



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



NORFOLK
CONSTABULARY
Our Priority is You

AUDIT COMMITTEE

Thursday 23 June 2016 at 2 pm
Filby Room, Jubilee House, Falconers Chase,
Wymondham, Norfolk NR18 0WW

A G E N D A

Note for Members of the Public: If you have any specific requirements to enable you to attend the meeting, please contact the OPCCN (details overleaf) prior to the meeting.

Part 1 – Public Agenda

1. Welcome and Apologies
2. Declarations of Personal and/or Prejudicial Interests
3. To approve the minutes of last meeting held on 10 March 2016
4. Reports from the Head of Internal Audit (TIAA Ltd):
 - a) Follow up – all previous recommendations
 - b) Progress Report 2015/16 Quarter 4
 - c) Annual Assurance Report 2015/16
 - d) Progress Report 2016/17 Quarter 1
5. Accounting Policies for 2015/16 Statements of Account
6. Corporate Governance Update and Review of the System of Internal Control
7. Forward work plan report from CFO

Part 2 – Private Agenda

8. Strategic Risk Registers update

9. Date of Next Meeting

Friday 8 July 2016 at 2 pm in the Filby Room, Jubilee House, Falconers Chase, Wymondham, Norfolk.

Enquiries to:

OPCCN

Building 8, Jubilee House,

Falconers Chase, Wymondham, Norfolk, NR18 0WW

Direct Dial: 01953 424455

Email: opccn@norfolk.pnn.police.uk

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**MINUTES OF THE AUDIT COMMITTEE MEETING
HELD ON THURSDAY 10 MARCH 2016 AT 2 P.M.
IN THE FILBY ROOM, JUBILEE HOUSE, FALCONERS CHASE, WYMONDHAM**

Attendance:

Mr R Chapman (Chairman)
Mr H Humphrey
Mr R Bennett
Mrs J Hills

Also in attendance:

| | |
|----------------|--|
| Mr M Stokes | Chief Executive |
| Mr J Hummerson | Chief Finance Officer (CFO) |
| Mr C Hall | Deputy Chief Constable |
| Mr K Suter | Ernst and Young |
| Mr D Cooke | Ernst and Young |
| Mr C Harris | TIAA |
| Ms F Dodimead | TIAA |
| Mr P Kamminga | TIAA |
| Mrs C Buckley | Senior Business Support Officer, OPCCN |

1. Welcome and Apologies

The Chairman welcomed those present. Apologies were received from Mr Stephen Bett, Police and Crime Commissioner, Ms Jenny McKibben, Deputy Police and Crime Commissioner and Mr Simon Bailey, Chief Constable.

2. Declarations of Personal and/or Prejudicial Interests

Mr Cooke reported that his fiancée worked in the Control Room at OCC.

3. To confirm the minutes of the meeting held on 29 January 2016

The minutes of the meeting held on 29 January 2016 were agreed.

4. Internal Audit:

a) Internal Audit Progress Report – March 2016

The Committee reviewed the summary report which provided an update on the progress of the Audits as at 3rd March 2016. The report was based on the internal audit work carried out by TIAA and management representations which had been received during the period since the last progress report.

The Committee noted and approved the updated format of the report, which had been developed following feedback provided at the last meeting. There had been 9 audits carried out since the last progress report and the TIAA on-line portal had been updated within the final audit reports and the Members were recommended to access the portal to review them. The Chief Finance Officer (CFO) queried whether the monitoring report was also available via the Portal. Mr Harris confirmed that this was not published.

Ms Dodimead presented the report. The Committee noted that six Audits were still in progress (Estates management, HR – Absence Management, Capital Expenditure, Payroll, Commissioners Grants/PCC Commissioning and Follow Up Work); four draft reports had been issued; thirteen final reports had been issued and four Audits had been postponed to 2016/17 (namely ICT – Network Security, HR – Recruitment, Duty Management System, Governance – Performance Management).

The Committee reviewed the summaries of the Finalised Audit Reports issued since the last meeting. Members highlighted that in the area of Risk Management, the key findings gave the impression that risk was not fully understood within the organisation and therefore queried whether there was requirement for the Risk and Policy Manager to take a more pro-active role. Discussion followed regarding the work being undertaken around risk and the need for further training.

b) Three Year Strategic Internal Audit Plan 2016/17 to 2018/19 and Annual Internal Audit Plan 2016/17

As the Committee had considered the draft document at the previous meeting, Members therefore requested that reporting should be made on an exceptional basis.

The Committee received an update on the changes which had been made to the Plan since the last meeting and a detailed overview from Mr Kamminga, TIAA, regarding the planned ICT audits and what systems/areas of work they related to. A discussion followed regarding the ICT audits, specifically around the audit planned for Enterprise Resource Planning (ERP) second/third line support and the move to engage external providers to provide this support, as opposed to managing internally.

The Committee noted the Progress Report and the Plan.

5. External Audit Plan 2015/16

The Committee received the Audit Plan from the External Auditor which set out how they intended to carry out the audit, summarised their initial assessment of the key risks driving the development of an effective audit for the PCC and Chief Constable, and outlined their planned audit strategy in response to those risks.

The Committee noted the significant financial statement risks highlighted in the report, which related to risk of fraud in revenue recognition (mainly around the capitalisation of revenue expenditure on Property, Plant and Equipment in the capital programme); risk of management override and the new Enterprise Resource Planning System (ERP) (around the problems experienced with the inception of the new system and the risk that the financial statements produced may be materially misstated due to those problems).

In relation to the ERP System, the Committee sought reassurance that the teething problems originally experienced were now being overcome. Mr Hall provided an update on progress made around ERP but acknowledged there were still areas which needed rectifying. Members were reassured that good progress was being made.

The External Auditor briefed the Committee on a staff change he would be making to the Audit Team in light of a potential conflict of interest which had arisen. The Committee noted the change and thanked the External Auditor for providing the details.

The Committee noted the Plan.

6. **Forward Work Plan**

The CFO presented the forward work plan to the Committee. It was noted that the March 2017 would be scheduled in due course and **there were a number of amendments to be made to the Work Plan, which would be made by the CFO by the next meeting.**

The Committee noted the Plan and the proposed amendments.

Part 2 – Private Agenda

7. **Athena – Internal Audit Report by Baker Tilley**

The Committee noted the report, presented by the Deputy Chief Constable (DCC), which summarised findings from a programme management review of the Athena Management Organisation. The report was commissioned and co-ordinated by Kent OPCC CFO on behalf of the respective Joint Audit Committees for Essex, Bedfordshire, Cambridgeshire, Hertfordshire, Kent, Norfolk and Suffolk. The DCC gave details of an action plan which had been drawn together following this report, based on the 9 recommendations made and would be implemented by the respective constabularies.

Discussion took place regarding the report and the Committee thanked the DCC for allowing them the opportunity to review the report.

The Committee noted the report.

8. Risk Management

The CFO presented the report, which presented the latest draft of the Risk Management Policy for the OPCCN and the Strategic Risk Registers for the Constabulary and the OPCCN.

The Committee reviewed the report, raising questions as appropriate. **The CFO would ensure the amendments highlighted by the Committee would be made to the respective Registers.**

The Committee noted the report.

9. Date of Next Meeting

The next meeting will be held on Thursday 23 June 2016 at 2 p.m. in the Filby Room, Jubilee House, Falconers Chase, Wymondham.

Meeting closed at 3.20 p.m.

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CHAIRMAN

Audit Committee 23 June 2016

Agenda Item: 4a

**INTERNAL
AUDIT**

tiaa

**Police and Crime Commissioner for Norfolk and Suffolk and Chief
Constables of Norfolk and Suffolk Constabularies**

Follow Up Review

2016/17

FINAL

June 2016

Follow Up Review

Executive Summary

INTRODUCTION

1. This follow up review by TIAA established the management action that has been taken in respect of the priority 1 and 2 recommendations arising from the internal audit reviews listed below. The review was carried out in May and June 2016.

Figure 1 – Reviews followed up

| Review | Year | Date Presented to Audit Committee |
|---------------------------|---------|-----------------------------------|
| Accounts Payable | 2015/16 | January / March 2016 |
| Accounts Receivable | 2015/16 | January / March 2016 |
| Purchase Ordering | 2015/16 | June 2016 |
| Purchase Cards | 2015/16 | January 2016 |
| Risk Management Embedding | 2015/16 | March 2016 |
| RAIDE Log | 2015/16 | March 2016 |
| Mobile Devices | 2015/16 | March 2016 |
| Contracts Review | 2015/16 | January 2016 |
| Police Stations | 2015/16 | March 2016 |

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| | 2014/15 | March 2015 |
|-----------------------------|---------|---|
| Risk Management | | |
| Special Constabulary | 2014/15 | Report issued 4 th August 2014 |
| Business Continuity | 2014/15 | Report issued 1 st July 2014 |
| Contract Management | 2014/15 | Report issued 2 nd July 2014 |
| HR Training | 2014/15 | Report issued 4 th August 2014 |

KEY FINDINGS

2. The follow up review considered whether the management action taken addresses the control issues that gave rise to the recommendations. The implementation of these recommendations can only provide reasonable and not absolute assurance against misstatement or loss. From the work carried out the following evaluations of the progress of the management actions taken to date have been identified.

Figure 2 - Summary of the action taken on Recommendations made

| Evaluation | Number of Recommendations |
|---------------------------------|---------------------------|
| Implemented | 24 |
| In Process of Being Implemented | 17 |
| Revised Target Date | - |
| Considered but not Implemented | 4 |
| No Longer Applicable | 2 |
| Not Implemented | - |

3. Appropriate progress is being made by management in implementing recommendations raised.

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SCOPE AND LIMITATIONS OF THE REVIEW

- 4. The review considers the progress made in implementing the recommendations made in the previous internal audit reports and to establish the extent to which management has taken the necessary actions to address the control issues that gave rise to the internal audit recommendations.
 - 5. The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud
 - 6. For the purposes of this review reliance was placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.
- RELEASE OF REPORT**
- 7. The table below sets out the history of this report.

Figure 3 - Report History

| | |
|---------------------|----------------------------|
| Date report issued: | 10 th June 2016 |
|---------------------|----------------------------|

Detailed Report

I

FOLLOW UP

- 8. Management representations were obtained on the action taken to address the recommendations. Only limited testing has been carried out to confirm these management representations. The following matters were identified in considering the recommendations that have not been fully implemented:

9.

System: Accounts Payable

From the review of the documentation and checks carried out the assessment is:

| | | | |
|---------------------------------|---|--------------------------------|---|
| Implemented | 2 | Considered but not Implemented | 2 |
| In Process of Being Implemented | | No Longer Applicable | |
| Revised Target Date | | Not Implemented | |

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Recommendation: 1

Priority: 2

Profile rights for accounts payable staff on ERP to be revised, to restrict accounts payable staff from being able to amend bank details.

Action taken:

The Payroll Team within the Transactional Services Team are responsible for entering and making amendment to bank details.

Profile rights are still to be reviewed, but as it is a templated solution which is used by other constabularies and it was accepted by Norfolk and Suffolk as a risk at the implementation of the system.

Audit Observation: Implemented

The payroll team are making amendments to bank details

Recommendation: 2

Priority: 2

Access rights for the Accounts Payable Supervisors, the Head of Transactional Services and the Head of Finance for Norfolk and Suffolk to be reviewed to enable adequate segregation of duties in place within the system.

Action taken:

The recommendation was not accepted, as the system implemented is a templated solution and it is accepted that this is a risk. No change to this is proposed and the associated risk is carried as the levels are low.

Audit Observation: Considered but not Implemented

Management have accepted the risk.

Recommendation: 3

Priority: 2

A standardised process to be established for entering and amending creditor bank details. The process to include the requirement for amendments to bank details to be confirmed with the supplier before they are processed on the system.

Action taken:

A standardised process has been developed and staff are aware and complying with the new process.

