



# **Part 3C**

# **Financial**

# **Regulations**

September 2025

## Part 3C Financial Regulations

- Part 3A – Schedule of Roles and Responsibilities
- Part 3B – Scheme of Delegation and Consent
- **Part 3C – Financial Regulations**
- Part 3D – Contract Standing Orders
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### Introduction

- 3C.1 These Financial Regulations are for the use of the two corporations sole which form Dorset –that is the Force itself and the Police and Crime Commissioner (PCC) for Dorset. The PCC and Chief Constable are established in law as corporations sole within the Police Reform and Social Responsibility Act.
- 3C.2 This document is Part 3C of the overarching Code of Corporate Governance for the two corporations sole and should be read in conjunction with the Code and in particular with the definitions found at paragraph 1.5 of document Part 1 Summary of the Code of Corporate Governance.
- 3C.3 The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. In that regard, the Treasurer is responsible for maintaining and reviewing the Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Chief Finance Officer (CFO) and the Chief Executive, who is also the Monitoring Officer. Any such additions and amendments will also be reported to the Independent Audit Committee (IAC). Copies will be available on-line for staff and public.

### Statutory and Regulatory Background

- 3C.4 These regulations are designed to comply any prevailing legislation.
- 3C.5 For the purposes of these regulations the following definitions apply:
- a. Budget – a plan expressed in financial terms.
  - b. Contracts – a voluntary arrangement between two or more parties that is enforceable by law as a binding legal agreement.
  - c. Major project – an individual or collaborative enterprise, possibly involving research or design that is carefully planned, usually by a project team to achieve a particular aim.
  - d. Treasurer – Chief Finance Officer for the PCC.

- e. Chief Finance Officer – Chief Finance Officer for the Chief Constable.
- f. PCC – Police and Crime Commissioner.

## **Financial Accountabilities**

### **Accounting Policies**

- 3C.6 The Treasurer and CFO are jointly responsible for selecting suitable accounting policies for the Accounts, in accordance with recognised accounting practices and ensuring they are applied consistently.

### **Accounting Records and Returns**

- 3C.7 The Treasurer is responsible for the proper administration of the financial affairs of the PCC and ensuring effective systems of internal control within the Office of the Police and Crime Commissioner (OPCC). The CFO is responsible for the proper administration of the financial affairs of the Force and ensuring effective systems of internal control within the Force. It is through these mechanisms that the Treasurer and the CFO will determine the standards for accounting records and returns.
- 3C.8 Ensuring proper accounting records are maintained is one of the ways in which the PCC and Chief Constable discharge their responsibilities for stewardship of public resources.
- 3C.9 The financial system is managed and operated by the Force's Finance Department on behalf of the PCC and the Chief Constable. The CFO has the responsibility for the integrity of the computerised financial records and for ensuring that all accounting records are maintained in accordance with legislation and with these regulations. They will report annually to the IAC on the operation of key controls in relation to the computerised financial systems.
- 3C.10 The Treasurer and the CFO work in accordance with the financial management code of practice, other such codes and any detailed agreements between them.

## **The Annual Statement of Accounts**

### **Responsibilities**

- 3C.11 It is the responsibility of the Treasurer to:
- a. Ensure production of the statement of accounts for the PCC on a timely basis.
  - b. Ensure receipt and scrutiny of the statement of accounts of the Chief Constable.

- c. Ensure production of the group accounts for their PCC and the Chief Constable.
- d. To certify that the PCC's accounts and the group accounts give a true and fair view of the financial position and income and expenditure during the year.

3C.12 It is responsibility of the CFO to:

- a. Produce a statement of the Chief Constable's accounts on a timely basis.
- b. Certifying that the Chief Constable's accounts give a true and fair view of the financial position and income and expenditure during the year.
- c. Provide information to the Treasurer as required to enable production of the group accounts for their PCC and the Chief Constable.

3C.13 It is the role of the IAC to review the draft Statements of Accounts.

3C.14 All accounts will be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

3C.15 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 they provide a true and fair view of the financial position.

3C.16 The PCC and Chief Constable are responsible for approving the relevant annual accounts for publication.

### **Accountabilities to the Police and Crime Panel**

- 3C.17 The Police and Crime Panel review the performance of the PCC and scrutinises the exercise of their statutory functions. In particular the Police and Crime Panel has the power to review the draft Police and Crime Plan and the related precept requirements.
- 3C.18 The Police and Crime Panel has the power to request the PCC to supply reports and information in their possession (except those that are operationally sensitive).
- 3C.19 The PCC is responsible for determining what financial information should be provided to the Police and Crime Panel.
- 3C.20 The Treasurer is responsible for ensuring that all relevant financial information as determined by the PCC is provided to the Police and Crime Panel.

### **Value for Money (VFM)**

- 3C.21 The Chief Constable has a statutory duty to ensure that they and the persons under their direction and control secure VFM in exercising their functions.
- 3C.22 The PCC holds the Chief Constable to account for compliance with their duty to provide VFM.
- 3C.23 The Treasurer is responsible for advising the PCC on VFM in relation to all aspects of PCC's income and expenditure.
- 3C.24 The CFO is responsible for advising the Chief Constable on VFM in relation to all aspects of Force's income and expenditure.
- 3C.25 The PCC and the Force should be able to satisfy the following principles:
- a. The process for allocating resources against desired outcomes is transparent and based on clear, quantified evidence.
  - b. Risks to performance, improving processes and productivity are assessed. This is used to target improvement activity or develop contingency plans.
  - c. Services and support functions are tested against appropriate benchmarks to identify and tackle excessive costs or weak performance.
  - d. Public demand for services is understood, quantified and informs deployment of staff.

- e. Staff are used efficiently and programmes to increase employee engagement are in place.
  - f. Programmes to minimise waste are in place.
  - g. End-to-end operational processes are focused on delivering for the public, with data used to demonstrate this. Processes are streamlined, reduce undue bureaucracy and are efficient.
  - h. Goods and services and supply contracts are managed in a way that maximises value, including taking advantage of central or collaborative procurement where appropriate.
  - i. Data is fit for its intended purpose and is used and published routinely, providing clear line of sight between consumption of resources, production of outputs and realisation of outcomes.
  - j. Nationally mandated procurement rules are followed.
  - k. Where funding is provided to third parties, mechanisms are in place for demonstrating VFM.
- 3C.26 The External Auditor will review the arrangements in place for securing value for money on an annual basis and issue an opinion with the annual accounts audit. HMICFRS will also assess VFM as part of regular inspections.

## Financial Planning

### Principal Responsibilities

- 3C.27 The PCC is responsible for determining the budget for the Force, allocating assets and funds to the Chief Constable and setting the precept for the policing area.
- 3C.28 The Chief Constable is responsible for assisting the PCC in planning the Force budget.
- 3C.29 The budget delegated to the Chief Constable by the PCC shall be set on an annual basis.
- 3C.30 The detail of the budget will be in a format agreed by the CFO in consultation with the Treasurer.
- 3C.31 Further delegation of the budget by the Chief Constable will be formally detailed by the CFO, and budget holders individually notified of the budget and the nature of the expenditure it is agreed for, together with any virement rules applicable to their area of responsibility.

3C.32 The Scheme of Delegation and Consent (Part 3B of the Code of Corporate Governance) deals with overall delegation managing major budget headings, in detail these are as follows:

<b>Major Budget Heading</b>	<b>Responsibility</b>
Force's Operational Expenditure and Force's Operational Income (the transferred budget)	Chief Constable
Office of the Police and Crime Commissioner	Chief Executive
Commissioning Budgets of the OPCC	Chief Executive
Interest Receipts, External Borrowing Costs and Minimum Revenue Provision for the Repayment of Debt	Treasurer
Contributions to / from Reserves	Treasurer
Formula Grants	Treasurer
Precept Incomes	Treasurer
Capital Expenditure	Chief Constable
Capital Financing	Treasurer

### **Financial Planning**

3C.33 The strategies and plans of the PCC and Chief Constable will be compliant and complimentary with these Financial Regulations.

3C.34 The financial planning policies of the PCC are contained within the:

- a. Police and Crime Plan prepared by the PCC and reviewed by the Police and Crime Panel.
- b. Medium Term Financial Strategy which includes the Capital Programme.

### **Medium Term Financial Strategy (MTFS)**

3C.35 The PCC and the Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term for the Force. They achieve this by preparing a MTFS for the period that covers at least 4 years.

3C.36 The MTFS must include the following information:

- Revenue Funding
- Revenue Spending
- Capital Funding
- Capital Spending
- Information on the use of Balances, Fund and Reserves
- Four years data or matching the Police and Crime Plan if longer.

