts for write off above this value must be referred to the PCVCCFO for approval supported by a written report.

Responsibilities of the PCVCCFO

5. To approve the arrangements for accounting for stores.

6. To consider and approve applications for write offs in excess of the limits set out in Section G.

Intellectual Property

1. Intellectual property is a generic term that includes inventions and writing.
2. If any Intellectual Property is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the Force, by the PCVC and within the OPCVC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.
3. In the event that the Force or PCVC decides to become involved in the commercial exploitation of inventions, the matter should be brought to the attention of the Chief Executive.

Responsibilities of the Chief Constable

4. To ensure that employees are aware of these procedures.

Responsibilities of the Chief Executive

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

Asset Disposal

1. Assets shall be disposed of when in the best interests of the Force and the PCVC and where a value remains at the most advantageous price. Where this is not the highest offer, a report must be prepared for the PCVC outlining the reasons.

Responsibilities of the Chief Constable

2. To dispose of surplus vehicles and items of equipment up to the estimated value shown in Section G.
3. To dispose of items above the value in Section G by public auction or sealed bids after advertisement.
4. To record all asset disposals in the asset register or inventory as appropriate.

Joint Responsibilities of the PCVCCFO and CCCFO

5. To ensure that income is received and accounted for.

C6: Treasury Management and Banking Arrangements

Treasury Management

1. It is important that monies held by the PCVC and the Force are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the sums involved.
2. The PCVC has adopted the CIPFA Code of Practice on Treasury Management. The primary requirements of the Code are:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Approved Treasury Management Practices (TMPs) 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.
 - Approval of the annual Treasury Management Strategy Statement (TMSS) including the annual investment strategy. An annual report and as a minimum, a Mid Term Review report covering Treasury Management activities.

Responsibilities of the PCVC

3. To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice.
4. To approve the annual TMSS including the annual investment strategy and MRP policy.
5. To receive and approve an annual report on treasury management activity and as a minimum a Mid Term Review report.

Responsibilities of the PCVCCFO

6. To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance.
7. To prepare reports on the PCVC's treasury management policies, practices and activities, including, as a minimum, an annual TMSS, including annual investment strategy and MRP policy.
8. To execute and administer treasury management in accordance with the CIPFA Code and the PCVC's policy.
9. To arrange borrowing and investments, in compliance with the CIPFA Code.
10. To ensure that all investments and borrowings are made in the name of the PCVC for Durham.

Banking Arrangements

11. Banking activities are controlled by a single contract which aims to provide a wide range of complex and specialist banking services to departments, establishments and staff. A consistent and secure approach to banking services is essential in order to achieve optimum performance from our bankers and the best possible value for money.

Responsibilities of the PCVCCFO

12. To have overall responsibility for the banking arrangements for the PCVC.
13. To produce a policy on the establishment and maintenance of bank accounts, in consultation with the CCCFO.
14. To authorise the opening and closing of all PCVC bank accounts. No other employee shall open a bank account
15. To arrange for bank reconciliations to be undertaken on a timely and accurate basis.
16. To determine signatories on all PCVC bank accounts

Imprest Accounts/Petty Cash

17. Cash advances may be made to an individual in a department / establishment in order that relatively small incidental payments may be made quickly. A record of disbursements from the account should be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the PCVC's accounts and correctly reimbursed to the account holder.

Responsibilities of the Chief Constable

18. To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the Force and OPCVC. The Chief Constable shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
19. To prepare detailed Financial Instructions for dealing with petty cash, to be agreed with the PCVCCFO, and these shall be issued to all appropriate employees.

Responsibilities of the PCVCCFO

20. To provide appropriate employees with cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of the PCVC and the Force.

21. To determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

Money Laundering

22. The Force and OPCVC need to be alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.
23. Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the National Crime Agency (NCA)
24. Internal control procedures will be monitored to ensure they are reliable and robust.

Responsibilities of the PCVCCFO

25. To be the nominated Money Laundering Reporting Officer (MLRO).
26. To consider, in the light of all information, whether a disclosure gives rise to such knowledge or suspicion.
27. To disclose relevant information to the National Crime Agency (NCA).

Responsibilities of Chief Officers

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

Responsibilities of employees

29. To notify the PCVCCFO or CCCFO as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.
30. Cash bankings from a single source over €15,000 should be reported to the PCVCCFO. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

C7: Staffing

1. Staffing costs form the largest element of the annual policing budget. An appropriate range of Human Resources policies and procedures exist, in which staffing requirements and budget allocations are matched. The Chief Constable is responsible for approving the overall HR Strategy in consultation with the PCVC.

Responsibilities of the Chief Constable

2. To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCVC and that there is a proper use of the evaluation or other agreed systems for delivering the remuneration of a job.
3. To advise the PCVC on the budget necessary in any given year to cover estimated staffing levels.
4. To adjust the staffing numbers to meet the approved and projected budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs.
5. To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
6. To approve, in consultation with the PCVC, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

Responsibilities of the Chief Executive

7. To have the same responsibilities as above for staff employed by the PCVC and working within his/her office.

C8: Police Objective/Activity Analysis

1. This is no longer a requirement.

C9: Trust Funds

1. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.
2. Our financial procedures and financial regulations should be viewed as best practice, which ought to be followed whenever practicable.
3. No employee shall open a trust fund without the specific approval of the Chief Constable and PCVCCFO.

Responsibilities of Trustees

4. All employees acting as trustees by virtue of their official position shall ensure that accounts are audited as required by law and submitted annually to the appropriate body, and the PCVCCFO and/or CCCFO shall be entitled to verify that this has been done.

C10: Evidential and Non-Evidential Property

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

Responsibilities of the Chief Constable

2. To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision. These procedures shall be made available to all appropriate employees. More detailed information will be provided in Financial Instructions/Practice Directions.
3. To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.
4. To provide Financial Instructions/Practice Directions for dealing with cash, including cash seized under the Proceeds of Crime Act.

Responsibilities of all employees

5. To notify the Chief Constable immediately in the case of loss or diminution in value of such private property.

C11: Gifts, Loans and Sponsorship

(NB this does not include the receipt of hospitality and gifts)

1. In accordance with the Police Act 1996, the PCVC may decide to accept gifts of money and gifts or loans of other property or services (e.g. car parking spaces) if they will enable the police either to enhance or extend the service which they would normally be expected to provide. The terms on which gifts or loans are accepted may allow commercial sponsorship of some police force activities.

Context

2. Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.
3. Gifts, loans and sponsorship can be accepted from any source which has genuine and well intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.

4. The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the PCVC's annual gross revenue budget of the Force and OPCVC.

Responsibilities of the PCVC

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

Joint Responsibilities of the Chief Constable and Chief Executive

6. To accept gifts, loans or sponsorship within agreed policy guidelines.
7. To refer all gifts, loans and sponsorship above the limit identified in Section G to the PCVC for approval before they are accepted.

Joint Responsibilities of the CCCFO and PCVCCFO

8. To present an annual report to the PCVC listing all gifts, loans and sponsorship.
9. To maintain a central register, in a format agreed by the PCVCCFO, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The PCVCCFO, shall satisfy him/herself that it provides a suitable account of the extent to which such additional resources have been received.
10. To bank cash from sponsorship activity in accordance with normal income procedures.

Section D: Systems & Procedures

D1: General

Overview

1. There are many systems and procedures relating to the control of PCVC and Force assets, including purchasing, costing and management systems. The Force and the OPCVC are reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.
2. The PCVCCFO and CCCFO both have a statutory responsibility to ensure that financial systems are sound and should therefore be notified of any proposed new developments or changes.

Joint Responsibilities of the PCVCCFO and CCCFO

3. To make arrangements for the proper administration of the financial affairs, including to:
 - Issue advice, guidance and procedures for officers and staff of the Force and the OPCVC acting on their behalf;
 - Determine the accounting systems, form of accounts and supporting financial records;
 - Establish arrangements for the audit of the financial affairs of the Force and the OPCVC;
 - Approve any new financial systems to be introduced;
 - Approve any changes to existing financial systems.
4. To ensure, in respect of systems and processes, that:
 - Systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely and that duties are appropriately segregated to minimise the risk of error, fraud or other malpractice;
 - Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously;
 - A complete audit trail is maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa;
 - Systems are documented and staff trained in operations.
5. To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective

contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

6. To establish a scheme of delegation, identifying staff authorised to act upon the PCVC or Chief Constable's behalf in respect of income collection, placing orders, making payments and employing staff.

D2: Income

1. Income is vital and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly. The responsibility for cash collection should be separated from that for identifying the amount due and for reconciling the amount due to the amount received.

Context

2. The PCVC and Chief Constable should adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996. The purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.
3. The PCVC should ensure that there are arrangements in place so that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels the PCVC should ensure that ongoing resource requirements are not dependant on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.
4. When specifying resource requirements the Chief Constable will identify the expected income from charging. The Chief Constable should adopt ACPO charging policies in respect of mutual aid.

Joint Responsibilities of the Chief Constable and PCVC

5. To adopt the ACPO national charging policies and national guidance when applying charges under section 25 of the Police Act 1996 and to keep scales of fees and charges under review with such reviews being carried out at least annually.