Audit Observation: Implemented

The standard process is being complied with.

Recommendation: 4

Priority: 3

Invoices over £50,000 to be placed on hold whilst awaiting to be signed off by the Head of Finance, or the policy and procedures be reviewed for accepted practice

Action taken:

Whilst payments over £50,000 are being authorised by the Head of Finance this might not be before the payment of the invoice has been made.

Audit Observation: Considered but not Implemented

Invoices over £50,000 are not placed on hold whilst they are awaiting to be signed off.

10.

System: Accounts Receivable

From the review of the documentation and checks carried out the assessment is:

| | | | |
|---------------------------------|---|--------------------------------|---|
| Implemented | | Considered but not Implemented | 2 |
| In Process of Being Implemented | 1 | No Longer Applicable | |
| Revised Target Date | | Not Implemented | |

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Recommendation: 5

Priority: 2

Review of access rights on ERP to ensure adequate segregation of duties. The ability to raise and receipt invoices should be segregated.

Action taken:

Within the team the physical work is segregated in Suffolk and in Norfolk, but the team being small there is the need for staff to be able to undertake all aspects of the AR function for business continuity reasons. With it being a templated solution it is not possible to segregate raising and receipting of invoices, the risk of lack of segregation amongst the AR team has been accepted.

Audit Observation: Considered but not Implemented – Management Accept the Risk

Whilst the work has been segregated it is not possible to restrict access on the ERP system as it is a templated system. Management have accepted the risk, as this is a templated solution.

Recommendation: 6

Priority: 3

A representative sample of invoices to be checked, to ensure that the invoices have been raised in accordance with the debtor requisition form.

Action taken:

The debtor requisition form is in the process of being reviewed. Once this is reviewed, consideration as to whether sample checking of invoices raised will be undertaken will be considered.

Audit Observation: In process of Being Implemented

Sample checking of invoices has not yet commenced, as the debtor requisition form has not yet been reviewed.

Recommendation: 7

Priority: 3

A log to be produced of cash, cheques and postal orders in the safe awaiting to be banked, including when items are placed in and removed from the safe.

Action taken:

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This would cause additional pressure for staff, a log is not produced but staff have been reminded that they are accountable for all that is placed in the safe.

Audit Observation: Considered but not Implemented – Management accept the Risk

A log is not going to be produced, management have accepted the risk that there is not an actual record of what is placed in the safe.

11.

System: Purchase Ordering

From the review of the documentation and checks carried out the assessment is:

| | | |
|---------------------------------|---|--------------------------------|
| Implemented | 4 | Considered but not Implemented |
| In Process of Being Implemented | | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 8

Sample checking of requisitions up to £250 to be independently authorised, to avoid fraudulent or inappropriate goods being ordered.

Action taken:

Sample checking of requisitions up to £250 is undertaken and independently authorised.

Audit Observation: Implemented

Sample checking of requisitions up to £250 are subject to independently authorised.

Priority: 2

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Recommendation: 9

Priority: 2

All staff to receive training on lprocurement before they are given access to lprocurement.

Action taken:

All staff receive training in advance of being given access to lprocurement.

Audit Observation: Implemented

Staff receive training on lprocurement before they are given access to lprocurement. This is now mandatory training for all staff before they are given access to the lprocurement system.

Recommendation: 10

Priority: 2

All requests for access to lprocurement to be approved by the Senior Supplies Officer.

Action taken:

All requests for access to the lprocurement go to the Senior Supplies Officer to approve.

Audit Observation: Implemented

All requests for access to the lprocurement system go through the Senior Supplies Officer.

Recommendation: 11

Priority: 2

Staff to be reminded of the requirement that retrospective orders are not to be placed.

Action taken:

A reminder has been published in Force Orders. Reminders are to be sent to staff every six months.

Audit Observation: Implemented

A reminder has been published.

12.

System: Purchase Cards

From the review of the documentation and checks carried out the assessment is:

| | | | |
|--|----|---------------------------------------|---|
| Implemented | 10 | Considered but not implemented | |
| In Process of Being Implemented | 3 | No Longer Applicable | 1 |
| Revised Target Date | | Not Implemented | |

Recommendation: 12

Credit card expenditure for Norfolk from April 2015 to be charged to the ledger and going forward, credit card expenditure for Norfolk to be uploaded onto the ledger promptly.

Action taken:

The credit card expenditure for Norfolk for 2015/16 has been uploaded to the ledger, and is being uploaded onto the ledger monthly.

Audit Observation: Implemented

Credit card expenditure for 2015/16 has been uploaded to the ledger, this was completed by the end of the 2015/16 financial year.

Recommendation: 13

Norfolk card holders to be provided with training on the appropriate use of the card and how the Lloyds online credit card system works prior to credit cards being issued. Additional support to be directed to Norfolk so that all staff receive the required level of training.

Action taken:

All Norfolk cardholders have been provided with guidance. Training has been provided to Norfolk cardholders

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and are aware that finance can provide the necessary support.

Audit Observation: Implemented

Card holders have been provided with the Procedure Manual on the appropriate process for administering of the purchase cards.

Recommendation: 14

Priority: 2

Review of designated authorising officers to establish that appropriate authorising officers have been assigned.

Action taken:

A review of authorising officers for all cards has been undertaken to ensure that there is an appropriate authorising officer for all cardholders.

Audit Observation: Implemented

There has been a full review of authorising officers for purchase cards

Recommendation: 15

Priority: 2

The 'default closing group approver profile' to be closed and an appropriate authorising officer for all card holders be designated.

Action taken:

The default closing group has been closed and all cards are assigned an appropriate authoriser.

Audit Observation: Implemented

It was confirmed that cards have been assigned to an appropriate officer to authorise.

Recommendation: 16

Priority: 2

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Training to be provided to the authorising officers that are not authorising expenditure, to ensure that they are in a position to fulfil their role as authorising officers

Action taken:

Training manuals have been issued to authorising officers, and training has also been provided to authorising officers.

Audit Observation: Implemented

Training has been provided to authorising officers.

Recommendation: 17

Priority: 2

Monthly credit card expenditure to be reviewed by the Transactional Team Leaders (AP/AR), to establish that all expenditure has been submitted for approval and is reviewed by the approving officer

Action taken:

The Transaction Team Leader for Norfolk reviews purchase card expenditure to ensure that all expenditure has been submitted and approved by approving officer.

Audit Observation: Implemented

Monthly the Transactional team leader is reviewing credit card expenditure to ensure that all expenditure is submitted for approval and appropriately authorised.

Recommendation: 18

Priority: 2

The officer that has more than one credit card should have their second credit card cancelled.

Action taken:

The officer that held two cards has been investigated. The officer has more than one card, as they are currently on secondment to the Home Office. A separate card is used for the officer's home office related

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expenditure.

Audit Observation: No Longer Applicable

A reasonable reason has been provided for why an officer has more than one card.

Recommendation: 19

Priority: 2

Cardholders to be reminded of the need to follow the correct protocol when purchasing goods over £500, and that it is not appropriate to split transactions to avoid transactions exceeding £500. Any further instances should be raised with the individual cardholder.

Action taken:

Cardholders have been reminded that it is not appropriate to split card expenditure, and action is taken against staff that try to split expenditure

Audit Observation: Implemented

Cardholders have been reminded that it is not appropriate to split card expenditure, and as part of the monthly checks undertaken by the Transactional Team Leaders staff that attempted to split transactions to avoid the £500 individual limit would be identified.

Recommendation: 20

Priority: 3

A procedure to be developed for finance staff, to refer to on the appropriate process for administering the Lloyds credit card system

Action taken:

Finance staff have developed their own guidance to refer to, but this has not been formalised. The Head of Transactional Services advised that work is being done to ensure that formalised procedural notes are developed.

Audit Observation: In the Process of Being Implemented

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Whilst there is guidance for finance staff to refer to, this has not yet been formalised. There is a need for formalised guidance to be produced for business continuity.

Recommendation: 21

Priority: 3

The process to be followed for the cancellation of cards to be formally documented

Action taken:

Finance staff have developed their own guidance to refer to, but this has not been formalised. The Head of Transactional Services advised that work is being done to ensure that formalised procedural notes are developed.

Audit Observation: In the Process of Being Implemented

Whilst there is guidance for finance staff to refer to, this has not yet been formalised. There is a need for formalised guidance to be produced for business continuity.

Recommendation: 22

Priority: 3

The standard process to be followed for fraudulent transactions to be included in the guidance provided to cardholders

Action taken:

Finance staff have developed their own guidance to refer to, but this has not been formalised. The Head of Transactional Services advised that work is being done to ensure that formalised procedural notes are developed.

Audit Observation: In the Process of Being Implemented

Whilst there is guidance for finance staff to refer to, this has not yet been formalised. There is a need for formalised guidance to be produced for business continuity.

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Recommendation: 23

Priority: 3

Guidance provided to cardholders to be updated to include the correct card limit.

Action taken:

The guidance provided to cardholders to be updated to include the correct card limit.

Audit Observation: Implemented

Cardholder guidance has been updated and includes the correct card limits.

Recommendation: 24

Priority: 3

Cardholders to be reminded of the need to submit VAT receipts for all credit card expenditure items. Repeat offenders should be specifically requested to provide VAT receipts.

Action taken:

Staff have been reminded of the need to submit VAT receipts

Audit Observation: Implemented

A reminder has been sent to staff on the need to submit VAT receipts monthly.

Recommendation: 25

Priority: 3

The Transactional Team Leaders (AP/PAR) to undertake a monthly check, to ensure that VAT is reclaimed appropriately, VAT receipts for all expenditure are formally documented and guidance produced documenting the required process to be followed.

Action taken:

The Transactional Team Leaders undertakes a check to ensure that VAT is being reclaimed appropriately

Audit Observation: Implemented

The Transactional Team Leaders are undertaking monthly checks and as part of this would identify where

13.

VAT receipts have not been submitted for VAT to be reclaimed.

System: Risk Management Embedding

From the review of the documentation and checks carried out the assessment is:

| | | |
|--|----------|---------------------------------------|
| Implemented | 2 | Considered but not Implemented |
| In Process of Being Implemented | | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 26

Department /command risk registers to be reviewed monthly by the departments/command team.

Action taken:

Department and command team risk registers are reviewed monthly.

Audit Observation: Implemented

Department/command risk registers are reviewed monthly by the department/command team

Recommendation: 27

Department/command risk registers to be submitted monthly to the Risk and Policy Manager for review

Action taken:

Department and command team risk registers are reviewed monthly and sent to the Risk and Policy Manager

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for review.

Audit Observation: Implemented

Department and command team risk registers are reviewed monthly and sent to the Risk and Policy Manager for review.

14.

System: RAIDE Log

From the review of the documentation and checks carried out the assessment is:

| | | |
|---------------------------------|---|--------------------------------|
| Implemented | 1 | Considered but not Implemented |
| In Process of Being Implemented | | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 28

Priority: 2

The Norfolk and Suffolk RAIDE log to be reviewed and amended so that actual risks and controls are recorded on the RAIDE log.

Action taken:

Wording on the RAIDE log has been amended to ensure it defines terminology. The standard template includes definitions at the top of each page.

Audit Observation: Implemented

The RAIDE log template has been updated.

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15.

System: Mobile Devices

From the review of the documentation and checks carried out the assessment is:

| | | |
|--|----------|---------------------------------------|
| Implemented | 1 | Considered but not Implemented |
| In Process of Being Implemented | | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 29

Risk logs for future projects be kept up-to-date, recording the reasons and authorisation for closure of mitigated risks, and showing escalation to corporate risk logs where necessary.

Action taken:

CD&C and ICT Project Managers have been reminded that project documentation is living and therefore should be regularly reviewed and updated to reflect the current status of the project.

Audit Observation: Implemented

Risk logs are kept up to date

Priority: 3

16.