3C.37 The following factors must be taken into account when producing the MTFS:

- a. Alignment with the Police and Crime Plan.
- b. Policy requirements approved by the PCC as part of the policy framework.
- c. Proposed service developments and plans which reflect public consultation.
- d. The threat/risk/harm impact of changing funding priorities.
- e. Unavoidable future commitments, including legislative requirements and initiatives already underway
- f. Reasonable workforce assumptions.
- g. Capital Programme and asset management strategy.
- h. Interdependency of the revenue budget and capital investments.
- i. The role of reserves in supporting the strategy and the consideration of risks.
- j. The need to secure the long-term financial health of the organisation.
- k. Affordability.
- l. The need to deliver value for money through efficiency and/or productivity savings.
- m. CIPFA Prudential Code on capital expenditure and borrowing.

## **Responsibilities**

- 3C.38 The Treasurer is responsible for the format and timetable of the MTFS to be presented to the PCC.
- 3C.39 The CFO and Treasurer are responsible for preparing medium term forecasts of income and expenditure for their respective budget headings in a format specified by the Treasurer.
- 3C.40 The Chief Constable is responsible for ensuring that the Force's operational plans are aligned with the Police and Crime Plans.
- 3C.41 The CFO is responsible for ensuring that medium term forecasts of income and expenditure for the Force are aligned with the Chief Constable's operational plans as set out in their Budget Reports.
- 3C.42 The Treasurer and CFO are responsible for preparing a joint report on the options for the MTFS and related budgets of the PCC and Force for the consideration of the PCC.



- 3C.43 The PCC is responsible for approving, in consultation with the Chief Constable, the MTFS.

### **Maintenance of Reserves and Balances**

- 3C.44 The PCC holds all reserves and balances.
- 3C.45 The Treasurer is responsible for creating a reserves strategy in consultation with the CFO.
- 3C.46 The Treasurer is responsible for advising the PCC about the level of reserves that the PCC holds and for ensuring there are clear protocols for their establishment and use. For each earmarked reserve held by the PCC there should be a clear protocol setting out:
- a. The reason for/purpose of the reserve.
  - b. How and when the reserve can be used.
  - c. Procedures for the reserve's management and control.
  - d. A process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- 3C.47 The Treasurer and the CFO will keep any legal or constructive obligations (liabilities) under review throughout the year. Any changes to the provisions or reserves required in relation to such liabilities will be reflected in the regular budget monitoring reports to the Resource Control Board.
- 3C.48 In addition to the regular review outlined above the Executive Lead for Legal Services will report formally to the appropriate governance board on the level of the outstanding liabilities and potential liabilities of the PCC and the Chief Constable as at 30 September and 31 March of any given financial year.
- 3C.49 The Treasurer and CFO have a duty to report on the robustness of estimates and the adequacy of reserves and provisions when the PCC is considering the budget. In particular the Treasurer must assess the adequacy of unallocated general reserves taking into account the strategic, operational and financial risks facing the PCC. In coming to this view, the Treasurer must seek the advice of the CFO and of the Chief Constable on major policing risks facing the Force.
- 3C.50 The PCC shall approve the creation of reserves and appropriations to and from general balances and reserves. To enable the PCC to reach their decision the Treasurer shall report the factors that influenced their judgement, and ensure the advice given is recorded formally.

## Annual Budgets

- 3C.51 The revenue budget provides an estimate of the annual income and expenditure requirements of the Force and sets out the financial implications of the PCC's strategic policies. It provides the delegated budget holders with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Chief Constable.
- 3C.52 The PCC must consult with the Chief Constable and should consult with other partners and stakeholders in planning the overall annual budget.
- 3C.53 The Annual Budget to deliver the Police and Crime Plan forms part of the MTFS and it must include as a minimum the following information:
- a. Revenue budget
    - i) Overall annual budget
    - ii) Separate budgets for the major budget headings
    - iii) The Council Tax Requirement.
  - b. Capital budget.
  - c. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and MTFS.
- 3C.54 The following factors must be taken into account by the Treasurer when producing the Annual Budgets:
- a. Funding available.
  - b. The requirement to balance the need of the policing service against the level of local taxation.
  - c. The statutory requirement to produce a balanced budget [Section 25 Local Government Act].
- 3C.55 Inclusion of an item within the revenue budget confers upon the budget holder authority to spend whereas inclusion of an item within the capital budget does not confer authority to spend.

## Responsibilities

- 3C.56 The PCC is responsible for obtaining the views of the local community on the proposed revenue and capital expenditure in the financial year ahead.
- 3C.57 The Treasurer is responsible for the format and timetable of the annual budget to be presented to the PCC.

- 3C.58 The CFO and Treasurer are responsible for preparing detailed budget estimates for their respective budgets in the specified format.
- 3C.59 The Chief Constable is responsible for ensuring that the Force budget estimates are aligned with the objectives set out in the Police and Crime Plan.
- 3C.60 The Treasurer is responsible for obtaining timely and accurate information from billing authorities on the council tax-base and the latest surplus/deficit position on Collection Funds to inform budget deliberations.
- 3C.61 The Chief Executive shall ensure that the PCC formally considers the budget proposals and the PCC acts in accordance with any legal requirements in respect of budget resolutions and the timely setting of the budget.
- 3C.62 The PCC is responsible for presenting the proposed budget and police precept recommendations to the Police and Crime Panel for approval. The procedures and timetable for setting the Precept is set out in the Police and Crime Panel (Precepts and Chief Constable Appointments) Regulations 2012.
- 3C.63 Upon approval of the annual budget, the Treasurer is responsible for submitting the council tax requirement returns to central government and precept requests to appropriate bodies in accordance with the legal requirements for the Force. In addition, the Treasurer is responsible for meeting the statutory requirements in relation to the council tax information to be available to the public for the Force.

### **Budget Monitoring and Control**

- 3C.64 Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling detailed budget headings to be reviewed and adjusted during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 3C.65 Once the budget is set the Chief Constable will only be required to refer back to the PCC when a decision to move budget would incur substantive changes of policy or involve any novel, contentious or repercussive expenditure.

### **Responsibilities**

- 3C.66 It is the responsibility of the CFO, Chief Executive and Treasurer to monitor and control their respective income, expenditure and operational

performance, taking action necessary to avoid exceeding their budget. When doing this they will ensure that they rely on accurate and timely budget monitoring information.

- 3C.67 The CFO, and Treasurer will prepare monthly budget monitoring reports and submit them to the relevant governance board. This board membership should include the Chief Constable and PCC.
- 3C.68 The format of the reports shall ensure that the PCC is appraised of developments in key non-financial indicators such as actual and projected staffing numbers, progress on ICT developments and other major projects, partnerships, performance and other requirements the PCC may consider necessary.
- 3C.69 The CFO has responsibility for ensuring that appropriate arrangements are in place to co-ordinate the financial information and provide a comprehensive and timely budget monitoring report to the PCC via the Resource Control Board.
- 3C.70 The CFO has responsibility to determine when a financial decision or commitment in relation to the Force's budget involves any novel contentious or repercussive expenditure.
- 3C.71 The CFO, and Treasurer have responsibility to report to the PCC when expenditure on the major budget headings is likely to exceed the overall budget. Where this becomes apparent outside of the normal reporting periods the appropriate officer will (after consultation with the Chief Constable when the overspend relates to a Force budget) submit an urgent report to the PCC, with recommendations for corrective action.

### **Management of Budgets**

- 3C.72 The CFO, and Treasurer will ensure that each element of income and expenditure has a nominated budget holder to take responsibility for that part of the budget. They will also ensure that each budget holder has sufficient financial information and support to allow them to effectively monitor and manage their budget.
- 3C.73 Budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure.
- 3C.74 Budget holders are accountable for the management of their delegated budgets and the associated levels of service delivery. They must fully understand and accept their financial responsibilities recognising that effective budget management cannot be undertaken in isolation. It must be aligned with service outputs and performance indicators. Importantly, budget holders are not authorised to incur any overspend without prior approval of the Chief Constable and the Chief Constable's

CFO. Unapproved overspending will be treated as a breach of financial regulations and may be subject to further action.

### **Virement**

3C.75 Virement is a planned reallocation of resources between approved budgets or heads of income and expenditure. Virement is intended to enable the budget holders to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources for emerging needs.