Joint Responsibilities of the CCCFO and PCVCCFO

6. To make arrangements for the collection of all income due and approve the procedures, systems and documentation for its collection, including the correct charging of VAT
7. To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCVC.

8. To ensure that all income is paid fully and promptly into the designated Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail and money collected and deposited reconciled on a monthly basis.
9. To ensure income is not used to cash personal cheques or make other payments.

Responsibilities of the CCCFO

10. To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.
11. To operate effective debt collection procedures.
12. To initiate, in consultation with the Chief Executive, appropriate debt recovery procedures, including legal action where necessary.
13. To approve the write-off of bad debts, in consultation with the Chief Executive or the PCVCCFO, up to the level shown in Section G. Amounts for write-off above this value must be referred to the PCVCCFO for approval, supported by a written report explaining the reason(s) for the write-off.
14. To prepare detailed Financial Instructions for dealing with income, to be agreed with the PCVCCFO, and to issue them to all appropriate employees.

D3: Ordering and Paying for Work, Goods and Services

1. Public money should be spent in accordance with established policies. The PCVC and the Chief Constable have a statutory duty to ensure financial probity and best value. Financial Regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the contract procedure rules in Section F.

Responsibilities of the CCCFO

2. To maintain a procurement policy covering the principles to be followed for the purchase of goods and services and that all payments are made in accordance with this policy.
3. To issue official orders for all work, goods or services to be supplied to the Force and OPCVC, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCVCCFO. Orders must be in a form approved by the PCVCCFO.
4. Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of the Force and PCVC contracts.

5. Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
6. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order.
7. To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
8. To ensure that VAT is recovered where appropriate.
9. To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
10. To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, detailed in Section F.
11. To prepare, in consultation with the PCVCCFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

Responsibilities of the Chief Officers

12. To ensure that every officer and employee declares any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of the PCVC or Chief Constable and that such persons take no part in the selection of a supplier or contract with which they are connected.

D4: Payments to Employees

1. Employee costs are the largest item of expenditure for most police authorities. It is therefore important that there are controls in place to ensure accurate, timely and valid payments are made in accordance with individuals' conditions of employment.

Responsibilities of the Chief Constable

2. To ensure, in consultation with the PCVCCFO, the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees.
3. To ensure that tax, superannuation and other deductions are made correctly and paid over at the right time to the relevant body.
4. To pay all valid travel and subsistence claims or financial loss allowance.

5. To pay salaries, wages, pensions and reimbursements by the most economical means.
6. To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.
7. To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
8. To prepare detailed Financial Instructions for dealing with payments to employees, to be agreed with the PCVCCFO, and these shall be issued to all appropriate employees.

D5: Taxation

1. Tax issues are often very complex and the penalties for incorrectly accounting for tax are severe.

Responsibilities of the PCVCCFO

2. To ensure that arrangements are in place for the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements.
3. To ensure that arrangements are in place for the timely completion and submission of VAT claims, inputs and outputs to HMRC.

Joint Responsibilities of the PCVCCFO and CCCFO

4. To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations.
5. To provide details to the HMRC regarding the construction industry tax deduction scheme.
6. To ensure that appropriate technical staff have access to up to date guidance notes and professional advice.

D6: Corporate Credit Cards

1. Credit cards provide an effective method for payment for designated officers who, in the course of their official business, have an immediate requirement for expenditure which is relevant to the discharge of their duties.

Responsibilities of the Chief Constable

2. In conjunction with the PCVCCFO to provide Financial Instructions to all cardholders.

Responsibilities of the CCCFO

3. To authorise and maintain control over the issue of cards.

Responsibilities of credit card holders

4. To ensure that purchases are in accordance with approved policies e.g. catering, hospitality.
5. To provide receipted details of all payments made by corporate credit card each month, including nil returns, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

D7: Purchasing Cards

1. Purchasing cards are an alternative method of buying and paying for relatively low value goods, which generate a high volume of invoices. This should generate an efficiency saving from lower transaction costs (i.e. fewer invoices processed and paid for through the integrated accounts payable system), as well as reducing the number of petty cash transactions

Responsibilities of the Chief Constable

2. To provide detailed financial instructions to card holders.

Responsibilities of the CCCFO

3. To authorise and maintain control over the issue of cards.
4. To reconcile the purchase card account to the ledger on a monthly basis.

Responsibilities of Purchasing Card Holders

5. To be responsible for ordering and paying for goods and services in accordance with the procurement policy, guidance and contract standing orders and all procedures laid down by the CCCFO.

D8: Ex Gratia Payments

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

Responsibilities of the Chief Constable

2. To make ex gratia payments, on a timely basis, to officers, staff or members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCVC and the Force up to the limits set and in section G.
3. To maintain details of ex gratia payments in a register.

Section E: External Arrangements

E1: External Funding

1. External funding can be 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 PCVC and Chief Constable. Funds from external agencies provide additional resources to enable policing objectives to be delivered. 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 Police and Crime Plan.
2. The main sources of such funding will tend to be specific Government grants, additional contributions from local authorities and donations from third parties (e.g. towards capital expenditure).

Responsibilities of Chief Officers

3. To pursue any opportunities for additional funding where this is considered to be in the interests of the Force and PCVC.

Joint Responsibilities of the Chief Constable and the PCVC

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

Joint Responsibilities of the PCVCCFO and CCCFO

5. To ensure that all funding notified by external bodies is received and properly accounted for, and that all claims for funds are made by the due date and that any audit requirements specified in the funding agreement are met.

Responsibilities of the Chief Constable

6. To ensure that funds are acquired only to meet policing needs and objectives.
7. 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.
8. To ensure that any conditions placed the PCVC and the Force in relation to external funding are in accordance with the approved policies. If there is a conflict, this needs to be taken to the PCVC for resolution.

E2: Working for Third Parties

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

Responsibilities of the Chief Constable

2. To ensure that proposals for assistance are costed, that no contract is subsidised by the Force or the OPCVC and that, where possible, payment is received in advance of the delivery of the service, so that the Force and the OPCVC are not put at risk from any liabilities such as bad debts.
3. To ensure that appropriate insurance arrangements are in place.
4. To ensure that all contracts are properly documented.
5. To ensure that such contracts do not impact adversely on the services provided by the Force and the OPCVC.

E3: Joint Working Arrangements

1. Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.
2. Joint working arrangements can take a number of different forms, each with its own governance arrangements. These can be grouped under the following headings:
 - Partnerships;
 - Consortia;
 - Regional Working;
 - Collaboration.
3. Partners engaged in joint working arrangements have common responsibilities:
 - To act in good faith at all times and in the best interests of the partnership's aims and objectives;
 - To be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
 - To be open about any conflicts that might arise;
 - To encourage joint working and promote the sharing of information, resources and skills;
 - To keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature;
 - To promote the project.

4. In all joint working arrangements the following key principles must apply:
 - Before entering into the agreement, a risk assessment has been prepared;
 - Such agreements do not impact adversely upon the services provided by the Force and OPCVC;
 - Project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
 - All arrangements are properly documented;
 - Regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
 - Audit and control requirements are satisfied;
 - Accounting and taxation requirements, particularly VAT, are understood fully and complied with;
 - An appropriate exit strategy has been produced.

The Force and OPCVC element of all joint working arrangements must comply with these Financial Regulations

Partnerships

1. The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:
 - Are otherwise independent bodies;
 - Agree to co-operate to achieve a common goal;
 - Achieve it to create an organisational structure or process and agreed programme, and share information, risks and rewards.
2. The number of partnerships, both locally and nationally, is expanding in response to Central Government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:
 - Comply with statutory requirements;
 - Deliver strategic objectives; in new and better ways;
 - Improve service quality and cost effectiveness;
 - Ensure the best use of scarce resources; and access new resources;
 - Deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need;
 - Forge new relationships;
 - Find new ways to share risk.
3. Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

Statutory based

4. These are partnerships that are governed by statute, for example, Community Safety Partnerships (CSPs).
5. These are partnerships set up to deliver core policing objectives. They can either be force area wide or local.

Ad-hoc

6. These are typically locally based informal arrangements agreed at an appropriate level within Force.

Context

7. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCVC, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, PCVCs are free to pool funding as they and their local partners see fit. PCVCs can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.
8. When the PCVC acts as a commissioner of services, he/she will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The PCVC is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

Responsibilities of the PCVC

9. To have regard to relevant priorities of local partners when considering and setting the 5 year Police and Crime Plan and the annual delivery plan.
10. To make appropriate arrangements to commission services from either the Force or external providers.
11. To award grants.

Responsibilities of Chief Officers

12. To follow the Financial Instructions for local partnerships, as published on the Force policing intranet.

13. To consult, as early as possible, the CCCFO and the PCVCCFO to ensure the correct treatment of taxation and other accounting arrangements.
14. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

Consortium Arrangements

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

Responsibilities of Chief Officers

2. To contact the Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
3. To consult, as early as possible, the CCCFO and the PCVCCFO to ensure the correct treatment of taxation and other accounting arrangements.
4. To produce a business case to show the full economic benefits to be obtained from participation in the consortium.
5. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

Responsibilities of the PCVC

6. To approve the Force and OPCVC participation in the consortium arrangement.

Collaboration

1. Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, Chief Constables and PCVCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCVCs. Any collaboration which relates to the functions of a police force must first be agreed with the Chief Constable of the force concerned.
2. The PCVC shall hold the Chief Constable to account for any collaboration in which the Force is involved
3. Any such proposal must be discussed with the PCVCCFO and CCCFO in the first instance.