System: Contracts Review

From the review of the documentation and checks carried out the assessment is:

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| | | |
|---------------------------------|---|--------------------------------|
| Implemented | 1 | Considered but not Implemented |
| In Process of Being Implemented | | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 30 Priority: 2

The Constabularies ensure that all outcomes, targets and KPIs are reported to stakeholders of contracts monitored within the Procurement Database

Action taken:

This issue has been actioned in relation to the FM Contract. Feedback on KPIs is now on Part 1 of the monthly agenda and discussion and reporting of KPIs is now a Part 2 agenda item with a smaller group. Evidence of discussion on KPIs was provided.

Audit Observation: Implemented

17.

System: Police Stations

From the review of the documentation and checks carried out the assessment is:

| | | |
|---------------------------------|---|--------------------------------|
| Implemented | 2 | Considered but not Implemented |
| In Process of Being Implemented | 1 | No Longer Applicable |
| Revised Target Date | | Not Implemented |

FINAL

Recommendation: 31**Priority: 2**

Staff identification and 'salto' cards to be returned from staff on the day they leave the Constabulary. These are to be sent to the reception at Suffolk Police Headquarters for the 'salto' cards to be cleared and their identification destroyed.

Action taken:

HR are not going to amend the joiners, leavers and movers policy for the Constabularies an updated procedure will be developed and placed on the new intranet once installed.

Audit Observation: In the Process of Being Implemented

The procedure for joiners, leavers and movers is being developed.

Recommendation: 32**Priority: 2**

The arrangements for confidential waste needs to be reviewed. All confidential waste be placed in locked cupboards or secure containers, whilst awaiting collection from contractors responsible for shredding confidential waste.

Action taken:

Confidential shredding arrangements are in place at all stations. All stations have been provided with confidential shredding bins, and confidential waste awaiting to be collected is now stored securely.

Audit Observation: Implemented

Confidential waste arrangements have been reviewed.

Recommendation: 33**Priority: 3**

A memo to be sent to staff reminding them of the importance of keeping lockers closed at all times. Any lockers found open be reported to security and the individual advised to take appropriate security measures.

Action taken:**FINAL**

The monthly physical security premises audits are undertaken, and are reviewed and thus frequent breaches are identified and will be dealt with accordingly.

Audit Observation: Implemented

A memo has been sent to staff, and review of the monthly security premises audits are undertaken, and are reviewed.

System: Risk Management

18.

From the review of the documentation and checks carried out the assessment is:

| | | |
|---------------------------------|---|--------------------------------|
| Implemented | | Considered but not Implemented |
| In Process of Being Implemented | 1 | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 34

Priority: 2

Risk Management training should be available for both new staff, and as a reference / refresher for all current staff. As the Constabularies do have e-learning modules, a Risk Management e-learning module could be introduced. This could also be included as part of the induction process.

Action taken:

Risk management training is provided for all new starters as part of the induction process, but refresher risk management training is not currently mandatory. The Constabularies are considering the most suitable mode for providing risk management training.

Audit Observation: In Process of Being Implemented

Ongoing/refresher risk management training is still being developed.

19.

System: Special Constabulary

From the review of the documentation and checks carried out the assessment is:

| | | |
|--|----------|---------------------------------------|
| Implemented | | Considered but not Implemented |
| In Process of Being Implemented | 1 | No Longer Applicable |
| Revised Target Date | | Not Implemented |

Recommendation: 35

Priority: 2

All Special Officers should complete the required evening sessions for phase 2 of the induction training. This will enable them to qualify for independent patrol. As per the revised procedure for Special Constables (currently in draft) the aim is for phase 1 and 2 of the induction training to be completed within 18 months.

Action taken:

ERP will be used for monitoring specials that have not undertaken all of their training. Currently ERP is not able to fulfil this role at present, so this is monitored by the Specials Manager and the Administrative Officers working in the Specials Office Support team.

Audit Observation: In Process of Being Implemented

ERP is to be used for this, but it continues to be monitored by the Administrative Manager working in the Specials Office Team in the interim.

FINAL

20.

System: Business Continuity

From the review of the documentation and checks carried out the assessment is:

| | | | |
|---------------------------------|---|--------------------------------|---|
| Implemented | 1 | Considered but not Implemented | |
| In Process of Being Implemented | | No Longer Applicable | 1 |
| Revised Target Date | | Not Implemented | |

Recommendation: 36

Priority: 2

It is noted that the exercising / testing of the Business Continuity Plans on an annual basis acts as a form of training in itself for those who are involved. However, depending on the need and level of training required, further guidance relating to the department's own Business Continuity Plans could be provided by the BC Leads to their staff / officers at team meetings etc.

If more detailed training is required, the BC Manager needs to be made aware so that he can put a training programme in place.

In time, it would be useful for the relevant staff to undertake the elearning package that ACPD intend to produce as part of their National Business Continuity 5 Year Strategy.

Action taken:

Training is provided to all sergeants and inspectors on business continuity is provided by the Business Continuity Manager. Monitoring of business continuity training is undertaken by the L&D team.

Business continuity training is not currently provided via e-learning, as this cost cannot currently be justified when adequate arrangements for training is in place.

Audit Observation: No Longer Applicable

FINAL

| | | | | | | | | | | |
|---|--------------------|---------------------------------------|--|---------------------------------------|--|---|-----------------------------|----------------------------|--|------------------------|
| Recommendation: 37 | Priority: 1 | | | | | | | | | |
| <p>The BCP for Suffolk CCR will need to be reviewed and updated following the test in July 2014. The outcomes of the test should be fed back to the SMT. If a risk is identified that the fall-back position is not independent enough, then this will need to be escalated accordingly.</p> <p>Norfolk CCR will also need to be made aware of the timescales involved to get the Suffolk CCR fall-back operational, as this would have an impact on their resources should an incident affecting the Suffolk CCR occur.</p> <p>Action taken:</p> <p>The Suffolk CCR Business Continuity Plan was tested in December 2015. Suffolk CCR Business Continuity Plans are tested annually. The Business Continuity Manager reviews results of testing of business continuity plans and reports this accordingly.</p> <p>Audit Observation: Implemented</p> | | | | | | | | | | |
| <p>System: Contract Management</p> <p style="background-color: #0070C0; color: white; padding: 5px;">From the review of the documentation and checks carried out the assessment is:</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Implemented</td> <td style="width: 10%;"></td> <td style="width: 10%;">Considered but not Implemented</td> </tr> <tr> <td>In Process of Being Implemented</td> <td style="text-align: center;">1</td> <td>No Longer Applicable</td> </tr> <tr> <td>Revised Target Date</td> <td></td> <td>Not Implemented</td> </tr> </table> | | Implemented | | Considered but not Implemented | In Process of Being Implemented | 1 | No Longer Applicable | Revised Target Date | | Not Implemented |
| Implemented | | Considered but not Implemented | | | | | | | | |
| In Process of Being Implemented | 1 | No Longer Applicable | | | | | | | | |
| Revised Target Date | | Not Implemented | | | | | | | | |
| Recommendation: 38 | Priority: 1 | | | | | | | | | |

21.

FINAL

Once the contract management guidelines are in place it is recommended that:

- a) The document is circulated to all relevant staff to ensure that they are aware of their responsibilities;
- b) The document is retained in a central point accessible by all relevant staff;
- c) The document is reviewed at least annually with the review date shown on the document;
- d) Contract management plans are developed for all contracts, including new contracts and those already in place, on a risk basis, as per guidelines.
- e) All relevant staff receive training on their responsibilities as described in this document.

Action taken:

From review of the 'Contract Management Guidelines' it was confirmed that key staff responsibilities are clearly defined in the document.

The 'Contract Management Guidelines' are not placed on the intranet. There has been a staffing shortage which has presented the guidelines from being updated on the intranet. A revamped joint intranet is currently being developed.

This has not yet been implemented, due to ongoing re-organisation, tranche 12 and job evaluation. From a commercial team all bar one member of staff is part or fully CIPS qualified. The commercial team work with the departments and certainly have dialogue regarding the high value / high risk contracts.

Audit Observation: In Process of Being Implemented

Contract Management Guidelines are still to be placed on the intranet. The Contract Management Guidelines will be placed on the intranet once it has been revamped and the joint intranet site is in place.

22.

System: HR Training

From the review of the documentation and checks carried out the assessment is:

Implemented

Considered but not Implemented

FINAL

In Process of Being Implemented 9 **No Longer Applicable**

Revised Target Date **Not Implemented**

Recommendation: 39

In line with action A5028 a consistent approach should be reached with regards to monitoring of attendance to ensure that no staff/officers' 'slip through the net'.

Specifically for First Aid training, a member of Learning and Development staff needs to be made responsible for monitoring of non-attendance at Suffolk. Consideration could be given to whether period reports can be run to highlight any gaps.

Action taken:

Norfolk Constabulary are using a spreadsheet to monitor take-up rates of first-aid training, this is not used by Suffolk as going forward ERP will be used to monitor training.

The ERP system at the time of follow-up was not able to produce reports to monitor first aid training, and as ERP will be used, to avoid duplication a spreadsheet for monitoring first-aid training has not been developed.

Audit Observation: In Process of Being Implemented

ERP is to be used for this, but reporting from ERP is still being developed.

Recommendation: 40

The Learning and Development policy, before it is finalised, should be reviewed to ascertain whether Staff, Officer and Line Manager/Supervisor responsibilities should be written into the policy to make it clear that they are responsible for keeping up with the training they are required to undertake and that their staff are completing training within expected timescales.

Action taken:

FINAL

The Learning and Development Policy is still as interim rather than a final approved policy. The Learning and Development Team has undergone a restructure, and with the introduction of ERP this has resulted in delays in finalising the Learning and Development Policy.

Audit Observation: In Process of Being Implemented

Introduction of the ERP system has resulted in delays in approving the final policy.

Recommendation: 41

Priority: 2

The Learning and Development policy should be approved as soon as is practicable but prior to this consideration should also be given to any additions in line with action A5023.

When finalised, the policy must be communicated with all Norfolk and Suffolk staff and officers.

Action taken:

The Learning and Development Policy is still as interim rather than a final approved policy. The Learning and Development Team has undergone a restructure, and with the introduction of ERP this has resulted in delays in finalising the Learning and Development Policy.

Audit Observation: In Process of Being Implemented

Introduction of the ERP system has resulted in delays in approving the final policy.

Recommendation: 42

Priority: 2

Action plans could be followed up with sponsors to document what action has been taken to improve the course.

Action taken:

This is something that is being addressed, the restructure of Learning and Development has delayed this.

Audit Observation: In Process of Being Implemented

The restructure of the Learning and Development has delayed this.

FINAL

Recommendation: 43**Priority: 2**

In line with the approved procedures, L&D internal audits and trainer evaluations should be undertaken to continually monitor the adequacy of training being delivered.

Action taken:

Norfolk and Suffolk Constabulary Trainers have completed some, with the others being timetabled. Where quality assurance audits have not yet achieved will reassess after Learning and Department has been restructured.

Audit Observation: In Process of Being Implemented

The restructure of the Learning and Development has delayed this.

Recommendation: 44**Priority: 2**

Although each approach taken by administrative staff appears to work in its own right, for continuity purposes consideration should be given to designing a single template that all staff should use to monitor non-attendance.

Action taken:

A member of the QA team has been running non-attendance reports that are followed up by the admin team, however these reports currently unavailable due to system changes. Once ERP embedded will be possible for Norfolk & Suffolk to use the same process.

Audit Observation: In Process of Being Implemented

Problems with ERP have resulted in delays.

Recommendation: 45**Priority: 1**

Suffolk should mirror Norfolk's example of ensuring that staff complete mandatory e-learning and ensure appropriate reminders are being issued to make sure that staff and officers undertake necessary training

Action taken:**FINAL**

E-learning is being used in both forces but NCALT's prioritisation is decided by Senior Officers depending on force priorities so roll outs/release dates of programmes often differ. Due to recent restructure e-learning completion is not being monitored by L&D as no reporting function or resource currently available.