3C.76 Virement Rules:

- a. No virement in excess of the limits set out in 3C.273 shall be permitted between the major budget headings (as set out paragraph 3C.32 above) without the prior approval of the PCC.
- b. Virement decisions must not lead to additional spending, ongoing commitments or substantive changes in policy without the prior approval of the PCC.
- c. All virement decisions made by the PCC that reallocate resources between the major budget headings will be made after consultation with the Chief Constable to establish the impact on the policing service and the delivery of the Police and Crime Plan. In addition all such virements will be the subject of a formal decision.
- d. All virements between budget lines will be recorded and available for review.

### **Externally Funded Projects**

3C.77 Approval of the PCC is required, prior to the submission of the application, for externally funded projects where:

- a. There is a total one-off requirement for matched funding (that is, a call on the revenue or capital resources of the PCC over an agreed limit).
- b. There is a total ongoing call on the revenue resources of more than the agreed limit.

3C.78 When determining the value of a contract the calculation should include the total contractual liabilities that could arise from the contract over its expected life. This will include the initial contract price, annual support and licensing over the expected life of the contract.

## Comparison of Outturn Against Budgets

- 3C.79 As part of the closure of accounts the CFO, Chief Executive and Treasurer, shall compare final income and expenditure on budget headings against the budget and explain any significant variations. The CFO shall ensure that appropriate arrangements are in place to co-ordinate the financial information and provide a comprehensive and timely out-turn report to the Chief Constable, the PCC and any relevant governance board.
- 3C.80 In addition the CFO, Chief Executive and Treasurer shall retrospectively compare income and expenditure forecasts throughout the year with the final outturn to measure the reliability of forecasts. Any subsequent action that may result from this exercise shall be agreed between the Chief Constable and Treasurer and reported to the PCC.

## Treatment of Year End Balances

- 3C.81 A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified to devolved budget holder level. Arrangements are necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase the resources available to budget holders in the following financial year, dependent upon the direction of the budget variation.
- 3C.82 Carry Forwards may be requested but are not an automatic right. The level of underspend to be carried forward in any one year will be determined by the PCC in the light of the overall financial position in consultation with the Treasurer and CFO as appropriate.

## Capital Planning

- 3C.83 Whilst capital assets are owned by the PCC, most capital assets are used and managed by the Chief Constable.
- 3C.84 It is a requirement for the Treasurer to publish an annual Capital Strategy in consultation with the CFO.
- 3C.85 When making any decision to acquire or dispose of assets the PCC must have regard to the right of the Chief Constable to have unfettered access to operational assets.

## Responsibilities

- 3C.86 The Chief Constable is responsible for developing proposed asset management plans or strategies for the following asset groups:
- Estates

- Vehicles
- ICT Infrastructure
- ICT assets issued for personal usage
- Other equipment.

3C.87 The asset management plans will include investment and disposal strategies as follows:

- Asset Management Strategy
- Vehicle Replacement Programme
- ICT replacement programme
- Personal issue ICT and equipment replacement plan
- Strategic Change Programme
- Other capital equipment

3C.88 In addition, the Chief Constable is responsible for identifying and proposing the capital expenditure required to take forward the Force's development priorities.

3C.89 The Chief Constable is responsible for ensuring that the projects within each strategy are prioritised to enable the PCC to make the best-informed judgements as to the use of the capital funding available.

3C.90 The Chief Constable is responsible for ensuring that projects and programmes included in the proposed investment plans are appropriately supported by a business case, approved by an appropriate governance board.

3C.91 The PCC is responsible for approving the asset management and investment strategies. Asset management plans may be delegated to the Chief Constable.

### **Capital Project Approval**

3C.92 All projects within the capital programme will have a two-stage approval process. Each project will have an indicative planning cost which will facilitate overall programme planning, an approved project cost and the wider reference of an approved capital strategy.

3C.93 All projects within the capital programme will have a formal approval process and oversight through the appropriate governance board. Projects will have approved budgets.

### **Medium Term Capital Programme**

3C.94 The Chief Constable will prepare a minimum of a four year programme of proposed capital expenditure for approval by the PCC. This programme will be based on the approved investment and disposal strategies plus the addition of approved one-off projects.

- 3C.95 Projects that have not yet been approved will be included in the four year capital programme at estimated cost and identified as such. Approved projects will be included in the four year capital programme at the value set out in the approved business case or the latest estimated cost.
- 3C.96 The Treasurer in consultation with the CFO will identify available sources of funding for the medium-term capital programmes including the identification of potential capital receipts from the disposal of property.
- 3C.97 The Medium-Term Capital Programme will form an integral part of the overall MTFs. The PCC will apply the principles set out in the CIPFA Prudential code to test the affordability of the Medium-Term Capital Programme.

### **Capital Programme Management and Monitoring**

- 3C.98 The annual capital programme will consist of the first year of the four-year capital programme.
- 3C.99 Approval of business cases for projects included in the annual programme at estimated cost will lead to variations in the programme if the cost in the business case is different from the estimated cost. Any changes that increase the overall cost of the programme will only be approved if additional capital financing resources are identified and approved by the PCC to fund the additional cost.
- 3C.100 The capital programme may not be used to fund development costs for projects that have not yet been approved (without specific approval for spending in advance).
- 3C.101 All project overspends above the value set out in 3C.277 must be reported to enable a review of the project to be undertaken and appropriate funding identified.
- 3C.102 Virements between projects may be agreed under delegated approval as set out in 3C.276. Any increase to the total value of an individual programme should be reported to RCB.
- 3C.103 Any new projects considered during the year must be considered by Joint Leadership Board and funding approved by the PCC.
- 3C.104 Capital expenditure will be monitored by the Capital Strategy Group and reported to the RCB quarterly.

### **Capital Financing Resources including Capital Receipts**

- 3C.105 The Treasurer will monitor the availability of capital financing resources including capital receipts and report any variations quarterly alongside the capital expenditure monitoring report.



3C.106 All disposals of land and buildings will require the prior approval of the PCC as set out in 3C.282 of these regulations.

## **Management of Risk and Resources**

### **Introduction**

3C.107 Risk management is the planned and systematic approach to the identification, evaluation and control of risks and threats to the achievement of the organisation's aims and objectives.

3C.108 The objectives of risk management are to secure the assets of the organisation and to ensure the continued corporate and financial well-being of the organisation.

3C.109 It is important that risk management is embedded throughout the governance arrangements of both organisations, whether operating jointly or separately.

### **Risk Management**

#### **Responsibilities**

3C.110 The Chief Constable is responsible for the Force Risk Register and the PCC for the OPCC Risk Register.

3C.111 The Chief Executive is responsible for:

- a. Preparing the Risk Management Policy for the PCC.
- b. Overseeing a corporate approach to risk management for the PCC which is aligned with the PCC strategic objectives.
- c. Maintaining the PCC's Strategic Risk Registers.
- d. Reviewing and where appropriate proposing changes to the PCC's risk management policies.
- e. Ensuring staff and members of the Independent Audit Committee have access to appropriate training and development opportunities to understand risk management.
- f. Promoting a culture of risk awareness within the OPCC and reviewing risk as an ongoing process.
- g. Monitoring the Force's risk management arrangements and producing a report to the PCC and IAC when appropriate, but at least annually.

3C.112 The Chief Constable is responsible for:

- a. Preparing the Risk Management Policy for the Force.
- b. Overseeing a corporate approach to risk management for the Force which is aligned with the PCC's strategic objectives.
- c. Maintaining the Force's Corporate Risk Register.
- d. Maintaining the Force's tactical risk registers.
- e. Reviewing and where appropriate proposing changes to the Force's risk management policy.
- f. Ensuring police staff and officers have access to appropriate training and development opportunities to understand risk management.
- g. Promoting a culture of risk awareness throughout the Force and reviewing risk as an ongoing process.

3C.113 The Chief Executive and Chief Constable will be jointly responsible for ensuring that the risk management policies are aligned in such a way that the risks to the achievement of the PCC's aims and objectives are clear and are managed coherently.

3C.114 The role of the Independent Audit Committee is to review the effectiveness of risk management arrangements and the control environment within both the OPCC and the Force.

## **Business Continuity**

### **Responsibilities:**

3C.115 The Chief Executive is responsible for ensuring that appropriate business continuity plans are developed, implemented and tested on a regular basis for the PCC. The Chief Constable is responsible for ensuring that similar arrangements are in place for the Force.

## **Insurance**

### **Responsibilities**

3C.116 The PCC is responsible for ensuring that adequate insurance cover is arranged where appropriate. This cover should take the form of a joint insurance policy for the PCC and the Chief Constable. Liabilities may be self-insured where this is judged to be the most cost-effective option. All liabilities will be the responsibility of the PCC who will establish a provision as at 31 March of any given year to meet the estimated cost of such liabilities.