Section F: Contract Procedure Rules

1 Introduction and Compliance

- 1.1. All orders and contracts for works, goods or services made by or on behalf of the Constabulary and the Police, Crime and Victims' Commissioners, shall be made in accordance with these Contract Procedure Rules (CPRs).
- 1.2. All contracts shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community, and relevant Government Guidance.
- 1.3. The PCVC and Chief Constable require all procurement activity to be undertaken in a transparent, fair and consistent manner, ensuring the highest standards of probity and accountability. All procurement undertaken on behalf of the Force and PCVC will operate under robust principles and procedures to ensure best value. Detailed procedures will be published in Procurement Policy and Procedures.
- 1.4. No exceptions shall be made to these CPRs otherwise than reasons stated in Section 5.
- 1.5. All officers and employees shall comply with these CPRs. Any failure to do so may result in disciplinary action.

2. Competitive Procurement

- 2.1. For works, products or services not available from an existing contract, the acceptance of quotations and bids will be based on the principle of best overall value for money, i.e. the most economically advantageous offer. Criteria for the award of contracts shall be recorded in advance of the invitation and strictly observed by officer's evaluating the bids.
- 2.2. When requesting quotations from contractors who are not yet listed on the central database discussions must be held with Procurement to ensure that the correct procurement process is carried out. Consistency must be observed when dealing with several contractors and on no account must the current thresholds be disclosed or one competitor's quotation – costs be disclosed to another
- 2.3. Evaluation models shall generally be weighted such that the highest percentage score will be allocated to the area which holds the most strategic value or importance during the life cycle of the service requirement. The criteria may include cost and qualitative elements. The evaluation process must be transparent, objective, systematic, thorough and fair.
- 2.4. The table below describes the procedure and authority levels dependent on the estimated value of the procurement.

- 2.5. Estimated value is deemed to be the aggregate cost, in any Force and any that is reasonably anticipated over the lifetime of the provision. If the lifetime is unknown, then the aggregate cost should be based on 48 months.
- 2.6. Requirements must not be disaggregated in Force or OPCVC in order to avoid competitive procurement **under any circumstances**.
- 2.7. The authority levels shall also apply to variations to contract, i.e. any additional costs resulting from the variation must be aggregated with the original contract value for the purposes of authorisation. However, there must be no agreement for variation to contract without involvement of the procurement section to allow for adherence to contract regulations and audit requirements.

Procurement Competition Procedures and Authority Levels

Estimated Value over life of the contract	Quotation / Tender Requirements	Levels of Delegated Authority to accept quotations/tenders
< £10,000	The local procurement procedure may use any reasonable means to select the supplier, preferably three quotations shall be obtained (this may include from catalogues or price lists). The procurement procedure and outcome must be recorded and retained locally.	Purchase orders and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
<p>Notes: Purchases up to £10,000</p> <ul style="list-style-type: none"> • For purchases up to this value, it is expected that local stake holders will check with Procurement in the first instance to establish if the force has existing supplier accounts or contracts held on the Agresso finance system which can quickly assist with the requirement. • In the event that there is not an existing account on Agresso three new quotations shall be obtained from catalogues or price lists. • Three quotations should be sourced to ensure competitive VFM is obtained. The purchase must be recorded via the Agresso system with the chosen quotation uploaded for audit purposes. 		
£10,000 to £50,000	At least three formal written quotations or references to three supplier catalogues shall be obtained.	Purchase orders, and contracts to be approved locally by Officers with relevant authority in accordance with financial instructions.
<p>Notes: Purchases between £10,000 and £50,000</p> <ul style="list-style-type: none"> • Three quotations must be obtained from existing suppliers already set up on the Agresso system. 		

Estimated Value over life of the contract	Quotation / Tender Requirements	Levels of Delegated Authority to accept quotations/tenders
		<ul style="list-style-type: none"> • If no existing accounts, procurement will advise on correct route to procure. For higher value procurement it is advisable that supplier appraisals checks are conducted by procurement subject to criteria of the purchase. • Purchases must be recorded via the Agresso finance system with a copy of the quotation uploaded. • The Officer with delegated authority to authorise orders or contracts committing the expenditure does so on behalf of the PCVC. • Whilst mandatory involvement of the Procurement Team is required for contracts valued over £50,000, the Team will provide advice and guidance on all procurement matters and contracts under £50,000.
> £50,000	All procurement to be managed by the Force Procurement Team.	<p>On conclusion of the procurement process an 'Authority to proceed to contract' will be issued by the Procurement Team and will be signed by officers with relevant authority in accordance with Financial Instructions and returned to the Procurement Team.</p> <ul style="list-style-type: none"> • Up to £100,000 - CCCFO or Head of Finance • Above £100,000 to £1,000,000 – PCVCCFO • Over £1,000,000 - PCVC or PCVCCFO

3. Financial and Contractual Delegation

- 3.1. The PCVCCFO and CCCFO will be responsible for determining authorised signatories within the OPCVC/Force.
- 3.2. Authorised signatories will ensure that the purchase is compliant with all financial instructions, and ensure that sufficient resources are available within the revenue budget or capital programme.

4. Exceptions to Normal Procedures/Single Tender Action

- 4.1. Exceptions: All exceptions to normal procedures must be approved by the CCCFO in consultation with the PCVCCFO and will be reported for information to the Executive Board.

- 4.2. Single Tender Action (STA): STA should only be used in very exceptional circumstances. The CCCFO and PCVCCFO will consider and approve requests for exceptions to normal procedures under the following circumstances:
- a. Where it can be evidenced that only one supplier is able to carry out the work or service or to supply products for technical reasons or because of exclusive rights;
 - b. Extensions to existing contract where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience, however, it is always best practice to incorporate potential extension periods at the start of a procurement exercise (tender) to ensure that aggregated contract spend has been accounted for, if in the event that an extension of contract is required this must also be notified to the procurement section to assist with adherence to various audit requirements;
 - c. The contract has been classified as secret by the Chief Constable making the use of a particular contractor essential or a limited competition to a select list of contractors and the avoidance of advertising requirements in the public domain;
 - d. The contract is required so urgently that competition is impracticable. For example a genuine unforeseeable operational need arises. However failure to plan ahead and take action within appropriate timescales does not constitute grounds for an urgency exception.

5. Competitive Procurement Using Tenders

- 5.1. The CCCFO will have responsibility to ensure appropriate Procurement Policy and Procedures are in place covering matters such as:
- a. The procedures to be applied in respect of the whole tendering process i.e. initial tender, specifications and standards, and evaluation and appointment of contractors and consultants;
 - b. Processes regarding the use of sub-contractors;
 - c. Processes regarding variations to contract;
 - d. The process to be undertaken in relation to declarations of interest in a contract;
 - e. The procedures to be followed in relation to Collaborative Contracts;
 - f. The adoption of Framework Agreements;
 - g. The Procedures to be followed in applying for an exception to Standing Orders, including:
 - The formal procedure to be adopted to evidence alternative provision is not available;
 - The formal justification of emergency provision.
 - h. The achievement of Value for Money, and the minimisation of risks to the Force and the OPCVC.

- 5.2. The procurement procedures and guidance will set out arrangements for the recording and retention of information in relation to procurement activity.
- 5.3. The CCCFO will ensure appropriate Financial Instructions are provided for use by staff.

Tender Custody and Opening

Electronic Tendering

- 5.4. The PCVC supports the use of electronic means for the invitation and receipt of tenders through the selected e-tendering system in line with the system requirements.
- 5.5. The CCCFO will ensure that the selected systems and the related procedures incorporate appropriate safeguards to ensure the integrity of the tendering process.

6. Form of Contract

- 6.1. All contracts shall be in writing. It is strongly advised that, legal advice is sought in relation to contracts with support from the procurement section.
- 6.2. The Procurement team in conjunction with the legal team will advise on the appropriate use of Performance Guarantee Bonds or the provision of liquidated damages where necessary.