The number of e-learning packages now mandatory for new starters too many to complete in first week and stay sane, has to be prioritised. 'Dashboard' report was working well for priority/mandatory new e-learning, but currently unavailable due to ERP system implementation. Norfolk have resources to chase non completion-Suffolk do not. Has to be Line manager accountability and will be included in Policy updates.

Audit Observation: In Process of Being Implemented

Problems with ERP have resulted in delays.

Recommendation: 46

Priority: 1

A consistent approach across both forces needs to be reached as to how induction training should be recorded with the implementation of new ERP system in April 2015.

Action taken:

There is not a consistent approach for recording training, Norfolk are still using a spreadsheet for monitoring take up of training, but as ERP is going to be used for monitoring training there is little use in dedicating resources to developing a spreadsheet to use in the interim.

Audit Observation: In Process of Being Implemented

Problems with ERP have resulted in delays.

Recommendation: 47

Priority: 2

The system currently in place is inconsistent; the correct process needs to be communicated with all relevant staff in Suffolk and when the new system is in place, it needs to be ensured that this control carries on into that system.

Action taken:

The ERP system was implemented at the start of the financial year but there have been delays in the ERP implementing. ERP will be used to monitor take-up rates of training, but this is not currently possible.

Audit Observation: In Process of Being Implemented

Problems with ERP have resulted in delays.

FINAL



**Police and Crime Commissioners for Norfolk and Suffolk and Chief
Constables of Norfolk and Suffolk Constabularies**

Internal Audit Progress Report for Norfolk 2015/16

June 2016

INTRODUCTION

1. This summary report provides an update on the progress of our work at the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies as at 10th June 2016. The report is based on internal audit work carried out by TIAA and management representations that have been received during the period since our last progress report.

PROGRESS AGAINST THE 2015/16 ANNUAL PLAN

2. Our progress against the Annual Plan for 2015-16 is set out in Appendix A. The results of these reviews are summarised at Appendix B.
AUDITS CARRIED OUT SINCE THE PREVIOUS PROGRESS REPORT

3. The table below sets out details of audits carried out since the previous meeting of the Audit Committee.

| Review | Evaluation | Key Dates | | | Number of Recommendations | | | | |
|-------------------------|-------------|--------------|--------------------|--------------|---------------------------|---|---|-----|--|
| | | Draft issued | Responses Received | Final issued | 1 | 2 | 3 | OEM | |
| Estate Management | Reasonable | 28/04/2016 | 09/06/2016 | 10/06/2016 | 0 | 2 | 0 | 2 | |
| ICT – Cyber Security | Reasonable | 12/01/2016 | 03/03/2016 | 04/03/2016 | 0 | 2 | 5 | 0 | |
| Purchase Ordering | Reasonable | 12/02/2016 | 03/05/2016 | 05/05/2016 | 0 | 5 | 0 | 1 | |
| ICT ITIL | Reasonable | 03/03/2016 | | | | | | | |
| HR – Absence Management | Substantial | 15/03/2016 | 08/04/2016 | 11/04/2016 | 0 | 1 | 1 | 2 | |
| Treasury Management | Substantial | 02/03/2016 | 30/03 & 12/05 | 23/05/2016 | 0 | 0 | 0 | 1 | |
| Capital Expenditure | Substantial | 07/04/2016 | 08/06/2016 | 09/06/2016 | 0 | 1 | 1 | 0 | |

| | Limited | 22/04/2016 | 16/05/2016 | 19/05/2016 | 1 | 1 | 0 | 2 |
|----------------------|-------------|------------|------------|------------|---|---|---|---|
| Payroll | Reasonable | 19/02/2016 | 19/05/2016 | 23/05/2016 | 0 | 2 | 0 | 0 |
| ICT t-Police | Substantial | 22/04/2016 | 24/05/2016 | 10/06/2016 | 0 | 3 | 0 | 1 |
| Commissioning Grants | | | | | | | | |

OEM = Operational Effectiveness Matters

Summaries of the finalised reports issued since the previous Audit Committee meeting are attached at Appendix B, Full reports are available to Audit Committee Members on request. The details for Suffolk only reports will not be included in the Norfolk progress report.

CHANGES TO THE ANNUAL PLAN 2015/16

- 4. There have been no changes made to the annual plan since the last meeting of the Audit Committee.

FRAUDS/IRREGULARITIES

- 5. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

LIAISON

- 6. Liaison with external audit: We have liaised with EY during the year and kept them informed of our work and will make available to them all final audit reports. Liaison with the Chief Finance Officers: Regular progress meetings are held with the Chief Finance Officers.

PROGRESS ACTIONING URGENT and NOT APPROVED RECOMMENDATIONS

- 7. We have made one urgent recommendation (i.e. fundamental control issues on which action should be taken immediately) since the previous Progress Report. This is in relation to the audit on Payroll.
 - Incorrect payments are being made to HMRC. This is due to 70 Norfolk staff on the ERP system being rejected by the payroll for HMRC payment runs. CAP Gemini are investigating the issue.
- 8. We have made no recommendations which was not approved by management since the previous Progress Report.

RESPONSIBILITY/DISCLAIMER

9. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2015/16

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|---|-----------------|--------------|-------------|---------------------|---|
| Records Management Follow Up (Suffolk) | 2 | 0 | 4 | Final report issued | Suffolk only |
| Contract Review | 2 | 12 | 12 | Final report issued | Reported to Audit Committee in January 2016 |
| Police Stations (Suffolk) | 2 | 7 | 7 | Final report issued | Suffolk only |
| Proceeds of Crime | 2 | 15 | 15 | Final report issued | Reported to Audit Committee in January 2016 |
| Estate Management – Maintenance and Repair | 2 | 8 | 8 | Final report issued | Reported to Audit Committee in June 2016 |
| Risk Management – Embedding (the risk culture) | 2 | 12 | 12 | Final report issued | Reported to Audit Committee in March 2016 |
| Risk Management – Risk, Assurance, Issues, Dependencies (RAID) log | 2 | 15 | 15 | Final report issued | Reported to Audit Committee in March 2016 |
| ICT – Cyber Security | 2 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| Mobile Devices | 3 | 15 | 15 | Final report issued | Reported to Audit Committee in March 2016 |
| Accounts Payable | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in January 2016 |
| Accounts Receivable | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in January 2016 |
| Purchasing Ordering | 3 | 12 | 12 | Final report issued | Reported to Audit Committee in June 2016 |
| Purchase Cards | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in January 2016 |
| General Ledger | 3 | 10 | 10 | Final report issued | Reported to Audit Committee in January 2016 |
| Information Technology Infrastructure Library (ITIL) Framework Gap Analysis | 3 | 10 | 10 | Draft report issued | Reported to Audit Committee in June 2016 |

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|--|-----------------|--------------|-------------|-------------------------|--|
| ICT – Network Security | 3 | 12 | 0 | Postponed until 2016/17 | Data sharing constraints impact on delivery, work around being considered. |
| Governance – Ethical Standards | 4 | 12 | 12 | Final report issued | Reported to Audit Committee in March 2016 |
| HR – Absence Management | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| HR - Recruitment | 4 | 12 | 0 | Postponed until 2016/17 | Audit postponed until April 2016 due to client capacity and scope, around Suffolk student recruitment. |
| Duty Management System | 4 | 15 | 0 | Postponed until 2016/17 | Audit postponed until June 2016 due to ERP introduction. |
| Treasury Management | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| Capital Expenditure | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| Payroll | 4 | 10 | 10 | Final report issued | Reported to Audit Committee in June 2016 |
| Governance – Performance Management | 4 | 15 | 0 | Postponed until 2016/17 | Due to implementation of the Athena system reporting elements, the audit has been postponed until June/July 2016/17. |
| ICT – t-Police | 4 | 12 | 12 | Final report issued | Reported to Audit Committee in June 2016 |
| Commissioners Grants/PCC Commissioning | 4 | 18 | 9 | Final report issued | Reported to Audit Committee in June 2016 |
| Follow Up Work | 4 | 8 | 8 | Final report issued | Reported to Audit Committee in June 2016 |

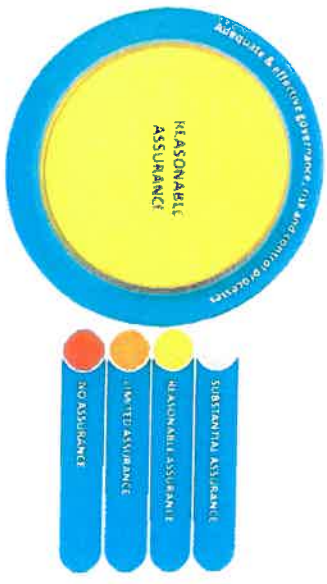
KEY:

| | |
|---|-------------------------|
| = | To be commenced |
| = | Site work commenced |
| = | Draft report issued |
| = | Final report issued |
| = | Postponed until 2016/17 |

Summaries of Finalised Audit Reports issued since the last report

Audit Report: NSP1605 Estate Management

Report Issued: 10th June 2016


| <p>SCOPE</p> <p>The review considered the controls surrounding the planned and responsive maintenance within the Norfolk Constabulary.</p> <p>MATERIALITY</p> <p>The annual net budget for Norfolk Planned and Responsive Maintenance for 2015/16 was £3,384,280, with the actual net outturn for the year being £3,366,670, showing a variance of £17,610.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> • Annual services are undertaken by contractors for key areas of work and this is monitored by the Constabulary. • Procedures and processes are in place for condition surveys, planned maintenance and the management of responsive repair work undertaken by contractors. Further guidance is required for Estates management staff on operational aspects of the service. • The Estates management team check invoices received to ensure that payment is only made for work undertaken. • Full documentation was not retained to confirm reporting to the Estates and Facilities Management Board on financial and operational performance. | | | | | | | | |
|---|---|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1" data-bbox="430 1164 518 2038"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> <td>0</td> <td>2</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 2 | 0 | 2 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 2 | 0 | 2 | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|--|--|----------|---|-------------------------------------|--|
| 1 | Directed | Although policies and procedures are in place for carrying out the technical aspects of planned and reactive maintenance, there is a lack of documentation providing guidance for Estates management staff on the operational aspects of the service. | Procedure notes be devised in relation to carrying out operational aspects of Estates management, including; maintenance of the Estates records, management of payments to contractors, and the decision making process / flowchart where work is issued externally to contractors, as opposed to premises operatives. | 2 | Following Tranche 13 of the business support review, a number of standard operation procedures are proposed to be implemented for the new Estates helpdesk/service desk; including dealing with Estates defects and Estates ordering and invoices. These will be completed following implementation of a new database (31) in October 2016. | 28 February 2017 | Sarah Stafford, Senior Facilities Officer |
| 2 | Compliance | Although processes are in place for reporting on operational and strategic aspects of contractual performance, including the procedure for escalation of issues where necessary, formal reporting is to the Office of the Police and Crime Commissioner meetings, reporting in full is required against the performance indicators to the Estates and Facilities Management Board. | Formal reporting on performance against key performance indicators to be submitted for evaluation by the Estates and Facilities Management Board. | 2 | Agreed, a new template sheet for performance summary against key performance indicators to be prepared and reported to the Estates and Facilities Management Board. | 30 September 2016 | Duncan Potter, Estates Manager |