- 3C.117 The CFO in consultation with the Chief Constable is responsible for advising the PCC on insurance arrangements.
- 3C.118 The Executive Lead for Legal Services shall be authorised to settle liability claims up to the value shown in 3C.288. Beyond this value, claims must be referred to the Treasurer and Chief Executive who will make a decision in consultation with the senior Force representatives and the CFO. Subject always to processes which exist for taking instructions in liability claims.
- 3C.119 The Executive Lead for Legal Services is responsible for providing the information needed to undertake a regular review of self-insured claims and to estimate the outstanding liabilities. This will be reported to relevant governance board on 30 September and 31 March each year.
- 3C.120 The Executive Lead for Legal Services is responsible for ensuring claims made against insurance policies are made promptly.
- 3C.121 The Chief Executive and the Chief Constable are responsible for ensuring that employees, or anyone covered by the Force and the PCC insurance, are not enabled to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 3C.122 The Executive Lead for Legal Services shall present a quarterly written report to the appropriate governance board detailing claims experience and significant claims, in terms of financial and reputational risk.

### **Indemnities**

- 3C.123 The Chief Executive shall evaluate and authorise any terms of indemnity that the PCC are requested to give by external parties.

### **Internal Control**

- 3C.124 Internal control refers to the systems of control devised by management to help ensure that objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the PCC assets and interests are safeguarded.

### **Responsibilities**

- 3C.125 The PCC must produce an Annual Governance Statement for their corporation sole which is reviewed by the Independent Audit Committee. The statement must include a formal statement on the operation of internal controls.
- 3C.126 The Treasurer is responsible for the proper administration of the financial affairs of the PCC and ensuring effective systems of internal control. This involves reviewing the internal control framework maintained by the Chief Executive and making recommendations for improvement where

appropriate. Any significant weakness in the internal control framework will be brought to the attention of the Independent Audit Committee and included in the Annual Governance Statement.

3C.127 The Chief Constable must produce an Annual Governance Statement for their corporation sole which is reviewed by the Independent Audit Committee. The statement must include a formal statement on the operation of internal controls.

3C.128 The CFO is responsible for the proper administration of the financial affairs of the Force and ensuring effective systems of internal control. This involves reviewing the internal control framework maintained by the Chief Constable and making recommendations for improvement where appropriate. Any significant weakness in the internal control framework will be brought to the attention of the Independent Audit Committee and included in the Annual Governance Statement.

## **Internal Control Frameworks**

### **Responsibilities**

3C.129 It is the responsibility of the Chief Executive and the Chief Constable to ensure that effective key controls exist within the OPCC and the Force respectively.

3C.130 Key controls should be embedded within the managerial control systems. They should ensure that:

- a. Roles and responsibilities are clearly defined.
- b. Policies are clearly defined and regularly reviewed.
- c. Objectives and plans are clearly articulated.
- d. Financial monitoring and other performance information is collected and analysed.
- e. Appropriate anticipatory and remedial action is taken where necessary.

3C.131 The arrangements established need to ensure compliance with all applicable statutes and regulations, and other statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, effectively and in accordance with the statutory and other authorities that govern their use.

3C.132 The main controls operated by the PCC are set out in the Code of Corporate Governance. In addition to these controls the Chief Executive and the Chief Constable will maintain internal control frameworks as set out below.

3C.133 To ensure adequate financial controls are in place the Chief Constable and the Chief Executive will maintain a combined internal control framework for which will comprise:

- Planning frameworks
- Policy documents (including financial policy documents)
- Risk registers
- Key Controls
- Assurance Matrix
- Staff Codes of Conduct
- Standard Operating Procedures (SOPs)

3C.134 These frameworks will at all times comply with Financial Regulations.

## **Audit Requirements**

### **Internal Audit**

3C.135 The PCC and the Chief Constable are required by the Accounts and Audit (England) Regulations to maintain effective internal audit of their affairs. In fulfilling this requirement, the PCC and Chief Constable should have regard to the Public Sector Internal Audit Standards and CIPFA guidance on the role of the Head of Internal Audit in Public Service Organisations.

3C.136 In addition to fulfilling the statutory requirements it is important that Internal Audit is able to:

- a. Satisfy the PCC and the Chief Constable that effective internal control systems are in place; and
- b. Satisfy the external auditor that financial systems and internal controls are effective and that all funding is managed so as to secure value for money.

### **Independent Audit Committee**

3C.137 The role of the Independent Audit Committee is set out in its terms of reference. The approval powers of the committee are as follows:

- a. To recommend approval of the Annual Governance Statements for inclusion in the Statement of Accounts.
- b. To recommend approval of any Code of Corporate Governance for the PCC and the Force.
- c. To recommend approval of (but not direct) the Internal Audit Strategy and Plan.

## **Responsibilities**

- 3C.138 The Treasurer and CFO shall ensure the provision of an effective joint internal audit service.
- 3C.139 A risk based annual audit plan will be produced in conjunction with the internal audit provider for consideration by the IAC ahead of approval by the Treasurer and CFO.
- 3C.140 The Chief Executive and the Chief Constable will ensure that Internal Audit has unrestricted access to records, systems and data for auditing purposes.
- 3C.141 The Chief Constable or PCC shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.
- 3C.142 The CFO shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the Treasurer and Internal Audit prior to implementation.

## **External Audit**

### **Responsibilities**

- 3C.143 The basic duties of the external auditor are governed by the Local Audit and Accountability Act, the Local Government Act and Accounts and Audit Regulations.
- 3C.144 The Treasurer and the CFO should work closely with the external auditor in developing the external audit plan.
- 3C.145 The Independent Audit Committee has responsibility to:
- a. Consider and comment upon the annual audit plans and fees.
  - b. Receive and review the annual governance reports.
  - c. Receive and review the Annual Audit Letter(s).
- 3C.146 The PCC should use the reports of both the internal and external auditors to aid in their monitoring role and to ensure that all agreed policies are being implemented by the PCC and the Force.
- 3C.147 The PCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

## **Preventing Fraud and Corruption**

### **Counter Fraud and Corruption Policy**

3C.148 The PCC and the Chief Constable will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside their organisations. Relevant measures in line with anti-corruption standards within the Economic Crime and Corporate Transparency Act will be adhered to.

3C.149 Expectations of propriety and accountability are that the PCC, Chief Constable and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

3C.150 It is expected that all individuals and organisations (eg. 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.

### **Responsibilities**

3C.151 The PCC and the Chief Constable are responsible for fostering a culture that will not tolerate fraud and corruption.

3C.152 The Treasurer and Chief Finance Officer, together with the Chief Executive and Chief Constable are responsible for preparing an effective counter fraud and counter corruption policy adhering to the Economic Crime and Corporate Transparency Act. Any policy should be approved by the PCC following advice from the Independent Audit Committee.

### **Business Interests**

3C.153 In order to maintain transparency, business interests of all employees and office holders of the PCC and the Force will be recorded in a register of business interests. Some business interests may conflict with the role of the employee or office holder. The Business Interests policy will set out the action to be taken in these circumstances.

3C.154 Any member of a governance board who has a disclosable interest, business or personal, in a contract shall withdraw from the meeting when that contract is discussed unless there is a dispensation from the Chief Executive.

### **Responsibilities**

3C.155 The Chief Constable is responsible for maintaining a policy on the business interests of the staff and office holders of the PCC and of the staff of the Force and also for maintaining a register of these business interests.

## Gifts and Hospitality

- 3C.156 All employees and office holders are subject to standards of professional behaviour which includes the expectation to be honest, act with integrity and not to compromise or abuse their position. Personal gifts or gratuities should never be accepted that could compromise their impartiality. Detailed policies will be maintained by the Chief Executive and Chief Constable on gifts and hospitality.
- 3C.157 Offers of gifts, loans or sponsorship for the benefit of the Force or the PCC are dealt with in 3C.299 of these regulations.

## Responsibilities

- 3C.158 The Chief Executive is responsible for maintaining a register on gifts and hospitality in relation to the staff and office holders of the PCC.
- 3C.159 The Chief Constable is responsible for maintaining a policy on gifts and hospitality in relation to the staff and office holders of the PCC and to the staff of the Force and also for maintaining a register of such gifts and hospitality.
- 3C.160 All staff are responsible for making themselves aware of the gifts and hospitality policy and complying with the policy.