Section G: Scheme of Delegation

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

Section		Description	Value
B1	Financial Planning	The budget estimates shall identify all proposed individual major revenue projects.	<i>Excess of £100,000</i>
B2	Budgetary Control	Major projects need not be referred back to the PCVC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the variation from approved estimate limits.	<i>By lesser of 10% or £100,000</i>
	Virements	The levels of authorisation for revenue virements to be approved are: Chief Constable PCVCCFO For virements between £150,000 and £250,000 the Chief Constable shall consult and agree proposals with the PCVCCFO. For amounts over £250,000 approval from the PCVC is required. Virements to a specific budget line approved within these limits, but with a cumulative value exceeding £250,000, shall be reported to the PCVC.	<i>£100,000 £250,000</i>
	Year End Balances	Devolved budget holders who underspend their budget in any financial year may carry forward planned underspends with the approval of the CCCFO.	
B3	Capital Programme	Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. Schemes need not be referred back to the PCVC for further approval unless.	<i>Excess of £100,000</i>
C1	Assets	The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits: <i>Land & Buildings</i> <i>Vehicles</i> <i>Computers</i> <i>Plant & Equipment</i>	<i>All values All values All values £10,000</i>
		The Chief Constable and Chief Executive shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment.	<i>Above £250</i>
		Discrepancies between the actual level of stock and the book value of stock may be written off by the Chief Constable. Amounts for write off above this value must be referred to the PCVCCFO for approval.	<i>Individual items £10,000 Overall annual limit</i>

Section		Description	Value
			on all stock £15,000
		Obsolete stock, or equipment and materials surplus to requirements may be written off by the Chief Constable. Amounts for write off above this value must be referred to the PCVCCFO for approval.	<i>Individual items</i> £10,000 <i>Overall annual limit on all stock</i> £15,000
		The Chief Constable may dispose of <i>Vehicles</i> and items of Equipment. Disposals above this value are to be reported to the PCVC for prior approval.	<i>Up to</i> £10,000
		Items of <i>Equipment</i> above shall be disposed of by public auction or sealed bids after advertisement.	<i>Above</i> £15,000
D2	Income	Individual amounts may be written off by the Chief Constable or PCVCCFO. Amounts for write off must be referred to the PCVC for approval. All cases where write off action results from theft or fraud shall be referred to the PCVCCFO and the CCCFO for approval up to a maximum of £10,000 and to the PCVC for approval of amounts in excess of that sum.	<i>Up to</i> £10000 <i>Above</i> £10,000
D3	Ordering of Goods and Services	Quotations shall be obtained or tenders invited from suppliers or contractors in accordance with the requirements set out in contract procedure rules.	
D4	Ex Gratia Payments	The Chief Constable may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the Force. Any amounts greater than those specified must be referred to the PCVC for approval. The circumstances of the proposed payment must not have the effect of circumventing other pay and allowances, policies, rates and rules. Any ex gratia payment above this limit will require the approval of the PCVC.	<i>Up to</i> £10,000 <i>in consultation with the PCVCCFO</i>
E2	External Funding	The Chief Constable will report to the PCVC where the Force has identified and pursued external funding.	<i>In excess of</i> £250,000
		The Chief Constable may enter into arrangements under which the PCVC receives sponsorship. Sponsorship arrangements above this value are to be reported to the PCVCCFO for prior approval.	<i>Up to</i> £15,000

Section	Description	Value
	Where Durham Constabulary are not physically paying for products or services from the PCVC's bank account a direct invoice may be paid by Finance without the need for a purchase order to be raised via the central Agresso system.	
	Where Durham Constabulary pay a proportion of any funding costs as part of an agreement with other organisations, then the normal procurement procedure rules will apply please refer to outline of rules at section F of this document. A purchase order will be raised on the Agresso finance system clearly detailing the project reference number and associated costs	

Section H: Guidance Notes on Breach of Contract Procedure Rules or Financial Regulations

1. These guidance notes are supplemental to the PCVC and Chief Constable's Anti-Fraud and Corruption Strategy and Fraud Response Plan and should be read in conjunction with those documents.
2. The PCVCCFO and the CCCFO have responsibility under section 114 of the Local Government Finance Act 1998 to make a report to the PCVC and Chief Constable if it appears to either of them that any person holding any officer or employee or member of any collaborative body on which the PCVC or the Force is represented:
 - a. Has made, or is about to make a decision which involved or would involve the PCVC or 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 PCVC or the Chief Constable; and
 - c. Is about to enter an item on account, the entry of which is unlawful.
3. It is also the duty of the Chief Executive and Monitoring Officer to prepare a report for the PCVC with respect to any proposal, decision or mission by any person holding any office or employment which may contravene any enactment, rule of law or code of practice or any maladministration or injustice as defined. In doing so it is the Monitoring Officer's duty as far as is practicable to consult with the PCVCCFO and the CCCFO.
4. A copy of such a report shall be sent to the External Auditor.
5. To provide for effective action to deal with any fraud and corruption and to assist the PCVCCFO and the CCCFO in the performance of their duties to ensure the financial affairs of the Force and the OPCVC are properly conducted, the following procedures will be adhered to in the circumstances of any suspected or actual breach of financial regulations or contract procedure rules.

Section I: Anti-Fraud and Corruption Strategy

1. Introduction

- a. In administering its responsibilities in relation to fraud and corruption, whether it is attempted on the Office of the Police, Crime and Victims' Commissioner (OPCVC) and/or the Force or from within, the PCVC and Chief Constable are committed to an effective Anti-Fraud and Corruption Strategy designed to:
 - Encourage prevention;
 - Promote detection; and
 - Identify a clear pathway for investigation.
- b. The expectations regarding propriety and accountability is that the PCVC, the Chief Constable and staff at all levels will lead by example in ensuring adherence to rules, and that all procedures and practices are above reproach.
- c. The PCVC and the Chief Constable also demand that individuals and organisations that they come into contact with will act towards them with integrity and without thought or actions involving fraud or corruption.
- d. This Anti-Fraud and Corruption Strategy is based on a series of comprehensive and inter-related procedures designed to frustrate any attempted fraudulent or corrupt act. These cover:
 - Culture (Section 2);
 - Prevention (Section 3);
 - Detection and Investigation (Section 4); and
 - Training (Section 5).
- e. The PCVC and the Chief Constable are also aware of the high degree of external scrutiny of its affairs by a variety of bodies including:
 - Her Majesty's Inspectorate and Fire & Rescue Services;
 - Internal Audit;
 - External Audit;
 - HM Customs and Excise;
 - Inland Revenue;
 - The General Public.

2. Culture

- f. The PCVC and the Chief Constable are determined that the culture and tone of these organisations are ones of honesty and opposition to fraud and corruption.

- g. There is an expectation and requirement that all individuals and organisations associated in whatever way with the Force and the OPCVC will act with integrity, and that PCVC and the Chief Constable and staff at all levels will lead by example in these matters.
- h. The PCVC, the Chief Constable and their staff are important in the stance on fraud and corruption and they are positively encouraged to raise any concerns that they may have on these issues where they are associated with the activities of the Force and the OPCVC. Concerns may be about something that:
- Is unlawful;
 - Is against the PCVC's Standing Orders, Financial Regulations or policies;
 - Falls below established standards or practices;
 - Results in waste or loss to the PCVC;
 - Amounts to improper conduct.
- i. Staff can do this in the knowledge that such concerns will be treated in confidence, properly investigated and without fear of reprisal and victimisation. If necessary, a route other than their normal line manager may be used to raise such issues. Examples of such routes are:
- Chief Constable's Direct Line 0191 3752207;
 - PCVCCFO Direct Line 0191 3752265;
 - Audit Manager 03000 269665;
 - Integrity Link on the Force Intranet;
 - The PCVC 0191 3752001;
 - National Audit Office Confidential Whistleblowing Line 020 7798 7999;
 - Public Concern at Work; Independent charity offering free advice on fraud or other issues of malpractice (020 7404 6609).
- j. The Public Interest Disclosure Act 1988 protects employees, who report suspected fraud or corruption activities, from any reprisals as long as they meet the rules set out in the Act. In simple terms the rules for making a protected disclosure are:
- The information disclosed is made in good faith;
 - The person making the disclosure must believe it to be substantially true;
 - The person making the disclosure must not act maliciously or make false allegations;
 - The person making the allegation must not be seeking any personal gain.
- k. The designated officer required under the Act to receive disclosures is the PCVCCFO.
- l. Members of the public are also encouraged to report concerns through any of the above avenues.

- m. Allegations/concerns can be made anonymously, however it should be noted that such cases can be more difficult to investigate. The likelihood of action will depend on:
- The seriousness of issues raised;
 - Credibility of the concern;
 - Likelihood of confirming the allegation from attributable sources.
- n. Senior management are responsible for following up any allegation of fraud and corruption received and will do so by:
- Dealing promptly with the matter;
 - Recording all evidence received;
 - Ensuring that evidence is sound and adequately supported;
 - Ensuring security of all evidence collected;
 - Notifying the PCVCCFO, and implementing disciplinary procedures where appropriate.
- o. The PCVC and the Chief Constable can be expected to deal swiftly and thoroughly with any member of staff who attempts to defraud the Force or the OPCVC or who are corrupt. The PCVC and the Chief Constable should be considered as robust in dealing with financial malpractice.

3. Prevention

- p. The PCVC and the Chief Constable recognise that a key preventative measure in the fight against fraud and corruption is to take effective steps at the recruitment stage to establish, as far as possible, the previous record of potential staff in terms of their propriety and integrity. Staff recruitment is therefore required to be in accordance with procedures laid down by the Chief Executive and Chief Constable and in particular to obtain written references regarding known honesty and integrity of potential staff before employment offers are made.
- q. All employees are expected to follow any Code of Conduct related to their personal professional qualifications and also to abide by the published Rules of Conduct. This code and the role that appropriate staff are expected to play in the Corporate Governance framework and systems of internal control will be featured in staff induction procedures.
- r. The PCVC and DPCVC are required to adhere to the Code of Conduct relating to the declarations of interests. Staff are also required to declare pecuniary interests.
- s. The PCVC, Chief Constable and all staff are required to declare in a public register any offers of gifts or hospitality which are in any way related to the performance of their duties.