Audit Report: NSP1623 ICT – Cyber Security

Report Issued: 4th March 2016


| <p>SCOPE</p> <p>The objective of the audit was to review the systems and controls in place around the "10 steps to Cyber Security" to ensure that these are operating adequately, effectively and efficiently. Audit outcomes will be used to align existing processes to the 10 steps in advance of a potential accreditation exercise.</p> <p>MATERIALITY</p> <p>"Cyber Essentials" accreditation will help to demonstrate the maturity of the Norfolk and Suffolk Constabularies Cyber Security policies and procedures.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> Corporate security, electronic information security and relevant patch management policies are in place. Windows phones are currently being tested to replace Blackberrys, although there are weaknesses in configurations within these devices, such as VPN and Bluetooth functionality that require attention to comply with PSNP. There is currently no Cyber exercise plan. These could be incorporated into existing Business Continuity Tests as possible disaster scenarios. | | | | | | | | |
|---|--|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1" data-bbox="598 1187 742 2049"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> <td>5</td> <td>0</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 2 | 5 | 0 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 2 | 5 | 0 | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-------------|--|---|----------|---|-------------------------------------|---------------------------------|
| 4 | Operational | There is no specific cyber-attack exercise plan in place. | Management to draft and agree an appropriate cyber exercise plan. All exercises to be formally documented and reported appropriately to relevant senior management and appropriate continuous improvement processes used to update relevant cyber readiness plans | 2 | <i>This should probably form part of the business continuity plans for the two organisations. Perhaps this could be picked up by the Joint Business Continuity Lead and a table top exercise held to test the BC plans currently in place.</i> | July 2016 | Simon Manthorpe |
| 7 | Operational | Blackberrys have been the preferred mobile device to date, although they are being phased out. Windows-based devices are currently being tested to replace Blackberrys. However, it is known that there are a number of areas where Windows-based mobile devices do not meet certain recommended configurations. For example, their VPN and Bluetooth functionality. Short term workarounds have been recommended by relevant CESG guidance. Laptop hard drives are encrypted. | Ensure that the devices chosen to replace Blackberrys are appropriately configured to comply with PSNP requirements, including any short term workarounds to help mitigate known weaknesses with the Windows phone environment. Appropriate training also to be provided to all users being issued with the devices as they are deployed. | 2 | <i>The Bluetooth risk has been accepted by the National lead therefore functionality will remain. A VPN has been implemented but there are further compliance and technical issues with both the Windows 8.1 platform and Windows 10 platform which that are being resolved in partnership by ICT and Information Security.</i> | June 2016 | DICT |

Audit Report: NSP1614 Purchase Ordering

Report Issued: 5th May 2016

| <p>SCOPE</p> <p>The aim of the review was to assess the adequacy and effectiveness of the internal controls in place for managing of the procurement function. The audit focused on the following key areas;</p> <ul style="list-style-type: none"> • Examining a number of orders placed to confirm compliance with the Force's Purchasing procedures when goods and/or services are procured. • Ensuring compliance with operating procedures for purchasing. • Reviewing the system and procedures for contract procurement. <p>MATERIALITY</p> <p>The total value of orders placed since 1st April 2015 is £40,706,139.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> • Orders up to £250 do not require independent authorisation, which increases the risk of fraudulent and inappropriate transactions. Sample checking of requisitions up to £250 to be independently reviewed to ensure that they are genuine and needed requests. • Procurement training is not mandatory for staff before they are given access to procurement, which increases the risk of requisitions being raised incorrectly. • Access to the procurement system is not approved by an appropriate officer. • Evidence of compliance with the Constabularies purchasing rules is required to be uploaded onto procurement. | | | | | | | | |
|---|--|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1" data-bbox="550 1176 646 2038"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>5</td> <td>0</td> <td>1</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 5 | 0 | 1 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 5 | 0 | 1 | | | | | | |



Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-----------|---|--|----------|--|-------------------------------------|---------------------------------|
| 1 | Directed | Requisitions up to £250 do not require authorisation by an independent officer. | Sample checking of requisitions up to £250 to be independently authorised, to avoid fraudulent or inappropriate goods being ordered. | 2 | Agreed. Sample checking on orders will be undertaken, where orders will be referred to the relevant line manager to verify the order. All requisitions are seen by Procurement. There are dedicated officers checking these and either raise a purchase order or reject them. Items such as cameras will soon be going through ICT, for a log to be retained. Budget holders receive a listing of purchases to enable them to check appropriateness. | 31/03/16 | Senior Officer Supplies |
| 2 | Directed | Procurement training is not mandatory for staff before they are provided access to procurement. | All staff to receive training on procurement before they are given access to procurement. | 2 | Agreed. This is now mandatory. Training notes are held on word documents, as such it is not possible to verify that training is completed. Individuals are required to email confirmation that training has been undertaken. When errors are found on requisitions this identifies a training need, which is then provided to the individual. | Implemented | Senior Officer Supplies |

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|--|---|----------|---|-------------------------------------|---------------------------------|
| 3 | Compliance | There is no appropriate process for granting access to Iprocurement. | All requests for access to Iprocurement to be approved by the Senior Supplies Officer. | 2 | Agreed and now implemented, all go to the Senior Supplies Officer to approve. | Implemented | Senior Supplies Officer |
| 4 | Compliance | The Constabularies 'Purchasing Rules' requires individuals themselves to maintain evidence of compliance with the 'Purchasing Rules', kept locally, but there is no clear guidance on how this should be stored. To ensure that there is sufficient evidence that 'Purchasing Rules' have been complied with, evidence of compliance of purchasing rules, such as three quotes having been received and tendering, to be uploaded onto Iprocurement. | Evidence of compliance with the Constabularies 'Purchasing Rules' to be uploaded on to Iprocurement | 2 | This will require a change to the Contract Standing Orders, Section 3.9, which currently states that quotes should be retained locally, rather than centrally or accessible to procurement. There is a facility to attach quotes to requisitions. | 30/09/16 | Chief Officer Finance |
| 5 | Compliance | Purchase orders are raised retrospectively. | Staff to be reminded of the requirement that retrospective orders are not to be placed. | 2 | Agreed. This is now reducing. This has been published in Force Orders, as a six monthly reminder to all staff. | Implemented | Senior Supplies Officer |

Audit Report: NSP19 HR – Absence Management

Report Issued: 11th April 2016


| | | | | | | | | | | |
|--|--|-------------------|---------|----------|-------------------|-------------------|-------------------|--------------------|-------------------|---|
| <p>SCOPE</p> <p>The review appraised the arrangements in place for the management of sickness absence for the Suffolk and Norfolk Constabularies. Including monitoring and reporting of sickness absence.</p> <p>MATERIALITY</p> <p>The joint HR function provides support for Norfolk and Suffolk Constabularies and PCC's, with the following officers and staff:</p> <table border="0"> <tr> <td></td> <td>Norfolk</td> <td>Suffolk</td> </tr> <tr> <td>Officers</td> <td>1561 (150.19 FTE)</td> <td>1104 (1073.79FTE)</td> </tr> <tr> <td>Staff (inc PSCOs)</td> <td>1331 (1194.02 FTE)</td> <td>1043 (924.98 FTE)</td> </tr> </table> <p>There is a joint sickness target of 3.4%. As at January 2016 sickness reported was at 4.47% for Norfolk Officers, 4.77% for Norfolk Staff, 4.93% for Suffolk Officers and 4.11% for Suffolk Staff.</p> | | Norfolk | Suffolk | Officers | 1561 (150.19 FTE) | 1104 (1073.79FTE) | Staff (inc PSCOs) | 1331 (1194.02 FTE) | 1043 (924.98 FTE) | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> The Enterprise Resource Planning (ERP) software programme is in place to manage and monitor sickness levels along with the duty management system. The Joint Sickness Policy was due for review in January 2014 and is currently being reviewed, as such no formal recommendation has been raised. There is guidance in place for the HR Service Desk. Procedural notes providing guidance on sickness management were due for review in 2012. Attendance Support Meetings (ASMs) are not being completed within the required designated timescales. This increases the risk that action will not be taken to avoid future excessive sickness absence. Additional information is required to be published on the intranet to enable Line Managers to manage their team's sickness. |
| | Norfolk | Suffolk | | | | | | | | |
| Officers | 1561 (150.19 FTE) | 1104 (1073.79FTE) | | | | | | | | |
| Staff (inc PSCOs) | 1331 (1194.02 FTE) | 1043 (924.98 FTE) | | | | | | | | |
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p>  | | | | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-----------|--|--|----------|--|-------------------------------------|--|
| 1 | Directed | Audit testing identified Attendance Support Meetings (ASM) are not being completed within the designated timescales. | Line Managers to be reminded of the need to undertake ASMs within the required timescales, to enable staff with inappropriate sickness levels to be identified and plans put in place to address the sickness level. | 2 | <i>New enact process will re-assign managers the forms when ASM is booked in. Manager guides to be more readily available on intranet – review due to be implemented end of April.</i> | 31/05/16 | Lauren Soames Head of HR Business Services |

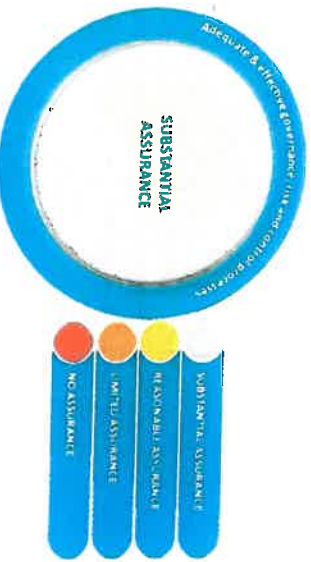
Audit Report: NSP1617 Treasury Management

Report Issued: 23rd May 2016

| <p>SCOPE</p> <p>The review considered the arrangements for controlling the investment and borrowing arrangements; compliance with the organisation's overall policy; banking arrangements; reconciliations and the reporting to committee.</p> <p>MATERIALITY</p> <p>Norfolk PCC had £29.3 million invested at the end of December 2015.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> The overall treasury management responsibilities have been assigned and the strategy and guidelines are in place for managing the function. Norfolk PCC's treasury management function, has, from the 1st January 2016, been brought in-house and is now provided by the joint finance team. Prior to this, Norfolk PCC's treasury management function was provided by Norfolk County Council, for which there was a Service Level Agreement (SLA). This SLA was terminated with effect from 31st December 2015. | | | | | | | | |
|--|--|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>0</td> <td>0</td> <td>1</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 0 | 0 | 1 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 0 | 0 | 1 | | | | | | |

Audit Report: NSP1618 Capital Expenditure

Report Issued: 9th June 2016


| <p>SCOPE</p> <p>To assess the adequacy and effectiveness of the internal controls in place for managing of the Constabularies capital expenditure programme. The audit focused on the following key areas: capital expenditure work programme; policies and procedures; system access; and reconciliation with the general ledger.</p> <p>MATERIALITY</p> <p>The value of the joint capital plan for the 2015/16 financial year is £3,588,650. The value of the Norfolk 2015/16 capital expenditure plan is £10,868,267 and the value of the Suffolk 2015/16 capital expenditure plan is £5,478,383.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> • A capital plan is in place for both Norfolk and Suffolk for 2015/16. • Whilst staff are aware of the processes to adopt, procedure notes are not held regarding the day to day operation of capital expenditure. • Budget monitoring is in place to assess any over/under spends regarding the capital expenditure. • There was a delay in capitalising the fixed assets due to the implementation of the new finance system. | | | | | | | | |
|--|---|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>1</td> <td>1</td> <td>0</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 1 | 1 | 0 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 1 | 1 | 0 | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|---|---------------------------------|----------|---|-------------------------------------|---------------------------------|
| 1 | Compliance | There has been a delay in the capitalisation of the fixed assets due to the implementation of the new finance system and the restructure of the finance team. | Fixed assets to be capitalised. | 2 | The delay is down to the implementation of ERP and the restructure of the Finance Department. | 30/09/16 | Ivan Fearn |