## Reporting of Suspected Irregularities

- 3C.161 The PCC and the Force will maintain a facility that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence and without recrimination. Procedures shall ensure:
- a. That allegations are investigated robustly as to their validity.
  - b. That they are not malicious.
  - c. That appropriate action is taken to address any concerns identified.
- 3C.162 Appropriate legislation, including Public Interest Disclosure Act 1998, shall be adhered to.
- 3C.163 All unlawful expenditure or potentially unlawful expenditure must be reported to the PCC, and the external auditor.

## Responsibilities

- 3C.164 The Chief Executive and the Chief Constable are responsible for ensuring that all employees, the general public and contractors are made aware of the confidential reporting (whistle blowing) arrangements.



- 3C.165 The Treasurer is responsible for reporting any unlawful expenditure or potentially unlawful expenditure by the PCC or the OPCC to the Monitoring Officer, PCC, the Police and Crime Panel and to the external auditor.
- 3C.166 It is the responsibility of the Chief Executive to ensure that the Treasurer receives information on any unlawful expenditure or potentially unlawful expenditure.
- 3C.167 The CFO is responsible for reporting any unlawful expenditure or potentially unlawful expenditure by the Chief Constable or the officers of the Chief Constable to the PCC, Monitoring Officer and to the external auditor.
- 3C.168 It is the responsibility of the Chief Constable to ensure that the CFO receives information on any unlawful expenditure or potentially unlawful expenditure.
- 3C.169 In addition to the above requirements, the CFO and Treasurer will ensure each other, and the Chief Executive are aware of any unlawful or potentially unlawful expenditure.

## **Assets**

### **Responsibilities**

- 3C.170 The PCC and the Chief Constable must ensure that:
- a. Assets are only used for the purposes of the Force and the PCC 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 PCC are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate.
  - e. Title deeds to PCC property are held securely.
  - f. No PCC or Chief Constable 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 belonging to the Force or PCC.

3C.171 For all operational assets used by the Force the above responsibilities will lie with the Chief Constable's CFO. For assets operated by the PCC the responsibilities will lie with the Treasurer.

### **Valuation**

3C.172 The Chief Constable shall maintain an asset register for all fixed assets with a value in excess of the limits shown in 3C.279, in a form approved by the Treasurer. Assets are to be recorded when they are acquired by the PCC, or the Chief Constable and this record updated as changes occur with respect to location, condition and ownership. Assets are to be valued:

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

### **Inventories**

#### **Responsibilities**

3C.173 The Chief Executive and the Chief Constable shall ensure that inventories are maintained that record an adequate description of portable and desirable items (with a value in excess of the amount shown in 3C.286).

3C.174 There shall be at least an annual check of all items on the inventory in order to verify location, review condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder and must be independently reviewed.

#### **Stocks and Stores**

3C.175 The Chief Constable shall make arrangements for the care, custody and control of the stocks and stores and maintain detailed stores accounts in a form approved by the CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.

3C.176 Discrepancies between the actual level of stock and the book value of stock may be written off by the CFO up to the level shown in 3C.287. Amounts for write off above this value must be referred to the relevant governance board for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

3C.177 Obsolete stock may be written off by the CFO up to the level shown in 3C.287. Amounts for write off above this value must be referred to the Resource Control Board for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

### **Intellectual Property**

3C.178 The Executive Lead for Legal Services, in conjunction with the Chief Executive and the Chief Constable, are jointly responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures. Any such policies should be approved by the PCC.

### **Asset Disposal**

3C.179 All disposals of surplus land and buildings must be approved by the PCC.

3C.180 When making any decision to dispose of assets the PCC must have regard to the right of the Chief Constable to have unfettered access to operational assets. The PCC shall consult the appropriate governance board and notify the Chief Constable. The PCC will have regard to the views expressed by the governance board and the Chief Constable but the final decisions will be a matter for the PCC, this will include the disposal of land and buildings.

3C.181 The CFO may approve the disposal of vehicles and items of equipment up to the estimated value shown in 3C.284. Disposals above this value are to be referred to the authority as set out in that section.

3C.182 Assets shall be disposed of when in the best interests of the PCC and in the most economically advantageous way. Where this is not the highest offer, the CFO shall prepare a report for the Treasurer and the relevant reference committee or board, if appropriate, outlining the reasons and seeking approval for disposal at the lower value.

3C.183 Items above the estimated value shown in 3C.285 shall be disposed of by public auction or sealed bids after advertisement.

3C.184 Assets shall not be sold to serving officers, staff, volunteers or contractors except in the following circumstances:

- a. Items disposed of in an open and competitive process.
- b. Disposal of vehicles to serving officers or staff who are the existing driver, following independent valuation of the vehicle, such as Glass's Guide
- d. Where a competitive process is not possible the value should be established by an external and independent third party.

### **Disposal Method – Not Land or Buildings**

3C.185 When identified as surplus, assets shall be disposed of by one of the following methods:

- a. Public auction, including online auction sites where appropriate.
- b. Sealed bid following public advert.
- c. Through third party organisation appointed through a competitive procurement process.

### **Disposal Method – Land or Buildings**

#### **Police Houses**

3C.186 Police houses will be disposed of:

- a. Either to existing tenants or lease holders on the basis of independent valuation undertaken by the District Valuation Officer or other external independent third party, or
- b. To other social landlords on the basis of independent valuation undertaken by the District Valuation Officer or other external independent third party, or
- c. By public marketing at a price advised by the District Valuation Officer, or other external independent third party.

3C.187 Acceptance of a lower price will be subject to report and approval by the OPCC Treasurer.

### **Other Land and Buildings**

3C.188 All other land and buildings identified as surplus will be reported to the relevant governance board who will be asked to recommend the method of valuation and disposal strategy.

### **Disposal of Assets to Charitable Organisations**

3C.189 Disposal of assets to a registered charity or voluntary (not for profit) organisation will be subject to the approval of the PCC advised by the Treasurer.

### **Other Disposal Options**

3C.190 Any variation to the disposal of assets outlined above will require the approval of the PCC, if appropriate. If disposal for financial gain is not possible, and there is no demand for the asset from other organisations

(3C.189) then all options for recycling should be considered prior to disposal via landfill.

### **Treasury Management and Banking Arrangements**

3C.191 The PCC has adopted CIPFA's Treasury Management in the Public Services: Code of Practice (the Code).

### **Responsibilities**

3C.192 The PCC is responsible for approving the Treasury Management Policy and the Annual Treasury Management Strategy.

3C.193 The Treasurer shall prepare regular reports for the PCC on treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year report and an annual report after its close, in the form prescribed in its Treasury Management Practices.

3C.194 The PCC delegates responsibility for the execution and administration of treasury management decisions to the Treasurer, who will act in accordance with the policy statement and Treasury Management Practices and CIPFA's Standard of Professional Practice on Treasury Management.

3C.195 The Treasurer shall have overall responsibility for banking arrangements. The Treasurer, in consultation with the CFO, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PCC unless authorised by the Treasurer and Chief Executive.

3C.196 The opening of covert bank accounts must be approved by the Treasurer in consultation with the CFO.

### **Petty Cash and Imprest Accounts**

3C.197 Cash advances may in certain circumstances be made to an individual in order that relatively small incidental payments may be made quickly. A record of disbursements from the account must be maintained to control the account and so that the expenditure may be substantiated, accurately reflected in the accounts and correctly reimbursed to the account holder.

### **Responsibilities**

3C.198 The CFO is responsible for providing appropriate employees with petty cash or imprest accounts. 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.

3C.199 The CFO will prepare detailed Financial Instructions and procedures, identifying appropriate employees and circumstances, for dealing with petty

cash, to be agreed with the Treasurer, and these shall be issued to all appropriate employees.

### **Money Laundering**

3C.200 The PCC and the Force are alert to the possibility that they may become the subject of an attempt to involve them in a transaction involving the laundering of money.

3C.201 Suspicious cash deposits in any currency in excess of the agreed limit set out in the Money Laundering Policy should be reported to the Treasurer. This instruction does not apply to seizures and subsequent bankings under the Proceeds of Crime Act.

3C.202 Internal control procedures will be monitored to ensure they are reliable and robust in terms of the prevention of money laundering.

### **Responsibilities**

3C.203 The Treasurer will be the nominated Money Laundering Reporting Officer (MLROs) for the PCC and the Force.

3C.204 All employees have a responsibility to notify the Treasurer as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting of money laundering, fraud or use of the proceeds of crime through police funds and accounts.