- t. Significant emphasis has been placed on the thorough documentation of financial systems, and every effort is made to continually review and develop these systems in line with best practice to ensure efficient and effective internal controls. The adequacy and appropriateness of the Force and the OPCVC's financial systems is independently monitored by both Internal Audit and External Audit. Senior management place great weight on being responsive to audit recommendations.
- u. The Independent Audit Committee provides an independent and objective view of internal control by receiving and considering audit plans, reports and management letters and reports as appropriate to the PCVC.
- v. As part of the prevention approach the PCVC and the Chief Constable will participate in National Fraud Initiatives organised by the Cabinet Office.

4. Detection and Investigation

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

5. Training

- cc. The PCVC and the Chief Constable recognise that the continuing success of its Anti-Fraud and Corruption Strategy and its general credibility will depend largely

on the effectiveness of programmed training and responsiveness of staff throughout the organisation.

- dd. To facilitate this, the PCVC and the Chief Constable support the concept of induction and training particularly for staff involved in internal control systems to ensure that their responsibilities and duties in this respect are regularly highlighted and reinforced.
- ee. The possibility of disciplinary action against staff who ignore such training and guidance is clear.

6. Conclusion

- ff. The PCVC and the Chief Constable have in place clear networks of systems and procedures to assist it in the fight against fraud and corruption. It is determined that these arrangements will keep pace with any future developments in both preventative and detection techniques regarding fraudulent or corrupt activity that may affect its operation.
- gg. To this end, a continuous overview of such arrangements, in particular, by the PCVCCFO, through the Head of Internal Audit and External Auditor and in Force via the Finance Unit and Professional Standards.

Fraud Response Plan

- hh. All instances of fraud and corruption will be investigated in accordance with this plan.
- ii. Fraud and corruption may be reported through a range of channels including direct to a line manager, by another manager, through the Chief Constable's Direct Line, with the "Bad Apple" or by means of external reports. The means of reporting fraud will be publicised within the Force and the OPCVC and will be made known to partners and those individuals and organisations that we come into contact with.
- jj. The arrangements for detection and investigation are set out in the Anti-Fraud and Corruption Strategy.
- kk. The protocol requires the Professional Standards Branch to liaise with the Head of Internal Audit, after the matter has been investigated. This will enable the Head of Internal Audit to identify any weaknesses in internal control that allowed the irregularity to occur and to ensure that corrective action is taken in order to minimise the risk of any reoccurrence within the Force or the OPCVC. Issues considered will be reported to the Professional Standards Board.
- ll. Disciplinary procedures are likely to be invoked where the outcome of any investigation indicates misconduct. Proven cases of gross misconduct may result

in dismissal of the employee. Misconduct includes fraud committed by a member of staff against the organisation.

- mm. Where financial impropriety is discovered the presumption of the PCVC and the Chief Constable is that these arrangements will be made where appropriate for the prosecution of offenders by the CPS.
- nn. In instances where the misconduct takes another form such as the misuse of systems and equipment that does not result in financial loss then the outcomes will be monitored by the PCVC and the Chief Constable through the processes in place to oversee Human Resources issues.
- oo. The PCVC and the Chief Constable will seek to ensure that it learns lessons from any mistakes made that allowed any instances of fraud or corruptions to be perpetrated or to have gone unnoticed. This will be achieved by ensuring that system weaknesses or other contributory factors are identified and addressed. This will normally be achieved through an Internal Audit investigation, report and action plan to ensure that audit recommendations are implemented.
- pp. The External Auditor also has the powers to investigate fraud and corruption independently and the PCVC and the Chief Constable will make use of these services in appropriate cases.
- qq. The PCVCCFO and the CCCFO will determine if a matter needs to be brought to the attention of the Chief Executive, PCVC and the Chief Constable.
- rr. In the event that the PCVC or the Chief Constable is involved the matter will be brought to the attention of the Monitoring Officer.
- ss. The PCVCCFO, the CCCFO and the Head of Internal Audit will maintain a link with the External Auditor in order to keep them apprised of developments in serious cases.

Section J: Decision Making Policy

Introduction

The Police Reform and Social Responsibility Act 2011 (the Act) introduced significant changes to the governance of policing in England and Wales. Most notably, this includes the introduction of Police and Crime Commissioners (PCCs) who will be responsible for decisions formerly taken by Police Authorities as part of a formal decision making structure. It is essential that PCCs have in place arrangements to demonstrate that decisions taken by them are informed and transparent, able to stand up to public scrutiny and reflect the needs of the Durham police area.

General Considerations

Both the Police and Crime Commissioner and Chief Constable are by virtue of Section 1(2) of the Act a corporation sole with the functions of the Commissioner being set out in section 1 (5) – (8). These bodies can only do the things that the legislation expressly or by necessary implication says they can do.

The Police and Crime Commissioner (Declaration of Acceptance of Office) Order 2012 requires the PCC to swear an oath of impartiality. It commits them to serve local people without fear or favour and to set out publicly their commitment to tackling their role with integrity, impartiality and fairness.

The Act does not define how PCCs will be expected to make decisions but it does establish the Police and Crime Panel with a responsibility to scrutinise decisions taken by the PCC, therefore it is essential for a robust system to be established. Some of these decisions, such as the proposed precept and appointment of the Chief Constable must be considered in a particular way by the Panel but general decisions will be subject to local determination.

In undertaking their respective functions PCCs and Chief Constables must have regard to the Policing Protocol (Policing Protocol Order 2011) which describes the roles and relationships of each and the framework within which they should work?

PCCs must also have regard to the Financial Management Code of Practice for the police service. The Code provides clarity around the financial governance arrangements and specifies the need to embed the principles of good governance into the way the Office of Police and Crime Commissioner operates.

The Elected Local Policing Bodies (Specified Information) Order 2011 specifies the information that must be published by the PCC, including specific reference to decisions. It sets out both time scales and requirements for recording and publication of decisions of significant public interest and policies relating thereto.

Schedule 16, paragraph 121 of the Act includes the Office of PCC as a body which can be subject to investigation by the Local Government Ombudsmen and in respect of allegations of apparent maladministration in connection with the exercise of its administrative functions.

Other regulations impacting upon the operation of the two corporations sole include the Human Rights Act 1998 and generic employment and procurement law.

PCC Decisions

Primarily decisions taken by a PCC will arise from the discharge of their statutory functions which are detailed in the table on pages 83 - 84.

The Act states that a PCC may do anything calculated to facilitate the exercise of these functions including entering into contracts, agreements, acquiring and disposing of property and borrowing money.

Decisions will relate to both national and local interests and will vary in both complexity and impact on local communities.

The PCC will be expected to adopt rigorous standards of probity, regularity and transparency in all of their decision making. A related and proportionate scale in the amount of information advice, support, challenge, scrutiny and consultation given in advance of, and following the decision will be required. It is however recognised that some decisions may not allow for a significant level of engagement and consultation e.g. urgent decisions and some issues of national security would limit the opportunity for transparency.

All decisions will have regard to the PCC’s adopted Finance Procedure Rules and Contract Procedure Rules.

Public bodies must demonstrate probity and regularity in their decision making, not just as a matter of good governance but also as a matter of law. The process followed by public bodies in arriving at decisions is, in legal terms, more important than the quality of the final decision itself. Any alleged defect in the process followed by a Police and Crime Commissioner would potentially allow a challenge by way of judicial review. Therefore a ‘good’ decision in this context must include both the process and the eventual outcome.

	Reference
Function Secure the maintenance of an efficient and effective police force for that area	s1(6)
Strategic Planning Prepare a draft and issue a Police and Crime Plan Review the police and crime plan, particularly in the light of: <ul style="list-style-type: none"> • Any report or recommendations made by the Police and Crime Panel • Any changes in the strategic policing requirement 	s5 (Regs) s5(9)
Holding to Account Hold the Chief Constable to account for: <ul style="list-style-type: none"> • The functions of the Chief Constable, and of persons under the direction and control of the Chief Constable 	S1(7)