Audit Report: NSP1611 Payroll

Report Issued: 19th May 2016


| <p>SCOPE</p> <p>The aim of the review was to assess the adequacy and effectiveness of the internal controls in place for managing the Payroll function.</p> <p>MATERIALITY</p> <p>Total value of Norfolk payroll was approximately £67.2 million for Norfolk OCC and approximately £52.8 million for Suffolk OCC. The total value for Norfolk PCC was approximately £432k payroll and for Suffolk PCC was approximately £360k.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> The balance sheet values for HMRC payments are not in agreement with payments made to HMRC, as approximately 70 Norfolk employees are being excluded from Payroll reports for making HMRC payments. Expenses are self-approved and are not subject to independent approval. VAT is not reclaimed on expenses, a decision was taken that it would not be cost effective to reclaim VAT on expenses. | | | | | | | | |
|--|---|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1</td> <td>0</td> <td>2</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 1 | 1 | 0 | 2 |
| Urgent | Important | Routine | Operational | | | | | | |
| 1 | 1 | 0 | 2 | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|---|--|----------|--|-------------------------------------|---------------------------------|
| 2 | Compliance | Incorrect payments are being made to HMRC. This is due to 70 Norfolk staff on the ERP system being rejected by the payroll for HMRC payment runs. CAP Gemini are investigating the issue. | Staff that are not included in the 'FPS Reconciliation Report' to be investigated, to enable correct payments to be made to HMRC. | 1 | We are aware of this issue and this is being addressed. The Full Payment Submission (FPS) file has been an issue and we are in contact with CapGemini to seek an urgent resolution to this. A call has been raised with our supplier to assist with the resolution of this issue. | 30/06/16 | Head of Transactional Services |
| 1 | Compliance | The Head of Transactional Services is the sole officer to authorise the monthly payroll, and also has access rights to amend the payroll. | Additional officers to be assigned to authorise the payroll, and access rights for the Head of Transactional Services be reviewed, to provide segregation of duties, along with adequate business continuity arrangements. | 2 | Head of Corporate Accounting and Head of Financial Accounting will be used as part of the authorisation process. They will send the BACS file, which will include reference to the net pay reports from the payroll | 31/05/16 | Head of Transactional Services |

Audit Report: NSP1625 ICT – T-Police

Report Issued: 23rd May 2016

| <p>SCOPE</p> <p>A post implementation review looking at the following - The business requirements have been met, The expected benefits have been realised, The system is considered usable, Stakeholders expectations have been met, No unexpected impacts on the organisation, Change management, installation and accreditation processes were performed effectively and efficiently.</p> <p>MATERIALITY</p> <p>Robust Project Management processes are critical to helping to ensure that key organisational change projects such as the ERP implementation are managed effectively to deliver and exceed planned business benefits.</p> | <p>KEY FINDINGS</p> <ul style="list-style-type: none"> The project included the creation of an "End of Project" report, with summary descriptions of the key project objectives, as defined within the Project Business Case and the Project Initiation Document. The project formally adopted the Prince2 Project Management principles. A formal system owner to be appointed. An interim owner role is a temporary solution. Organisational change should have kept within the ERP (Enterprise Resource Planning) implementation project. | | | | | | | | |
|---|---|---------|-------------|---------|-------------|---|---|---|---|
| <p>OVERALL ASSURANCE ASSESSMENT</p>  | <p>ACTION POINTS</p> <table border="1"> <thead> <tr> <th>Urgent</th> <th>Important</th> <th>Routine</th> <th>Operational</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> <td>0</td> <td>0</td> </tr> </tbody> </table> | Urgent | Important | Routine | Operational | 0 | 2 | 0 | 0 |
| Urgent | Important | Routine | Operational | | | | | | |
| 0 | 2 | 0 | 0 | | | | | | |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-------------|---|---|----------|---------------------|-------------------------------------|--|
| 1 | Operational | <p>The project formally adopted the Prince2 Project Management principles. This was confirmed within the Project's Business Case and the Project Initiation Document. Operationally, the Prince2 principles were mixed with elements of Agile project management to provide a mix of the flexibility provided by Agile with the more formal governance elements of Prince2.</p> <p>As a result, there was no formal requirement to deviate from these processes as they are necessarily designed to build flexibility into the way the project was managed. Earlier in the project's lifecycle, the decision was made to separate Organisational Change into a separate project, which remains active at the time of writing. As a result, elements of the implementation of the ERP project are technically still in the project phase, despite the fact that the ERP system itself has gone live. This is considered to be a weakness for which a recommendation has been raised.</p> | <p>Organisational Change to be considered an integral part of all projects where significant business process change is planned and/or where there is a strategic organisational change process planned or under way.</p> | 2 | Agreed. | 30/09/16 | Head of Corporate Development & Change, Sarah Bolt |

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|-------------|--|--|----------|---------------------|-------------------------------------|--|
| 2 | Operational | Business ownership of the application has been assigned to Procurement management as an interim measure, although there is a recognition that this is not a robust permanent solution. A recommendation on this is being raised. | Business Management to appoint a formal system owner for the ERP system at the earliest opportunity. An interim business lead has been appointed and, whilst this recognises the need for such a role, it can only be treated as a temporary solution. | 2 | Agreed. | 31/12/16 | Head of Corporate Development & Change, Sarah Bolt |

Audit Report: NSP1622 Commissioners Grants

Report Issued: 9th June 2016

SCOPE

The audit assessed the adequacy and effectiveness of the internal controls in place for assessing, awarding and the compliance monitoring process for the grants issued by the Commissioner.

MATERIALITY

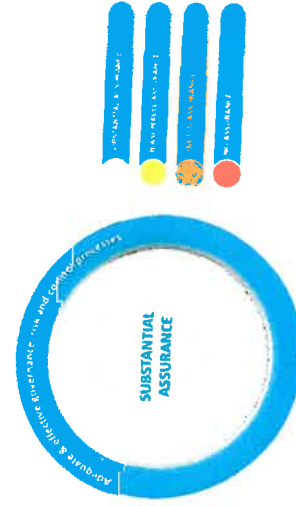
The PCC were given a grant of £4.85 million to commission services to fund the child abuse inquiry support fund and the child and adult sexual abuse support fund.

- 'The Child Abuse Inquiry Support Fund' known as Fund 1, had £2 million funding assigned.
- 'Child and Adult Victims of Sexual Abuse Support Fund', which had £2.85m funding assigned.

KEY FINDINGS

- A commissioning strategy is in place for the period 2014-16, which states the four key commissioning themes; victims and witnesses, domestic abuse and sexual violence, mental health drugs and alcohol an rehabilitation.
- Commissioning grants awarded align with the four themes, as part of open award processes or through submission of a business case.
- Arrangements are in place for monitoring the commissioning budget, as well as the performance of contracts for grant funding awarded.
- With the introduction of the new performance system, Athena, weaknesses surrounding the integrity of data being recorded have been identified and recommendations made accordingly.

OVERALL ASSURANCE ASSESSMENT



ACTION POINTS

| Urgent | Important | Routine | Operational |
|--------|-----------|---------|-------------|
| 0 | 3 | 0 | 1 |

Recommendations – Urgent (Priority 1), Important (Priority 2) and Not Approved

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|--|---|----------|---|-------------------------------------|---|
| 1 | Compliance | Data recorded on Athena is not complete, there were a number of issues identified with the integrity of the data, including: <ul style="list-style-type: none"> No telephone number provided for crime support. No date of birth of the victim. Domestic violence crimes not classified appropriately. Insufficient description for crimes. Inconsistent approach to recording telephone numbers for children/young persons, ranging from the victim, parent / guardian. It is then unclear who Victim Support are speaking with. | Complete and accurate data to be recorded on Athena. This should include; mandatory telephone number for victims of crime support; victims date of birth to be made a mandatory field; correct classification of domestic violence cases; full the appropriate follow-up of referrals; separate clearly identified fields for recording child/young person's telephone number, and parent or guardian's telephone number. | 2 | Norfolk PCCs risk register highlighted the problems around ATHENA data quality in late 2015. A Data Quality Gold Group has been set up by the Constabulary to address the issue impacting on Victim Support Referrals. OPCCN has representation on the Gold Group which meets fortnightly. A series of actions are being implemented by Norfolk Constabulary and progress is monitored by OPCCN through the Gold Group and regular communication with the Chief Officer Team. | 31 December 2016 | Sharon Lister Assistant Director (Performance & Scrutiny) |

| Report Ref | Risk Area | Finding | Recommendation | Priority | Management Comments | Implementation Timetable (dd/mm/yy) | Responsible Officer (Job Title) |
|------------|------------|---|---|----------|---|-------------------------------------|---|
| 2 | Compliance | Data is not transferred to Victim Support automatically, there is a risk that the data may be amended in error. | Automated data transfer to be set up to Victim Support. | 2 | An Automatic Data Transfer has been set up with VSS. There are however issues with the Data Quality of the transfer with victims who have 'opted out' of the service being referred to VSS. This is a Data Protection issue which has been identified and is now being addressed through the Data Quality Gold Group. | 31 December 2016 | Sharon Lister Assistant Director (Performance & Scrutiny) |
| 3 | Compliance | Data integrity checks are not being undertaken. This increases the risk that the data is not accurate. | Independent data integrity checks to be undertaken to ensure that data submitted is accurate. | 2 | The Constabulary has a dedicated team (Compliance Data Quality Team) who are responsible for addressing the DQ issues in ATHENA. The OPCCN will continue to monitor Constabulary progress through the Gold Group and regular communication with the Chief Officer Team. | 30 September 2016 | Sharon Lister Assistant Director (Performance & Scrutiny) |



**Police and Crime Commissioner for Norfolk and Suffolk and Chief
Constable of Norfolk and Suffolk Constabularies**

Annual Assurance Report 2015/16

Norfolk PCC and CC – Audit Committee: 23 June 2016

Suffolk PCC and CC – Audit Committee: 24 June 2016

June 2016

Internal Audit Annual Report

INTRODUCTION

This is the 2015/16 Annual Report by TIAA on the internal control environment at Norfolk and Suffolk Police and Crime Commissioners (PCCs) and Chief Constables. The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report is designed to assist the PCCs and Chief Constables in making its annual statement on internal controls assurance.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION
I am satisfied that sufficient internal audit work has been undertaken to allow me to draw a positive conclusion as to the adequacy and effectiveness of Norfolk and Suffolk Police and Crime Commissioners and Chief Constables risk management, control and governance processes. In my opinion, Norfolk and Suffolk Police and Crime Commissioners and Chief Constables have adequate and effective management, control and governance processes in place to manage the achievement of their objectives.

INTERNAL AUDIT PLANNED COVERAGE AND OUTPUT

The 2015/16 Annual Audit Plan approved by the Audit Committees was for 330 days of internal audit coverage in the year. During the year there were several changes to the Audit Plan and these changes were approved by the Audit Committee.

Of the original planned work four audits were postponed, all other work has been carried out and the reports have been issued (Annex A).

There was no work carried out which was in addition to the work set out in the Annual Audit Plan.