### **Staffing**

3C.205 Police officers are crown servants; the staff of the PCC are employees of the PCC and police staff of the Chief Constable are employees of the Chief Constable. Delegated responsibilities with regard to staffing, redundancy and pensions matters are set out in Part 3B of the Code of Corporate Governance – the Scheme of Delegation and Consent.

3C.206 The Chief Executive is responsible for:

- a. Providing overall management of staff within the OPCC and ensuring that there is proper use of the evaluation, or other agreed system, for determining the remuneration of a job.
- b. Ensuring that the staffing budget of the PCC provides an accurate forecast of staffing levels that accords with the approved staffing policies of the PCC.
- c. Advising the PCC on the budget provision necessary to cover estimated staffing levels.

- d. Ensuring that employees are appointed and employed in accordance with the agreed personnel policies of the PCC and that service records are properly maintained.

3C.207 The Chief Constable is responsible for:

- a. Providing overall management of staff within the Force and ensuring that there is proper use of the evaluation, or other agreed systems, for determining the remuneration of a job.
- b. Ensuring that the staffing budget of the Force provides an accurate forecast of staffing levels, that accords with the approved staffing policies of the Chief Constable.
- c. Advising the PCC on the budget provision necessary to cover estimated staffing levels.
- d. Ensuring that employees are appointed and employed in accordance with the agreed personnel policies of the Chief Constable and that service records are properly maintained.
- e. Ensuring the Police Pensions Scheme is appropriately managed and administered.

3C.208 Decisions with regard to the application of those discretions provided within Local Government Pensions Scheme and Public Service Pension Act will be subject to a referral to the CFO and the Treasurer.

3C.209 Redundancy of police staff where the consequential redundancy payments exceed the limits set out in 3C.294 will be approved by the PCC.

3C.210 Decisions in relation to Police Pensions are set out in Section 3B of the Scheme of Governance.

### **Custody of Unofficial Funds and Private Property**

3C.211 The Chief Constable must ensure that suitable policies are developed for the safe custodianship of unofficial funds. This should include a central register of such funds and annual confirmation from the management bodies of funds that accounts have been audited and accepted as such. Processes and procedures should also be in place to ensure that staff responsible for such funds are aware and comply with their obligations.

### **Evidential and Non-Evidential Property**

3C.212 Police activities may involve the seizure of cash, drugs, guns and other assets. The Chief Constable is required to exercise a duty of care and safeguard found or seized property pending decisions on its ownership, or private property of an individual e.g. a suspect in custody. This should

include the development of policies and procedures for the safekeeping of private property of a person, other than a member of staff, under his or her guardianship or supervision or found or seized property. He/she must ensure that in the event of any loss of such property, consequential costs arising from any loss, restoration of intrinsic value, or liability claims which result in disbursements from police fund and considered significant by the statutory CFO, are reported to the Resource Control Board.

## Systems and Procedures

### General

- 3C.213 The Treasurer and the CFO, are responsible for determining the accounting systems, procedures, form of accounts and the supporting financial records for the PCC and the Forces respectively as set out in Section 3 of these regulations.
- 3C.214 The Treasurer is responsible for the proper operation of the financial processes in the OPCC and should ensure that sufficient guidance, procedures and training is provided to employees acting on the PCC's behalf.
- 3C.215 The CFO is responsible for the proper operation of the financial processes in the Force and should ensure that sufficient guidance, procedures and training is provided to employees acting on their behalf.
- 3C.216 The Chief Executive and the Chief Constable are responsible for ensuring that computer and other systems are compliant in accordance with data protection legislation and that staff are aware of their responsibilities under freedom of information and data protection legislation.
- 3C.217 The Chief Executive and Chief Constable should ensure that levels of authority have been established within the OPCC and Force and are operating effectively. These levels of authority should identify staff authorised to act on the Chief Constable's behalf, in respect of payments, income collection and placing orders, together with the limits of their authority. These will be found within the Scheme of Governance and Financial Regulations.
- 3C.218 As set out in relevant paragraphs below the Chief Constable is responsible for providing some financial and administrative support services to the PCC. In addition to the requirements set out in the regulations below any relevant clauses included in the Service Level Agreement for the Provision of Support Services will also apply to the operation of those services on behalf of the PCC.



## **Income**

### **Responsibilities**

3C.219 The Treasurer and CFO shall make arrangements for the collection of all income due to the PCC including the appropriate and correct charging of VAT.

3C.220 The Treasurer and CFO shall ensure that all income is paid fully and promptly into the designated bank account. Appropriate details should be recorded to provide an audit trail.

### **Fees and Charges**

3C.221 The Force's policy with regard to fees and charges will be approved by the appropriate governance board to include the PCC. The Chief Constable shall review scales of fees and charges at least annually and report any changes to the appropriate governance board and the PCC for approval.

3C.222 All charges should be at full cost recovery and in compliance with the NPCC National Policing Charging Guidelines except where regulations require otherwise or with the express approval of the governance board.

### **Write Off of Bad Debt**

3C.223 Any income due to the PCC shall not be written off until the Chief Executive or Chief Constable (as appropriate) are satisfied that all reasonable steps have been taken for its recovery.

3C.224 Write off can only be when there is no realistic prospect of recovery once all reasonable avenues for recovery have been exhausted.

3C.225 Individual amounts of income due the PCC may be written off up to the levels shown in 3C.290. Amounts for write-off above this value must be referred to the governance boards for approval, supported by a written report explaining the reasons for the write-off.

3C.226 Any write-off of capital sums due or interest income in relation to treasury management activity must be referred to the PCC for write off.

3C.227 For any activity for which the police are able to levy a charge that is not covered by a statutory charging level, the Force will use the NPCC guidance where applicable.

### **Ordering and Paying for Goods and Services**

3C.228 Public money should be spent with demonstrable probity and in accordance with policies such as the duty to ensure an effective Police Service, the duty to ensure value for money and all relevant laws and good practice.

## Personal Interests

3C.229 The PCC and every officer of the PCC and the Force has a responsibility to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decision on behalf of the PCC.

## Responsibilities

3C.230 The CFO is responsible for maintaining a purchasing policy covering the principles to be followed for the purchase of goods and services. This policy will apply equally to the PCC and the Force. The policy will be in accordance with the Standing Orders for Tenders and Contracts.

3C.231 The key controls of the PCC and the Chief Constable will set out the proper processes to be followed when ordering and paying for goods and services. These key controls will be in line with the purchasing policy and will include robust arrangements to ensure all goods and services are ordered only by appropriate persons and are correctly recorded.

3C.232 It is the responsibility of all budget holders to ensure that the purchasing policy and key controls are complied with at all times.

3C.233 The exchequer and payment function will be provided by the CFO. The Treasurer and the CFO will be responsible for ensuring that correct instructions are given to the Finance Department with regard to payments to suppliers.

3C.234 The CFO is responsible for ensuring that payment mechanisms are in line with all legislation and national guidance and that a different person authorises the payment from the person who approved the order and that there is an appropriate segregation of duties. Deviation from this would require the approval of the CFO.

## Procurement Policy

3C.235 It is important that procurement arrangements encourage competition by seeking quotations from a number of suppliers whenever this is practicable and cost effective. In addition, the PCC must comply with procurement legislation. The Financial Regulations shall determine the limit at which procurement procedures are followed (Procurement Regulations for the South West Police Procurement Department is attached at Part 3D of the Scheme of Governance). These procurement procedures must be adhered to at all times.

3C.236 The value of a contract must not be sub-divided or underestimated for the purpose of reducing the total value of the contract in order to bring the procurement exercise below the financial control thresholds so as to avoid the Force's procedural requirements.

3C.237 The PCC delegates the responsibility for procurement to the relevant board and Chief Constable as detailed within 3C.270 – 3C.272.

### **Fuel Cards and Other Purchasing Cards**

3C.238 Fuel cards and other purchasing cards are an alternative method of buying and paying for relatively low value goods which generate a high volume of invoices. All fuel cards are controlled by the Fleet Department and purchasing cards will be controlled by the Finance Department. The CFO is responsible for ensuring that the proper practices are in place for the control of fuel cards and purchasing cards and the reconciliation of any associated control accounts. The Treasurer is responsible for ensuring the proper practices are in place for the control of fuel cards and purchasing cards held by the OPCC.

### **Payments to Employees**

3C.239 The payroll function will be provided by the Finance Department. The Chief Executive and the Chief Constable will be responsible for ensuring that correct instructions are given to the Finance Department payroll team with regard to payments to staff and the members of the PCC's Committees/ Panels.