	Reference
<ul style="list-style-type: none"> • The exercise of the duty to have regard to Police and Crime Plan • The exercise of the duty to have regard to Strategic Policing Requirement • The exercise of the duty to have regard to codes of practice issued by Secretary of State • The effectiveness and efficiency of the Chief Constable's arrangements for co-operating with other persons • The effectiveness and efficiency of the Chief Constable's arrangements for engagement with local people • The extent to which the Chief Constable achieves value for money • The exercise of duties relating to equality and diversity • The exercise of duties in relation to the safeguarding of children and the promotion of child welfare 	<p>s1(8)(a)</p> <p>s1(8)(b)</p> <p>s1(8)(c)</p> <p>s1(8)(d)</p> <p>s1(8)(e)</p> <p>s1(8)(f)</p> <p>s1(8)(g)</p> <p>s1(8)(h)</p>
Maintain a Custody Visiting Scheme	PRA s51
<p>Partnership Working</p> <p>Make a crime and disorder reduction grant to any person</p> <p>Have regard to the relevant priorities of each responsible authority</p> <p>Act in co-operation with responsible authorities</p> <p>Make arrangements with criminal justice agencies for the exercise of functions so as to provide an efficient and effective criminal justice system for the area</p> <p>Enter into collaboration agreements</p> <p>Keep collaboration agreements under review</p> <p>Provide advice and assistance to a body outside the UK</p>	<p>s9</p> <p>s10(1)</p> <p>s10(2) (<i>CDA Regs</i>)</p> <p>s10(3)</p> <p>s22A PA'96 as inserted by s89; sch12</p> <p>s22C PA'96 as inserted by s89; sch12</p> <p>s26 PA'96 as amended by para 25 sch16</p>
<p>People</p> <p>Appoint, manage complaints regarding, suspend and remove the Chief Constable</p> <p>Appoint a Chief Executive and Chief Financial Officer (and may appoint other staff, including a Deputy PCC)</p>	<p>s38 and sch8 (<i>Regs</i>)</p> <p>sch1 para6 to 8</p>
<p>Information and Engagement</p> <p>Publish specified information in the time or manner specified</p> <p>Produce an Annual Report</p> <p>Provide the Police and Crime Panel with any information which the panel may reasonably require</p> <p>Make arrangements for obtaining:</p> <ul style="list-style-type: none"> • The views of people about matters concerning the policing of the area • Their co-operation with the police in preventing crime and anti-social behaviour in that area 	<p>s11 (<i>Regs</i>)</p> <p>s12</p> <p>s13</p> <p>s96(1) and (2) PA'96 as amended by s14 (<i>Regs</i>)</p>

	Reference
<ul style="list-style-type: none"> The views of victims of crime in that area about matters concerning the policing of that area. The views of (a) the people in that police area, and (b) the relevant ratepayers' representatives, on the proposals of the Police and Crime Commissioner for expenditure before the first precept for a financial year is issued by the Police and Crime Commissioner 	S96(1B) PA'96 as amended by s14
<p>Finance</p> <p>Enter into agreements for supply of goods and services</p> <p>Keep the police fund</p> <p>Receive grants for police purposes</p> <p>Receive grants for capital expenditure</p> <p>Receive national security grants</p> <p>Receive grants from local authorities</p> <p>Accept gifts or loans</p> <p>Borrow monies</p> <p>Issue a precept</p> <p>Receive emergency financial assistance</p> <p>Do anything calculated to facilitate the exercise of their functions, including:</p> <ul style="list-style-type: none"> Entering into contracts and other agreements Acquiring and disposing of property (including land) Borrowing money 	<p>s1 Local Authorities (Goods and Services) Act 1970; s15</p> <p>s21 (Pension Regs)</p> <p>s46 PA'96 as amended by s24</p> <p>s47 PA'96 as amended by s25</p> <p>s48 PA'96 as amended by s25</p> <p>s92 PA'96 as amended by s25</p> <p>s93 PA'96 as amended by s25</p> <p>s94 PA'96 as amended by s25</p> <p>s39 Local Government Finance Act 1992 as amended by s26 and sch5 (Regs)</p> <p>s155 Local Government and Housing Act 1989 as amended by s27 sch1 para 14</p>

Decision Making Principles

The overarching principles for decision making to be adopted by the Police, Crime and Victims' Commissioner for Durham are that all decisions will be in accordance with the:

- Powers and duties established within the statutory framework;
- Good governance principles in accordance with The Good Governance Standards for Public Services, 2005;

- Nolan principles as set out in on page 82 (Standards in Public Life: First Report of the Committee on Standards in Public Life, 2004);
- Good administrative practice, in accordance with the Commission for Local Administration, Good Administrative Practice, 2001 (as set out on page 95).

Key Decisions

As stated above decisions to be made by the PCVC will relate in the main to the statutory functions detailed in the table on pages 90-92. A Forward Plan for key decisions to be taken over a three month period will be published on the PCVC's website.

Key decisions are likely to include:

- The preparation, drafting and issuing of the Police and Crime Plan;
- Issuing the precept;
- Adopting a Medium Term Financial Plan;
- Commissioning of Services;
- Preparation and issue of the Annual Report;
- Any decision which is considered to be of significant public interest or impact either generally or on a particular locality;
- Any decision which will incur revenue expenditure in excess of £100,000;
- Any decision which will incur capital expenditure in excess of £100,000;
- The approval of or adoption of strategies/policies;
- Key procurement decisions;
- Significant changes to the police estate.

Decision Making Process

- There will be an Executive Board comprising the PCVC, the PCVC's Chief Executive and Chief Finance Officer, the Chief Constable and the Chief Constable's Chief Finance Officer. Other officers of the PCVC or the Chief Constable will attend as and when required.
- The Executive Board will be the forum through which the PCVC will make key decisions. All key decisions will be supported by a detailed report setting out the decision required, all relevant factors to be considered, the outcome of any consultation undertaken and the risks and implications of the course of action being recommended.
- Reports will be submitted to the OPCVC wherever practicable five working days prior to the date of the Executive Board meeting at which it is to be considered. Legal and financial implications must be cleared with the appropriate officers in advance of the issue of the report and any risks highlighted to enable these to be captured on the PCVC's risk register. In particular, where a key decision has implications in relation to equalities, an Equality Impact Assessment must be carried out and evidence of this provided in the report.
- All officers attending the Board meeting will be issued with copies of the report. These meetings will be minuted for record purposes. It is recognised that urgent decisions may

be required from time to time which mean that these timescales cannot be met. In such case a report should be prepared and submitted as soon as possible.

- In the interests of transparency, all reports to the Executive Board will be published unless there is a legitimate reason for not doing so. Under the Freedom of Information Act 2000 (FOIA) there is an assumption in favour of disclosure and the public interest test must be applied when considering withholding information from disclosure. Reports should be clearly marked if an FOI exemption applies.
- An online record will be maintained of all key decisions taken by the OPCVC and this will include a link to any documents which are disclosable under FOI. This record will include decisions taken by the PCVC or any person to whom delegated powers have been granted.
- The PCVC will consider holding public meetings when this will provide a means of consultation on potential decisions and provide a way of demonstrating openness.
- The PCVC may choose to delegate powers to any deputy appointed, their statutory officers or a senior member of police staff. This would not apply to key decisions which will be taken by the PCVC personally.
- Should the PCVC choose to delegate powers a scheme of delegation will be drawn up to clearly specify the decisions to which the delegations apply and the conditions attaching thereto.
- A record will be kept of all decisions made under delegated powers detailing the factors taken into consideration, including any consultation carried out.

Review and Scrutiny of Decisions

It is essential that there are measures in place to ensure proper scrutiny of decisions taken by the PCVC. The Act requires that the PCVC must appoint a Chief Executive who will also fulfil the role of Monitoring Officer and a Chief Financial Officer who has ultimate responsibility to fulfil the section 151 (Local Government Act 1972) role. Both of these roles provide a legal framework by conferring specific duty to report any contravention of the law or maladministration including that applicable to decision making. The Monitoring Officer and/or Chief Finance Officer has ultimate responsibility for identifying any deviation from the core principles of good governance and to report anything which gives rise to concern over a proposal, decision or omission.

Any decision taken by the PCVC will potentially be capable of challenge by way of judicial review in the Administrative Division of the High Court. The main grounds a decision made by a public body can be challenged are that it was unlawful, unreasonable or unfair. Decisions must be within the powers of the body and where they engage with someone's human rights, must be proportionate to the legitimate aim being pursued by the organisation

The third check and balance is the statutory role of the Police and Crime Panel. All decisions taken by the PCVC are subject to scrutiny by the Panel. Further detail about the role of the Police and Crime panel can be obtained from Democratic Services, Durham County Council, County Hall, Durham, DH1 5UL (democraticservices@durham.gov.uk).

Nolan Principles

- **Selflessness:** Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other benefits for themselves, their family or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

Principles of Good Administrative Practice

Policies

- Policies are formulated which set out the general approach and the criteria which are to be used in decision making.
- Criteria are clear and relevant and can be applied objectively so that decisions are not made on an inconsistent ad hoc or subjective basis.

Action Prior to a Decision

- Sufficient investigation should be undertaken to establish all relevant and material facts.
- Appropriate specialist advice should be sought e.g. legal, financial.
- Consultation with those who might reasonably consider they would be adversely or significantly affected is undertaken.
- Major errors which might materially affect an issue under consideration are detected.
- Give adequate consideration to the reasonable courses of action.
- Any reports produced should be materially accurate and cover all relevant points.

Decisions

- OPCVC does what its own policy/guidance requires.
- OPCVC has regard to relevant codes of practice and government circulars and follows the advice unless there are justifiable reasons not to do so.
- Irrelevant considerations should not be taken into account.
- Adequate consideration should be given to all relevant and material factors.

- Proper consideration is given to the views of relevant parties.
- Decisions are not made or action taken prematurely.
- There is proper and sufficient authority for any decision taken under delegated powers and that use of power was appropriate.
- Decisions taken should be proportionate i.e. the action to be taken must be proportionate to the desired outcome.
- Decisions should have respect for human rights and equalities legislation>
- There should be a presumption in favour of openness.
- There should be clarity of aims and desired outcomes and reasons given for the decision.

Section K: Statement of Working Relationship Principles between the Office of the Police, Crime and Victims' Commissioner for Durham and the Chief Constable of Durham Constabulary

The primary function of the Police, Crime and Victims' Commissioner for Durham (the Commissioner) is to secure the maintenance of an efficient and effective police force for the communities of County Durham and Darlington and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.