OPERATIONAL ASSURANCE

TIAA carried out 23 reviews, which were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Norfolk and Suffolk Police and Crime Commissioners and Chief Constables objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex B and a summary is set out below.

| Assurance Assessments | Number of Reviews |
|-----------------------|-------------------|
| Reasonable Assurance | 7 |
| Limited Assurance | 11 |
| No Assurance | 3 |
| | 0 |

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented. We made the following total number of recommendations on our audit work carried out in 2015/16.

| Urgent | Important | Routine |
|--------|-----------|---------|
| 3 | 50 | 27 |

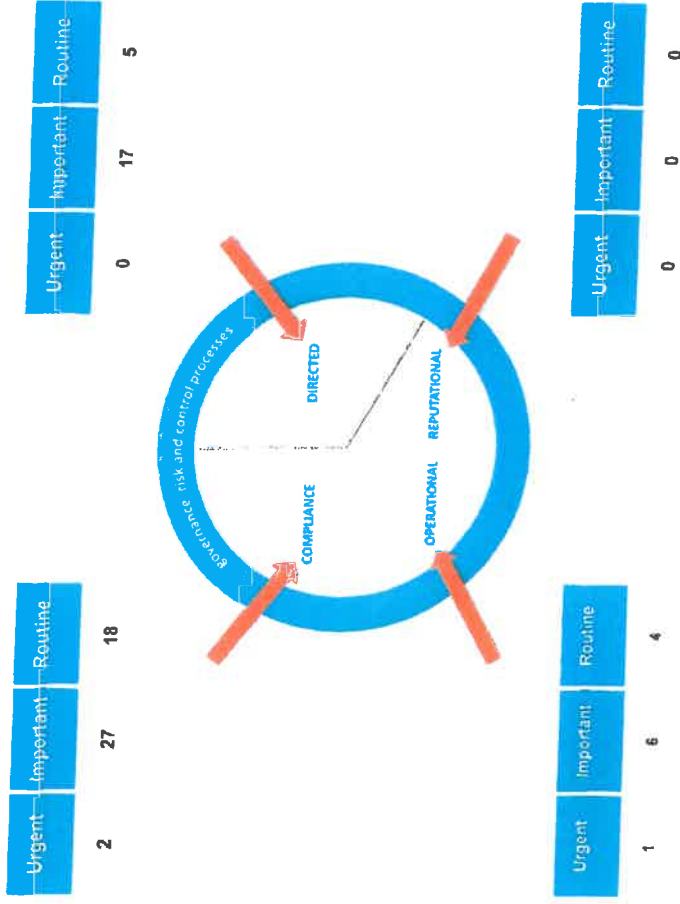
Operational

25

AUDIT SUMMARY

Control weaknesses: There were three areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided 'limited' or 'no assurance'. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Direction of Travel: We have analysed our findings/recommendations by risk area and these are summarised below.



INDEPENDENCE AND OBJECTIVITY OF INTERNAL AUDIT

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

PERFORMANCE AND QUALITY ASSURANCE

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

| Performance Measure | Target | Attained |
|--|--------|----------|
| Completion of Planned Audits | 100% | 100%* |
| Audits Completed in Time Allocation | 100% | 100% |
| Final report issued within 10 working days of receipt of responses | 95% | 100% |
| Compliance with Public Sector Internal Audit Standards | 100% | 100% |

*Four audits postponed to 2016/17 due to client systems implementation

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2015/16 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

RELEASE OF REPORT

The table below sets out the history of this Annual Report.

| Date Report issued: |
|---------------------|
| 10 June 2016 |

Actual against planned Internal Audit Work 2015/16

Annex A

| System | Type | Planned Days | Actual Days | Comments |
|---|-----------|--------------|-------------|----------------------|
| Records Management Follow Up | Follow up | 0 | 4 | |
| Contract Review | Assurance | 12 | 12 | |
| Police Stations | Assurance | 7 | 7 | |
| Proceeds of Crime | Assurance | 15 | 15 | |
| Estate Management – Maintenance and Repair | Assurance | 8 | 8 | |
| Risk Management – Embedding (the risk culture) | Assurance | 12 | 12 | |
| Risk Management – Risk, Assurance, Issues, Dependencies (RAID) log | Assurance | 15 | 15 | |
| ICT – Cyber Security | Assurance | 10 | 10 | |
| Mobile Devices | Assurance | 15 | 15 | |
| Accounts Payable | Assurance | 10 | 10 | |
| Accounts Receivable | Assurance | 10 | 10 | |
| Purchasing Ordering | Assurance | 12 | 12 | |
| Purchase Cards | Assurance | 10 | 10 | |
| General Ledger | Assurance | 10 | 10 | |
| Information Technology Infrastructure Library (ITIL) Framework Gap Analysis | Assurance | 10 | 10 | |
| ICT – Network Security | Assurance | 12 | 0 | Postponed to 2016/17 |

| | | | | |
|--|-----------|------------|------------|----------------------|
| Governance – Ethical Standards | Assurance | 12 | 12 | |
| HR – Absence Management | Assurance | 10 | 10 | |
| HR - Recruitment | Assurance | 12 | 0 | Postponed to 2016/17 |
| Duty Management System | Assurance | 15 | 0 | Postponed to 2016/17 |
| Treasury Management | Assurance | 10 | 10 | |
| Capital Expenditure | Assurance | 10 | 10 | |
| Payroll | Assurance | 10 | 10 | |
| Governance – Performance Management | Assurance | 15 | 0 | Postponed to 2016/17 |
| ICT – t+Police | Assurance | 12 | 12 | |
| Commissioners Grants/PCC Commissioning | Assurance | 18 | 9 | |
| Follow Up Work | Follow up | 8 | 8 | |
| Contingency | | 10 | | |
| Management of Contract | | 20 | 20 | |
| Total Days | | 330 | 261 | |

Assurance Assessments 2015/16

| System | Substantial Assurance | Reasonable Assurance | Limited Assurance | No Assurance |
|--|-----------------------|----------------------|-------------------|--------------|
| Records Management Follow Up | N/A | N/A | N/A | N/A |
| Contract Review | | ✓ | | |
| Police Stations | | ✓ | | |
| Proceeds of Crime | | | ✓ | |
| Estate Management – Maintenance and Repair | | ✓ | | |
| Risk Management – Embedding (the risk culture) | | ✓ | | |
| Risk Management – Risk, Assurance, Issues, Dependencies (RAID) log | ✓ | | | |
| ICT – Cyber Security | | ✓ | | |
| Mobile Devices | ✓ | | | |
| Accounts Payable | | ✓ | | |
| Accounts Receivable | | ✓ | | |
| Purchasing Ordering | | ✓ | | |
| Purchase Cards | | ✓ | | |
| General Ledger | | | ✓ | |
| Information Technology Infrastructure Library (ITIL) Framework Gap | ✓ | | | |
| Governance – Ethical Standards | | ✓ | | |
| HR – Absence Management | ✓ | | | |
| Treasury Management | ✓ | | | |
| Capital Expenditure | ✓ | | | |
| Payroll | | | ✓ | |

Police and Crime Commissioner for Norfolk and Suffolk and Chief Constable of Norfolk and Suffolk Constabularies
Annual Assurance Report

2015/16

| | | | | | |
|--|-----|-----|-----|-----|-----|
| ICT – t-Police | | | | | |
| Commissioners Grants/PCC Commissioning | ✓ | ✓ | | | |
| Follow Up Work | N/A | N/A | N/A | N/A | N/A |



**Police and Crime Commissioners for Norfolk and Suffolk and Chief
Constables of Norfolk and Suffolk Constabularies**

Norfolk Internal Audit Progress Report 2016/17

June 2016

INTRODUCTION

1. This summary report provides an update on the progress of our work at the Police and Crime Commissioners for Norfolk and Suffolk and Chief Constables of Norfolk and Suffolk Constabularies as at 10th June 2016. The report is based on internal audit work carried out by TIAA and management representations that have been received during the period since our last progress report.

PROGRESS AGAINST THE 2016/17 ANNUAL PLAN

2. Our progress against the Annual Plans for 2016/17 is set out in Appendix A. The results of these reviews are summarised at Appendix B.

AUDITS CARRIED OUT SINCE THE PREVIOUS PROGRESS REPORT

3. The table below sets out details of audits carried out since the previous meeting of the Audit Committee.

| Review | Evaluation | Key Dates | | | | Number of Recommendations | | | |
|--------------------------|-------------|--------------|--------------------|--------------|---|---------------------------|---|-----|--|
| | | Draft issued | Responses Received | Final issued | 1 | 2 | 3 | OEM | |
| Corporate Communications | Reasonable | 10/06/2016 | | | | | | | |
| Firewalls | Substantial | 05/09/2016 | | | | | | | |

OEM = Operational Effectiveness Matters

Summaries of the finalised reports are attached at Appendix B, Full reports are available to Audit Committee Members on request. The details for Norfolk only reports will not be included in the Suffolk progress report.



**Police and Crime Commissioners for Norfolk and Suffolk and Chief
Constables of Norfolk and Suffolk Constabularies**

Norfolk Internal Audit Progress Report

June 2016

INTRODUCTION

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| | | Draft issued | Responses Received | Final issued | 1 | 2 | 3 | OEM |
| Corporate Communications | Reasonable | 10/06/2016 | | | | | | |
| Firewalls | Substantial | 09/06/2016 | | | | | | |

OEM = Operational Effectiveness Matters

Summaries of the finalised reports are attached at Appendix B. Full reports are available to Audit Committee Members on request. The details for Norfolk only reports will not be included in the Suffolk progress report.

CHANGES TO THE ANNUAL PLAN 2016/17

4. There have been the following changes made to the annual plan:
 - The risk management and governance audits have been brought together to be undertaken as one audit with the assurance framework. This will provide some efficiencies in days, to be transferred to contingency.
 - Timing of audits across the year, to coincide with operational requirements.

FRAUDS/IRREGULARITIES

5. We have not been advised of any frauds or irregularities in the period since the last summary report was issued.

LIAISON

6. Liaison with external audit: We have liaised with EY during the year and kept them informed of our work and will make available to them all final audit reports. Liaison with the Chief Finance Officers: Regular progress meetings are held with the Chief Finance Officers.

PROGRESS ACTIONING URGENT and NOT APPROVED RECOMMENDATIONS

7. We have made no urgent recommendations (i.e. fundamental control issues on which action should be taken immediately) since the previous Progress Report.
8. We have made no recommendations which was not approved by management since the previous Progress Report.

RESPONSIBILITY/DISCLAIMER

9. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Progress against the Annual Plan for 2016/17

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|--|-----------------|--------------|-------------|--|---|
| Transport Services | 1 | 15 | 15 | Draft report to issue | |
| Corporate Communications / Social Media | 1 | 12 | 12 | Draft report issued 10 th June 2016 | Social Media aspects covered within Corporate Communications |
| HR Recruitment | 1 | 12 | | In progress | |
| Duty Management System | 1 | 15 | | Scheduled | Audit commencing 16 th June 2016 |
| FOI / DPE / Document Security | 1 | 15 | | Scheduled | Audit commencing 27 th June 2016 |
| ICT – Firewall | 1 | 12 | 12 | Draft report issued 9 th June 2016 | |
| ICT – Network / Website Content Management | 2 | 12 | 4 | To be scheduled | Social Media aspects within Corporate Communications due to areas now within the same management responsibilities |
| Assurance Framework / Risk Strategy and Policy / Mitigating Controls Verification / Strategic Control and Corporate Governance | 2 | 35 | | To be scheduled | Combined areas into one audit |
| Overtime, Expenses and Additional Payments | 2 | 16 | | To be scheduled | Arranging to be undertaken in September 2016 |
| Firearms Management | 2 | 12 | | To be scheduled | Arranging to be undertaken in July 2016 |
| Estates – Duty of Care / Cost Allocations | 2 | 12 | | To be scheduled | Arranging to be undertaken in July 2016 |
| Estates – Facilities (Catering – Suffolk) | 2 | 6 | | To be scheduled | Arranging to be undertaken in July 2016 |
| ICT – Disaster Recovery | 2 | 12 | | Scheduled | Audit commencing 12 th July 2016 |
| Performance Management | 3 | 15 | | To be scheduled | Arranging to be undertaken in October 2016 |

| System | Planned Quarter | Planned Days | Actual Days | Current Status | Comments |
|---------------------------------------|-----------------|--------------|-------------|-----------------|---|
| Purchase Cards | 3 | 12 | | To be scheduled | Arranging to be undertaken in December 2016 |
| Budgetary Control | 3 | 12 | | To be scheduled | Arranging to be undertaken in October 2016 |
| Pensions Administration | 3 | 10 | | To be scheduled | Arranging to be undertaken in November 2016 |
| HR - Strategy & Workforce Planning | 3 | 10 | | To be scheduled | Arranging to be undertaken in October 2016 |
| Complaints | 4 | 10 | | To be scheduled | Moved from Q1 due to timing of the change in rules in November 2016 |
| Collaborations | 4 | 10 | | To be scheduled | |
| ICT - Exchange 2010 / Email Archiving | 4 | 12 | | Scheduled | Arranging to be undertaken in February 2017 |
| ICT - ERP Second / Third Line Support | 4 | 12 | | Scheduled | Arranging to be undertaken in January 2017 |
| Key Financial Controls | 4 | 30 | | To be scheduled | |
| Payroll | 4 | 10 | | To be scheduled | |
| Estates - Maintenance and Repair | 4 | 12 | | To be scheduled | |
| Commissioners Grants (Norfolk) | 4 | 10 | | To be scheduled | |
| Follow Up Work | 2 / 4 | 10 | | Ongoing | |
| Contingency | 1-4 | 18 | | As required | |
| Audit Management | 1-4 | 20 | | Ongoing | |
| Total Days | | 399 | | | Year-end reporting June 2016 / mid-year reporting Possibility bring forward Lone Working or Safeguarding from 2016/17 |

KEY:

| | | |
|--|---|---------------------|
| | = | To be commenced |
| | = | Site work commenced |
| | = | Draft report issued |
| | = | Final report issued |

Summaries of Finalised Audit Reports issued since the last report

Appendix B

Summaries will be included for final reports issued.