3C.240 The key controls of the PCC and the Chief Constable will set out the proper processes to be followed when making payments to employees. It is the responsibility of all budget holders to ensure that the key controls in relation to payments employees are complied with at all times.

### **Taxation**

#### **Responsibilities**

3C.241 The Finance Department is responsible for maintaining the tax records for the PCC and the Force and making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate. This responsibility also includes the requirement to ensure that legislative and regulatory changes are identified and implemented accordingly.

3C.242 The Treasurer is responsible for advising the PCC on taxation issues and the impact of changes in legislation and the CFO is responsible for advising the Chief Constable on such matters.

#### **Liability Claims**

3C.243 The PCC has external insurance for public and employers' liability and in addition maintain a self-insurance fund to meet claims below the policy excess. The Executive Lead for Legal Services manages all claims against

the Force and PCC. On occasion, the Force insurers will require that claims are handled externally due to the financial value of those claims.

3C.244 The limits for the approval of payment of such claims are set out in 3C.289.

### **Ex Gratia Payments**

3C.245 The Force can make ex-gratia payments up to the level shown in 3C.295 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 PCC. The Chief Constable shall maintain details of such payments in a register.

3C.246 Amounts greater than those specified in 3C.295 must be referred to the PCC for approval.

## **Co-operative Working and Commissioning**

### **Co-operative Working**

3C.248 Subject to the constraints that may be placed on individual funding streams, a PCC is free to pool funding as they and their partners see fit. A PCC can enter into any local contract collectively with other partners, including non-police bodies.

### **Responsibilities**

3C.249 The PCC, in exercising their functions, must:

- a. Have regard to the priorities of each responsible body within their policing area.
- b. Work effectively with local partners to tackle agreed community safety priorities.

### **Commissioning**

3C.250 The PCC may commission services and award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their police and crime plan. In doing this the PCC may:

- a. Act alone as the commissioner of services.
- b. Or act co-operatively to commission services jointly with other bodies.

3C.251 Where appropriate and in line with the objectives set out in the Police and Crime Plan the PCC may make grants in support of local priorities.

## Responsibilities

- 3C.252 The PCC is responsible for publishing a Commissioning Strategy that will set out the objectives of their commissioning activity and governance of the commissioning process.
- 3C.253 When the PCC acts as a commissioner of services, they will be responsible for agreeing the shared priorities and outcomes expected to be delivered either through a contract or a grant agreement with each provider.
- 3C.254 Where the mechanism for commissioning is the award of a contract for service provisions the Chief Executive is responsible for seeking appropriate procurement advice on the procurement process and the procurement activity will be in line with the Standing Orders for Tenders and Contracts.
- 3C.255 The Chief Executive is responsible for ensuring that commissioning expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan.
- 3C.256 When working jointly with other bodies to commission services the Chief Executive will ensure that these Financial Regulations and Standing Orders and for Tenders and Contract apply to the joint procurement activity or will set out in a formal decision why the Financial Regulations or Standing Orders for Tenders and Contracts can be varied.

## Collaboration

- 3C.257 The PCC has the duty to enter into collaboration agreements with other policing bodies and partners that improve the efficiency of effectiveness of policing for one or more policing bodies or Forces in consultation with the Chief Constable. Where the collaboration agreement relates to the functions of the Force, the prior agreement of the Chief Constable must be obtained.
- 3C.258 The PCC is responsible for approving any proposed Section 22 or Section 23 collaboration agreement between the Chief Constable and another Chief Constable. The Chief Constable is accountable to the PCC for the outcomes of any such collaboration agreements.
- 3C.259 The Treasurer is responsible for advising whether a proposed collaboration agreement is in alignment with the Police and Crime Plan and the Medium Term Financial Strategy and the long term sustainability of policing in the area.

## Consortia

- 3C.260 Where the PCC judges that it is appropriate to enter into a long-term joint working arrangement with other bodies, operating with a formal legal structure, specific legal and procurement advice will be obtained. In such

circumstances it will be necessary to update the Financial Regulations to acknowledge any new structures that exist within the consortium and ensure that all contractual conditions are met.

## **Other External Arrangements and Sponsorship**

### **External Funding**

3C.261 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 PCC and Chief Constable.

### **Responsibilities**

3C.262 The Chief Executive and the Chief Constable are responsible for actively pursuing any opportunities for additional funding where this is considered to be in the interests of the Force and PCC. In addition, they are responsible for ensuring that the match-funding requirements and exit strategies are considered prior to entering into the agreements and that future medium term financial forecasts reflect these requirements.

### **Sponsorship**

3C.263 The Home Office Financial Management Code of Practice sets out guidance with regard to the acceptance of sponsorship and external funding.

### **Responsibilities**

3C.264 The PCC will maintain a Sponsorship Policy (in consultation with the Chief Constable) that is in line with; the Home Office Financial Management Code of Practice, Section 93 of the Police Act and the Bribery Act.

3C.265 The Chief Executive and Chief Constable must ensure that any conditions placed on the Force in relation to external funding are in accordance with the approved policies of the PCC and in particular the Sponsorship Policy of the PCC.

3C.266 The Chief Executive and the Chief Constable are responsible for ensuring that all funding notified by external bodies is received and properly recorded in the PCC's accounts.

### **Working for Third Parties**

3C.267 The Force provides services to outside bodies as part of their normal obligations, for which charges are made. Arrangements should be in place to ensure that any risks associated with these pieces of work are minimised and that such work is not ultra vires.

## Responsibilities

3C.268 The Chief Constable is responsible for ensuring that proposals for assistance are costed, that proper contract arrangements are established within delegated limits and that no contracts are subsidised by the police funds. All work for third parties will be reviewed by the Executive Lead for Legal Services and the Senior Insurance Officer to ensure that any liabilities are recognised, and appropriate insurance cover is arranged.

## Delegated Limits

### Financial Limits

3C.269 All delegations apply within the approved budgetary provision only.

### Purchasing Limits

### Contract Awards, Variations and Extensions

3C.270 The limits for contract awards, variations and extensions, are set out below. These limits should be applied in the context of the additional guidance provided and based upon the total contract value for the life of the contract.

Area	Entity	Limit	Approval by
Award of contracts & grants	PCC	Up to and including £500,000	OPCC Treasurer
		Over £500,000	PCC
	National Forensics Programme	Unlimited	OPCC Treasurer
	Chief Constable	Up to and including £500,000	Chief Constable's CFO
		Between £500,000 and £1m	Chief Constable
		Over £1m	PCC
Award of Renewals and Extensions	OPCC / Chief Constable	Unlimited	Treasurer / CFO as appropriate
Novel or Contentious Contracts	All	N/A	The PCC and the Chief Constable must be consulted before approving the contract.

In addition to the above delegations for the signing of contracts, the Force also has the following delegations for approving spend of agreed budgets

Area	Entity	Limit	Approval by
Delegated authorisation limits	Chief Constable	Above £100,000	Executive Board (JLB)
		Above £25,000 to £100,000	Individual Members of the Executive
		Above £15,000 to £25,000	Chief Supt / Supt or Head of Department
		Above £500 to £15,000	Chief Insp / Insp or Staff Equivalent Grade G to J / 8 to 11
		Up to and including £500	Sgt or Staff Equivalent F / 7

3C.271 From time to time there will be a requirement to vary contracts through a formal contract change control, the limits below apply in this situation.

Area	Entity	Limit	Approval by
Approve contract change	PCC	Up to and including £200,000	OPCC Treasurer
		Over £200,000	PCC
	Chief Constable	Up to and including £200,000	Chief Constable's CFO
		Over £200,000	Chief Constable

3C.272 In exceptional circumstances it may be necessary to apply exemptions to Contract Standing Orders. On these occasions the decision must be recorded and made in consultation with the relevant Section 151 officer.

Area	Entity	Limit	Approval by
Approve the waiving of Contract Standing Orders	PCC	Up to and including £50,000	OPCC Treasurer
		Over £50,000	PCC
	Chief Constable	Up to and including £50,000	Chief Constable's CFO
		Over £50,000	Chief Constable



## Revenue Budget Virements

3C.273 The procedure for virements between the categories as set out in the Medium-Term Financial Strategy is set out at 3C.35 of these regulations, the financial limits that apply to the virements set out below must be applied in the context of the overall guidance within the financial regulations.

Area	Budget	Limit	Approval by
Approve virements over the limit specified	OPCC for OPCC budgets	£100,000 for each approved subjective budget line	PCC
	Chief Constable for Force staffing budgets	£250,000 for each approved CIPFA subjective line level	PCC
	Chief Constable for Force non staffing budgets	£250,000 for each approved CIPFA subjective budget line	PCC

3C.274 Below the limits specified in the table above, approval will be with the Treasurer for the OPCC budgets and the CFO for the Chief Constable's budgets.