The Commissioner's remit also includes responsibilities for the delivery of community safety and crime reduction and for the enhancement of the delivery of criminal justice in County Durham and Darlington.

The legislative framework which applies, including the Police Reform and Social Responsibility Act 2011 which established the new police governance structures and the Policing Protocol, envisages:

1. The commissioner being accountable to the electorate for the delivery and performance of the police service and drawing on their mandate to set and shape the strategic objectives for the Durham Police area, in consultation with the Chief Constable;
2. The Commissioner providing the link between the police and the communities of County Durham and Darlington, working to translate the legitimate desires and aspirations of the public into action and reporting back to communities;
3. The Chief Constable exercising operational independence, being accountable to the law for the exercise of operational police powers; and being accountable to the Commissioner for the delivery of efficient and effective policing, the management of resources and expenditure by the Constabulary;
4. The Commissioner and the Chief Constable operating in accordance with the six principles of good governance and the locally agreed governance framework, and abiding by the Nolan Principles;
5. An effective and constructive working relationship between the Commissioner and the Chief Constable that will serve to enhance local policing for communities within County Durham and Darlington;
6. The Commissioner and the Chief Constable working together in a way that is collaborative and co-operative, affording each other reasonable, appropriate and timely access to staff and information that will enable both to carry out their respective functions effectively;
7. The Commissioner and Chief Constable working collaboratively with other partners, where this will improve the efficiency or effectiveness of policing and, where this relates to the functions of the police force, both parties are in agreement;

8. The Chief Constable providing professional advice and recommendations, and exercising direction and control over staff, in a way that will assist the Commissioner in the exercise of the Commissioner's functions.

Section L: Joint Chief Finance Officer Safeguards Protocol

Introduction

1. This document has been produced by the Office of the Durham Police, Crime and Victims' Commissioner (OPCVC) to give assurance to the Joint Independent Audit Committee, and the public, about the role of the Chief Finance Officer.
2. The Police, Crime and Victims' Commissioner receives the Police Grant from the Home Office, and is responsible for setting the police budget and holding the Constabulary to account. His Chief Finance Officer is responsible for advising him on those processes.
3. A conflict of interest could arise if his Chief Finance Officer, and the Constabulary's Chief Finance Officer, is the same person. However there are also potential benefits, and this is the arrangement that the PCVC has chosen. Therefore the PCVC's office has put in place safeguards to manage the risk that the Chief Finance Officer might be conflicted. This document sets out those safeguards.

Rationale for Arrangement

4. The PCVC's primary responsibility is to secure the maintenance of an effective and efficient police force. He has established the role of Joint Chief Finance Officer (CFO) to assist him. The joint role brings ongoing financial and operational benefits, including:
 - More effective, streamlined decision making;
 - The provision of consistent expert advice;
 - Reduced costs, by having one full time equivalent member of staff fulfil both roles.
5. The Chief Finance Officer is also the Section 151 Officer (cf. Local Government Act 1972) for both the PCVC and the Chief Constable, responsible for the proper administration of their financial affairs.

Risk and Mitigation

6. The PCVC's Chief Finance Officer might face a conflict of interest, because he is also the Chief Finance Officer to the Chief Constable. The most obvious theoretical manifestation of this would be **an inability to provide independent advice, particularly on holding the Chief Constable to account on financial matters.**
7. In looking to mitigate the impact of this risk, the OPCVC has (with advice from Internal Audit) developed an extensive Control Framework which is linked to relevant legislation.
8. **The PCVC has considered the risk alongside this Control Framework and considers that the benefits outweigh the risks, once the Control Framework is taken into account.** Its elements are set out below.

Control Framework

- i. The Strategic responsibilities of both the PCVC and CC are set out in the **Policing Protocol Order 2011**. This makes it clear that the PCVC is ultimately accountable to the public for the management of the police fund while the CC has day to day responsibility for managing their allocated budgets.
- ii. The OPCVC and Durham Constabulary **Scheme of Governance** sets out how powers and delegations will be exercised by the Joint CFO, Chief Executive and the Chief Constable. It acts as an important safeguard and form of assurance for the PCVC in preventing the CC from committing expenditure or carrying out certain activity which the PCVC may otherwise not wish to be involved in.
- iii. **Job descriptions**, as defined within the Scheme of Governance, have been developed in accordance with Section 4 of the Home Office Financial Management Code of Practice for the Police Service in England and Wales and are in place for each role.
- iv. **S36 of the Police Reform and Social Responsibility Act 2011 requires the CC to give all relevant information to the PCVC as needed**. In ensuring this requirement is fulfilled, the S151 status of the CFO requires him to act in the public interest should he consider that undue pressure is being placed on him to act in a manner which is unprofessional. Internal whistleblowing procedures (Bad Apple) are in place to protect the CFO in this regard. Section 114 of the Local Government Finance Act 1998 requires the Section 151 Officer to issue a report if there is likely to be unlawful expenditure or an unbalanced budget.
- v. In addition to the legislative requirements identified above, the “Role of the Chief Financial Officer in Local Government”, a publication by the **Chartered Institute of Public Finance and Accountancy outlines five principles** which the Joint CFO as a professionally qualified Accountant should adhere to. All of the principles within the document are underpinned by the need for the Joint CFO to act ethically i.e. with: integrity, objectivity, professional competence and due care, confidentiality, with professional behaviour and with impartiality.
- vi. The CFO is employed by the CC. Work undertaken for the PCVC is delivered through an agreement for the provision of services, **reporting through the Chief Executive**. This means that advice from the CFO to the PCVC can be checked and challenged by the Chief Executive before it reaches the PCVC – and the PCVC can be provided with additional advice if necessary.
- vii. Finance is a standing item on the **Executive Board Agenda** (Membership: PCVC, CC, Chief Executive and CFO) and either a verbal or written report is presented by the joint CFO, outlining the current and future financial position of both the PCVC and CC along with any necessary decisions and actions that need to be made. This ensures an open discussion and joint agreement for any decisions. All decisions taken are recorded.

- viii. The Head of Governance and Commissioning in the Office of the PCVC is a Qualified Accountant and acts as Deputy Chief Finance Officer to the PCVC. He is an employee of the PCVC and reports directly to the Chief Executive. The respective roles and responsibilities of the CFO and Head of Governance and Commissioning include the provision of Budget / Financial information. Establishment of **the Head of Governance and Commissioning's position within the OPCVC provides additional assurance** to the robustness of financial information that is provided to the PCVC.
 - ix. A **Dispute Resolution Process** using Informal and Formal Mediation is in place to provide additional support to the PCVC in holding the CC to account. In addition to the various internal controls outlined above, the PCVC or CC can request external advice from a third party, such as another PCVC/CC CFO, should they not be satisfied with the advice that they have received from the Joint CFO. Alternatively, they could request advice from HMICFRS. Under S54 of the Police Act 1996, a PCVC can request HMICFRS carry out an inspection on any aspect of the force's operations, including obtaining information.
 - x. The PCVC can access **Internal Audit** to confirm that checks and balances exist to ensure high standards of governance and adequate risk management is in place. Similarly they can take assurance from **External Audit** in ensuring overall financial probity as auditors of both the PCVC and CC. They could also be used to offer an external opinion should the PCVC or CC be concerned as to any lack of transparency or independence by the joint CFO.
 - xi. Ultimately at any point either the PCVC, CC or Joint Chief Finance Officer can terminate this agreement. This would result in the PCVC needing to appoint another CFO, which the Chief Executive would advise him on.
9. Three potential reasons have been identified which could lead to a change in the current position:
- a. Future legislation could remove the opportunity to have a Joint Chief Finance Officer (although we have no indication that such legislation is forthcoming);
 - b. If the current post-holder were to leave (due to the level of trust, built up over time, which helps to facilitate the post's effective operation);
 - c. The growth of the PCVC's responsibilities, interest and influence across the rest of the Criminal Justice System, and consequent increased volume of commissioned services for supporting victims, reducing reoffending and improving rehabilitation (meaning that the likelihood of a conflict of interest between the Constabulary and PCVC in financial decision-making is potentially greater).

Contact

Enquiries about this protocol should be directed to the Office of the Police, Crime and Victims' Commissioner at enquiries@durham-PCC.gov.uk

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Section M: General Data Protection Regulations (GDPR)

The GDPR

The GDPR replaces the Data Protection Directive (DPD) (Directive 95/46/EC), which came into force in 1995; the principles of which remain sound and are largely carried into the GDPR, with some changes and shifts in emphasis. The DPD required each Member State to enact its own laws to implement it (by 1998), which resulted in fragmented standards, inconsistent protection of fundamental rights and freedoms and a degree of uncertainty, all of which the GDPR aims to address. As a Regulation rather than a Directive, the GDPR will apply in the same way across all Member States, with slight room for manoeuvre on certain issues.

The GDPR sets out rules to protect the rights and freedoms of natural persons in respect of the processing and free movement of their personal data. It applies to automatic or semi-automatic processing of personal information and to manual processing where it forms part of a filing system.

The Data Protection Policy and Data Protection Procedures contain the data protection procedures for the Durham Police Crime and Victims Commissioners Office (OPCVC) in compliance with the General Data Protection Regulations (GDPR) (EU) 2016/679 and UK Data Protection legislation.

Responsibilities for Data Protection

The following table explains responsibilities for Data Protection related activities at OPCVC.

OPCVC Senior Leadership Team (SLT)	The Chief Executive has overall responsibility for Data Protection at the OPCVC.
Data Protection Officer	Responsible for: <ul style="list-style-type: none">• Managing data protection on a day to day basis.• Reporting on the data protection issues and related activities to the OPCVC SLT.• Providing specialist advice, guidance and approvals related to use of personal data.• Breach investigation and notification decisions.• Data Protection Impact Assessment (DPIA) advise, review, sign off and register.• Data protection awareness training.• Providing advice and reviewing third party supplier and service provider contracts and appropriate due diligence.• Subject rights requests management and processing.

Information Asset Owners	<p>Responsible for:</p> <ul style="list-style-type: none"> • The data protection and security of information assets they are owners for. • Ensuring DPIA's are completed where appropriate. • Ensuring third party suppliers and service providers are appropriately security vetted and an appropriate contract is in place which has been reviewed by the Data Protection Officer. • Promoting good data protection and security practices. • Supporting the Information Asset Owner and all staff on data protection and security issues or queries.
All staff	<p>All staff are responsible for:</p> <ul style="list-style-type: none"> • Complying with the Data Protection Policy and Procedure. • Protecting personal data and ensuring it is secure. • Passing Subject Access or Rights Requests to the Data Protection Officer immediately. • Reporting suspected breaches or issues.

Definitions

Personal Data: 'Personal data' means any information relating to an identified or identifiable natural person ('data subject'); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, an identification number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person. Be aware this can include unique references and IP addresses.

Special Category Data: 'Special category data' means personal data that relates to racial or ethnic origin, political opinions, religious or philosophical beliefs, or trade union membership, and the processing of genetic data, biometric data for the purpose of uniquely identifying a natural person, data concerning health or data concerning a natural person's sex life or sexual orientation.

Principles

The OPCVC are committed to preserving the privacy of our employees, and business contacts and personal data we access and process on behalf of our citizens, communities and partners; as well as ensuring personal data is collected and managed in compliance with the following GDPR principles:

- a) Processed lawfully, fairly and in a transparent manner in relation to individuals (lawful, fair and transparent);
- b) Collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes; further processing for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes shall not be considered to be incompatible with the initial purposes (purpose limitation);

- c) Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed (data minimisation);
- d) Accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay (accuracy);
- e) Kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; personal data may be stored for longer periods insofar as the personal data will be processed solely for archiving purposes in the public interest, scientific or historical research purposes or statistical purposes subject to implementation of the appropriate technical and organisational measures required by GDPR in order to safeguard the rights and freedoms of individuals (storage limitation);
- f) Processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures (integrity and confidentiality).

Lawful Processing

The OPCVC will only collect and process personal data in compliance with GDPR 2018 and UK Data Protection Bill under a legitimate lawful basis (condition of processing) which will be one of the following:

For Normal Personal Data

- Consent of the data subject.
- Processing is necessary for the performance of a contract with the data subject or to take steps to enter into a contract.
- Processing is necessary for compliance with a legal obligation.
- Processing is necessary to protect the vital interests of a data subject or another person.
- Processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller.
- Necessary for the purposes of legitimate interests pursued by the controller or a third party, except where such interests are overridden by the interests, rights or freedoms of the data subject.

For Special Category Data

- Explicit consent of the data subject, unless reliance on consent is prohibited by EU or Member State law.
- Processing is necessary for carrying out obligations under employment, social security or social protection law, or a collective agreement.
- Processing is necessary to protect the vital interests of a data subject or another individual where the data subject is physically or legally incapable of giving consent.
- Processing carried out by a not-for-profit body with a political, philosophical, religious or trade union aim provided the processing relates only to members or former members

(or those who have regular contact with it in connection with those purposes) and provided there is no disclosure to a third party without consent.

- Processing relates to personal data manifestly made public by the data subject.
- Processing is necessary for the establishment, exercise or defence of legal claims or where courts are acting in their judicial capacity.
- Processing is necessary for reasons of substantial public interest on the basis of Union or Member State law which is proportionate to the aim pursued and which contains appropriate safeguards.
- Processing is necessary for the purposes of preventative or occupational medicine, for assessing the working capacity of the employee, medical diagnosis, the provision of health or social care or treatment or management of health or social care systems and services on the basis of Union or Member State law or a contract with a health professional.
- Processing is necessary for reasons of public interest in the area of public health, such as protecting against serious cross-border threats to health or ensuring high standards of healthcare and of medicinal products or medical devices.
- Processing is necessary for archiving purposes in the public interest, or scientific and historical research purposes or statistical purposes in accordance with Article 89(1) of GDPR.

Processed for Specified, Explicit and Legitimate Purposes

All data collection and processing will only be carried out with an explicit defined and legitimate purposes which will be clearly specified in the OPCVC Privacy Notice at the time of collection and recorded on the Personal Data Asset Register.

Rights of Data Subjects

Under GDPR individuals (subjects) have the following rights which are:

- The right to be informed
- The right of access
- The right to rectification
- The right to erasure
- The right to restrict processing
- The right to data portability
- The right to object
- Rights in relation to automated decision making and profiling.
- The right to be informed where a breach presents a high risk to the Data Subject's rights and freedoms.

Subjects rights are not necessarily absolute in some cases they won't apply depending on the legal basis relied upon for that processing. The following ICO guidance table details when they don't apply.

Privacy by Design

In order to ensure that the OPCVC processing of personal data does not impact on the privacy rights or freedoms of individuals; the OPCVC operates on a privacy by design basis. This means from the outset of a project or initiative we consider how our actions and processes may affect individuals privacy.

Taking this approach will reduce the risk of privacy related risks by identifying any issues or problems early so they can be mitigated and ensure our actions are not intrusive to assure our customers we take their privacy seriously.

Complaints, Investigation & Notification

The OPCVC takes data protection very seriously and it is our aim that complaints will not be necessary, however we appreciate that sometimes things can go wrong or people can have concerns.

Any concerns, complaints or breaches will be taken seriously and fully investigated by the Data Protection Officer.

Should the complaint not be resolved at Stage 1 the complainant can appeal and another appropriate senior colleague will review the complaint. Data related complaints should be reported in writing (which can include email or other electronic means).

NB: The complainant must always be reminded they have the right to complain to the Information Commissioner if they remain dissatisfied and they will independently review the complaint. More information can be found at www.ioc.org.

Section N: OPCVC Commissioning Board

Background

The Police Reform and Social Responsibility Act 2011 requires Police and Crime Commissioners (PCCs) to produce a Police and Crime Plan that sets out the Police, Crime and Victims' Commissioner (PCVC) policing priorities and communicates them to the public, partners and communities.

The PCVC has established the Commissioning Board to support the delivery of priorities and outcomes in the Police & Crime Plan. The PCVC has set out his approach to commissioning services for the communities of County Durham and Darlington in the Commissioning Strategy.

The PCVC sets an annual budget in order to facilitate the commissioning and delivery of services.

Meeting Objectives

- To be the reviewing body for all reducing reoffending, community safety and prevention, and victims' commissioning plans and advising the PCVC on resources related to these proposals.
- To agree outcomes and service level agreements with service providers and grant recipients.
- To demonstrate proper governance of spending decisions.
- To review performance and delivery of outcomes (or not) for those organisations that receive resources for reducing reoffending, community safety and prevention, and victims' service activities.
- To encourage co-commissioning of services where a shared need is identified, through an established strategic partnership, new partnership to respond to an emerging need, or a tactical arrangement from a variety of local organisations.
- To make timely decisions about service proposals.

The Commissioning Board will:

- Provide advice to the PCVC on commissioning activities that relate to or impact upon the priorities within the Police and Crime Plan.
- Develop commissioning proposals (in partnership) that respond to evidenced areas of need within communities that are strategic planning priorities within the Police and Crime Plan.
- Consider and approve options for (shared and/or whole) OPCVC investment in services.
- Oversee the outcome and monitoring arrangements for delivery of services (wholly or jointly) funded by the PCVC.
- Ensure fairness and transparency in the decision making process.
- Publish decisions taken at each Board.

Governance

Commissioning Board Members are required to formally declare any conflict of interest that may arise when considering any item on the meeting agenda.

Membership of the Board

- Police, Crime and Victims' Commissioner (Chair)
- Chief Executive (Deputy Chair)
- Chief Finance Officer
- Head of Governance and Commissioning
- Head of Policy and Communications
- Criminal Justice Programme Lead
- Policy Lead(s)
- Governance Manager
- Co-opted Expert

Arrangements

- The Commissioning Board will ensure adherence at all times to the Procurement Regulations (as outlined in the Corporate Governance Framework)
- The Board, to be quorate, must consist of the Chair or Deputy Chair, plus at least four Board Members (including the office lead on governance or commissioning)
- Agenda and supporting document will be circulated in a timely manner prior to the meeting
- The Chair has the delegated power to call additional meetings at any time to address any exceptional risks or issues, which are deemed appropriate
- Meetings will be held five to six times per year to coincide with medium term financial planning cycle