3C.275 All virements above £100,000 must be reported to Resource Control Board for information.

## Capital Programme

3C.276 Detailed estimates for each scheme in the approved capital programme shall be prepared by the responsible officer before tenders are sought or commitments made. The estimate for each scheme will be approved by the Joint Leadership Board at the same time that the full business case is approved. Variations to project budgets that can be met from within the total capital programme may be approved as set out below.

Area	Limit	Approval by
Virements within major headings (as defined by the Treasurer and CFO)	All	OPCC Treasurer in consultation with Chief Constable's CFO and appropriate programme board.
Virements between major headings	All	PCC in consultation with Resource Control Board

3C.277 All overspends of 10% or £50,000, whichever is smaller, must be reported to Resource Control Board.

3C.278 Any increase in the overall capital programme must be identified and approved by the PCC.

### Capitalisation of Expenditure and Assets Registers

3C.279 The Chief Constable and the PCC shall maintain asset registers for all fixed assets (or programmes/classes of assets) under their respective control with a value in excess of the limits shown below.

Area	Classification	Limit	Approval by
Capitalise expenditure and record on asset register	Land and Buildings	£25,000	N/A
	All Other assets	£10,000	N/A

### Property Leases

3C.280 The following limits shall apply to the approval of property leases and licences:

Delegation	Entity	Limit	Approval by
Approval & renewal of property leases, licence to occupy, finance leases or other credit arrangements	PCC	Up to and including £50,000 pa or with a duration of 3 year or less	OPCC Treasurer
		In excess £50,000 pa or over 3 year's duration but less than 10 years	OPCC Treasurer in consultation with the Resource Control Board
		More than 10 years or that involves novel or contentious matters	PCC

3C.281 All renewals of property leases will be reported on an annual basis to the Resource Control Board. Novel or contentious matters on an exceptional basis.

### Asset Disposal – Land and Buildings

3C.282 The following limits shall apply to the approval of property disposals.

Delegation	Entity	Limit	Approval by
Agreement to dispose of property assets	PCC	Up to and including £500,000	OPCC Treasurer in consultation with the Resource Control Board
		Above £500,000	PCC in consultation with the Resource Control Board

3C.283 It is assumed that all Dorset property assets that are brought forward for approval of disposal will have followed the consultation process set out in the agreed process for estates rationalisation and decision making.

### Asset Disposal – Other Fixed Assets

3C.284 The following limits shall apply to the approval of non-property fixed asset disposals. The disposal limit relates to the disposal of individual assets, unless there is a clear rationale to consider more than one item as a single asset for disposal, such as a group of assets being sold as a single lot.

Delegation	Entity	Limit	Approval by
Agreement to dispose of non-property fixed assets including method of disposal	PCC Assets for use of Chief Constable	Up to and including £30,000	Chief Constable's CFO
		Above £30,000	OPCC Treasurer with consultation from the Resource Control Board
	PCC Assets for use of the PCC	Up to and including £30,000	OPCC Treasurer
		Above £30,000	PCC

### Asset Disposal – Method of Disposal

3C.285 Assets shall be disposed by public auction or sealed bids after advertisement. Assets of value below £30,000 can be disposed of by an alternative approach approved by the Treasurer. Alternative methods for disposal above £30,000 will be referred to the Resource Control Board.

## Stocks and Inventories

3C.286 Inventories will be maintained that record an adequate description of portable and desirable items (not already recorded on an asset register) for items with a value of more than the limit stated.

Area	Entity	Limit	Approval by
Inventories	All entities	£6,000	N/A

3C.287 Discrepancies between the actual level of stock and the book value of stock may be written off are as set out below. These limits also apply to the level for obsolete class of stock that may be written off. The key classes of stock are Vehicles, Uniform and Equipment.

Area	Entity	Limit	Approval by
Stock values that may be written off	Chief Constable	Annual cumulative value of £5,000 per category	Chief Constable's CFO
		Values over the limits set out above	To be approved by the Force Executive and reported to the Resource Control Board

## Liability Claims

3C.288 Joint Legal Services shall be authorised to make payments in settlement of liability claims for the Chief Constable and PCC for Dorset (including costs) up to the value shown below in conjunction as required, with relevant insurer. All such claims will have been approved for payment as set out in the Joint Legal Services Department Memorandum of Understanding for taking instructions in Liability Claims.

<u>Area</u>	<u>Entity</u>	<u>Value of Settlement Limit</u>	<u>Approval by</u>
Liability & Civil Claims	PCC or Chief Constable	Up to and including £5,000	Senior Force Legal Advisor or Head of Legal Services
		Above £5,000 to £25,000	Alliance Head of Finance or CFO if unavailable.
		Above £25,000 to £100,000	Deputy Chief Constable (to include temporary or acting)

		Above £100,000 and over	Deputy Chief Constable and Police and Crime Commissioner or Chief Executive of the PCC (to include temporary or acting) and reported to resource control board.
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### Non-Insurance Claims / Employment Matters

3C.289 Non insurable employment claims will be approved for payment as set out below:

<u>Area</u>	<u>Entity</u>	<u>Value of Settlement Limit</u>	<u>Approval by</u>
Employment Matters	Chief Constable	Up to and including £10,000	Head of HR Operations
		Above £10,000 to £25,000	Assistant Chief Officer (People)
		Above £25,000 to £100,000	Deputy Chief Constable or the Chief Executive of the PCC (to include temporary or acting)
		Above £100,000 and over	Deputy Chief Constable and Police and Crime Commissioner or Chief Executive of the PCC (to include temporary or acting) and reported to resources board.

### Income

3C.290 The approval of individual bad debts\* will be as follows:

<u>Area</u>	<u>Entity</u>	<u>Limit</u>	<u>Approval by</u>
Write off bad debts *	PCC	Up to and including £100	Head of Finance
		Above £100 to £10,000	Chief Constable's CFO or OPCC Treasurer as appropriate
		Above £10,000	OPCC Treasurer in consultation with Resource Control Board

\* Bad Debt is defined as money owing to the OPCC where there is no realistic prospect of recovery once all reasonable avenues for recovery have been exhausted.

### Cash Receipts and Money Laundering

3C.291 Cash banking and cash receipts will be subject to the controls outlined in the money laundering policy.

### Retirement and Redundancy

#### Pension Discretions

3C.292 The PCC and the Chief Constable will maintain and publish policies and/or regulations with regard to the application of those discretions provided within Local Government Pensions Scheme and Public Service Pensions Act.

3C.293 Any decisions with regard to enhancements or application of the discretions will be referred to the CFO and the Treasurer.

#### Employment Termination Costs

3C.294 The CFO must be consulted on the overall cost of any staff reduction exercise, in liaison with the Treasurer, in order to ensure that adequate financial provision is in place and value for money is achieved.

Area	Entity	Limit	Approval by
<b>DORSET OPCC</b>			
Approval of overall costs staff reduction exercises (including redundancy and pension strain)	PCC	All reduction exercises to be approved	PCC
<b>DORSET FORCE</b>			
Approval of overall costs staff reduction exercises (including redundancy and pension strain)	Chief Constable	All reduction exercises to be approved	Chief Constable (in consultation with Force Executive)

#### Ex Gratia Payments

3C.295 Ex gratia payments 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 Chief Constable or the PCC. All such claims will have been approved for payment as set out in the Joint Legal Services Department Memorandum of Understanding for taking instructions in Ex-Gratia Liability Payments.

Area	Entity	Limit	Approval by
Ex Gratia Payments	PCC or Chief Constable	Up to and including £3,000	Head of Audit & Insurance
		Above £3,000 to £10,000	Chief Constable's CFO or OPCC CEO as appropriate
		Above £10,000	PCC

3C.296 Any payment ex gratia or otherwise relating to damage or loss will be subject to the liability limits set out in 3C.289 above.

### Gifts and Sponsorship

3C.297 This section of financial regulations relates to Corporate Gifts and Sponsorship only.

3C.298 Personal gifts and hospitality are recorded and managed via the Professional Standards Department for which there are specific policies. All such instances must be referred there.

3C.299 The following limits apply to the acceptance of corporate gifts and sponsorship.

Area	Entities	Limit	Approval by
Limit beyond which individual gifts, loans and sponsorship must be referred for approval.	PCC and Chief Constable	£1,000	PCC