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



NORFOLK
CONSTABULARY
Our Priority is You

ORIGINATOR: Chief Finance Officer

REASON FOR SUBMISSION: For Discussion and Comment

SUBJECT:

Review of the Accounting Policies for the 2015/16 Statements of Accounts

RECOMMENDATION:

The Committee is invited to consider the accounting policies set out in the report and to note that they will be included in the Statements of Accounts for 2015/16.

1. Purpose

- 1.1 To provide to the Committee the Accounting Policies on which the Statements of Accounts for 2014/15 will be based.

2. Background

- 2.1 The Committee's Terms of Reference includes the following in relation to Financial Reporting:-

The Committee will:

21. Review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit of the financial statements that need to be brought to the attention of the police and crime commissioner and/or the chief constable.
22. Consider the external auditor's report to those charged with governance on issues arising from the audit of the financial statements.

And in relation to the above, to give such advice and make such recommendations on the adequacy of the level of assurance and on improvement as it considers appropriate.

- 2.2 The Committee will receive the draft Statements of Accounts for 2015/16 at its meeting on 8th July 2016.

3. The Policies

- 3.1 The Accounting Policies will be included as a Note to the Statements of Accounts, the current draft version of the Policies is attached.
- 3.2 The Policies are based on accounting regulations and codes of recommended practice and describe how these will be applied locally.
- 3.3 The main change from the prior year is the reduction in the capital de-minimis from £20,000 to £10,000 (page 13). The lower figure will make the accounts more consistent with other PCCs/Chief Constables accounts.

4. Recommendation

- 4.1 The Committee is invited to discuss the report and comment thereon.

Contact Officer:

John Hummersone
Chief Finance Officer

01953 424484/424212

hummersonej@norfolk.pnn.police.uk

Revised Accounting Policies – Norfolk

General principles

The Statement of Accounts summarises the Group's transactions for the 2015/16 financial year and its position at the year-end of 31 March 2016. The Group is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2015/16 (COP) and the Service Reporting Code of Practice 2015/16 (SeRCOP), supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Cost recognition and Intra-Group adjustment

The PCC pays for all expenditure including salaries of police officers, police community support officers and police staff. There is no transfer of real cash between the PCC and Chief Constable and the latter does not have a bank account into which monies can be received or paid from. Operational costs and incomes are recognised in the Chief Constable's Accounts to reflect the PCC's resources consumed in the direction and control of day-to-day policing at the request of the Chief Constable. The Chief Constable also recognises the employment and post-employment costs and liabilities in his Accounts. To fund these costs the Chief Constable's Accounts show a funding guarantee provided by the Commissioner to the Chief Constable as income, although no real cash changes hands. This treatment forms the basis of the intra-group adjustment between the Accounts of the Commissioner and Chief Constable.

Recognition of working capital

The Scheme of Governance and Consent sets out the roles and responsibilities of the Police and Crime Commissioner and the Chief Constable, and also includes the Financial Regulations and Contract Standing Orders. As per these governance documents all contracts and bank accounts are in the name of the PCC. No consent has been granted to the CC to open bank accounts or hold cash or associated working capital assets or liabilities. This means that all cash, assets and liabilities in relation to working capital are the responsibility of the PCC, with all the control and risk also residing with the PCC. To this end, all working capital is shown in the accounts of the PCC and the Group.

Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not in the financial period in which cash payments are paid or received.

Cash and cash equivalents

Cash is cash in hand and deposits with any financial institution repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in 3 months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Debtors and creditors

Revenue and capital transactions are included in the accounts on an accruals basis. Where goods and services are ordered and delivered by the year-end, the actual or estimated value of the order is accrued. With the exception of purchasing system generated accruals and certain payroll balances, a de-minimis level of £1,000 is set for year-end accruals.

Charges to the CIES (Comprehensive Income and Expenditure Statement) for Non-Current Assets

Services and Support Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which they can be written off.
- Amortisation of intangible assets attributable to the service.

The PCC is not required to raise council tax to fund depreciation, revaluation, impairment losses or amortisation. However, it is required to make an annual contribution from revenue, the Minimum Revenue Provision (MRP), towards the reduction in the overall borrowing requirement (represented by the Capital Financing Requirement) equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance.

Depreciation, amortisation and impairment losses are reversed from the General Fund and charged to the Capital Adjustment Account via the MIRS (Movement in Reserves Statement). MRP is charged to the General Fund along with any Revenue Funding of Capital and credited to the Capital Adjustment Account via the MIRS.

Guidance issued under the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009, enables authorities to calculate an amount of MRP, which they consider to be prudent. For capital expenditure incurred from 2008/09, the PCC has approved calculating the MRP using the Option 3 method, which results in equal instalments of MRP being charged over the related assets' useful life.

Employee benefits

Benefits payable during employment

Salaries, wages and employment-related payments are recognised in the period in which the

service is received from employees. The cost of annual leave entitlement, time off in lieu and flexi time earned but not taken by employees at the end of the period is recognised in the financial statements to the extent that employees are permitted to carry-forward leave or similar balances into the following period. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year end which the employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following financial year, being the period in which the employee takes the benefit.

Post-employment benefits

Officers have the option of joining the Police Pension Scheme 2015. Civilian employees have the option of joining the Local Government Pensions Scheme (LGPS), administered by Norfolk County Council. Some officers are still members of the Police Pension Scheme 1987 and the New Police Pension Scheme 2006, where transitional protection applies. All of the schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Constabulary, and all of the schemes are accounted for as defined benefits schemes.

The liabilities attributable to the Group of all four schemes are included in the Balance Sheet on an actuarial basis using the projected unit credit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits (including injury benefits on the Police Schemes) earned to date by officers and employees, based on assumptions about mortality rates, employee turnover rates etc., and projections of earnings for current officers and employees.

Liabilities are discounted to their value at current prices, using a discount rate specified each year by the actuary; this is based on the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities.

The assets of the LGPS attributable to the Group are included in the balance sheet at their fair value as follows:

- Quoted securities – current bid price.
- Unquoted securities – professional estimate.
- Unitised securities – current bid price.
- Property – market value.

All three of the police schemes are unfunded and therefore do not have any assets. Benefits are funded from the contributions made by currently serving officers, a notional employer's contribution paid from the general fund; any shortfall is topped up by a grant from the Home Office.

The change in the net pensions liability is analysed into seven components:

- Current service cost – the increase in liabilities as a result of years of service earned this year, it is allocated in the CIES to the services for which the employee or officer worked.

The current service cost is based on the latest available actuarial valuation.

- Past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years. Past service costs are disclosed on a straight-line basis over the period in which the increase in benefit vests, and are debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
- Interest cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid. It is charged to the Financing and Investment Income and Expenditure line in the CIES. The interest cost is based on the discount rate and the present value of the scheme liabilities at the beginning of the period.
- Expected return on assets – the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return. It is credited to the Financing and Investment Income and Expenditure line in the CIES.
- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions. They are debited to the pension reserve.
- Contributions paid to the three pension funds – cash paid as employer's contributions to the pension fund in settlement of liabilities. These are not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amounts payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. This means that in the MIRS there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Group has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including injury awards for police officers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

The Group makes payments to police officers in relation to injury awards and the expected injury awards for active members are valued and accounted for.

Events after the reporting period

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified.

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events. However where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Financial instruments

Financial liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Financial Assets

Financial assets can be classified into two types:

- (i) Loans and receivables – assets that have fixed or determinable payments but are not quoted in an active market
- (ii) Available-for-sale assets – assets that have a quoted market price and/or do not have a fixed or determinable payment

The PCC does not hold any available-for-sale financial assets.

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value.

They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For the PCC this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the CIES.

Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- The Group will comply with the conditions attached to the payments, and
- The grants or contributions will be received

Amounts recognised as due to the Group are not credited to the CIES until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet within Creditors as government grants received in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement (MIRS). Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

Intangible assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the PCC as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the PCC.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available)

and the PCC will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and restricted to that incurred during the development phase. Research expenditure is not capitalised.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the PCC's services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the PCC can be determined by reference to an active market. In practice, no intangible asset held by the PCC meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of a finite intangible asset is amortised over its useful life and charged to the relevant service line in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the MIRS and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

Inventories

Inventories are included in the Balance Sheet at the lower of cost or net realisable value. Supplies from inventories are charged to the relevant service line in the CIES using an average cost formula.

Investment policy

The PCC works closely with its external treasury advisors Capita to determine the criteria for high quality institutions. The minimum rating criteria uses the 'lowest common denominator' method of selecting counterparties and applying lending limits to those counterparties

- UK Banks which have as a minimum, the following Fitch, Standard and Poors and Moody's credit ratings:

| UK Banks | Fitch | Standard & Poors | Moody's |
|--------------------|--------------|-----------------------------|----------------|
| Short Term Ratings | F1 | A-1 | P-1 |
| Long Term Ratings | A- | A- | A3 |

- Non-UK Banks domiciled in a country which has a minimum sovereign rating of AAA and as a minimum, the following Fitch, Standard and Poors and Moody's credit ratings:

| Non-UK Banks | Fitch | Standard & Poors | Moody's |
|--------------------|-------|------------------|---------|
| Short Term Ratings | F1+ | A-1+ | P-1 |
| Long Term Ratings | AA- | AA- | Aa3 |

- Part Nationalised UK Banks;
- The PCC's Corporate Banker (Barclays Bank plc)
- Building Societies (which meet the minimum ratings criteria for Banks);
- Money Market Funds;
- UK Government;
- Local Authorities, Parish Councils etc.

All cash invested by the PCC in 2015-16 will be either Sterling deposits (including certificates of deposit) or Sterling Treasury Bills invested with banks and other institutions in accordance with the Approved Authorised Counterparty List.

Jointly controlled operations and jointly controlled assets

Jointly controlled operations are activities undertaken by the PCC or the CC in conjunction with other bodies, which involve the use of the assets and resources of the Group or the other body, rather than the establishment of a separate entity. The Group recognises on the PCC Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CC Comprehensive Income and Expenditure Statement with its share of the expenditure incurred and income earned from the activity of the operation.

Jointly controlled assets are items of property, plant and equipment that are jointly controlled by the Group and other bodies, with the assets being used to obtain benefits for these bodies. The joint operation does not involve the establishment of a separate entity. The Group accounts for only its share of the jointly controlled assets, and the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the arrangement.

Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The PCC as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the PCC at the end of the lease period).

The PCC is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment.

The PCC as Lessor

Where the PCC grants an operating lease over a property or an item of plant and equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and support services

The costs of overheads and support services are charged to service lines that benefit from the supply or service in accordance with the costing principles of the *CIPFA Service Reporting Code*

of Practice 2014/15 (SeRCoP). Costs are attributed to service lines either directly or using an appropriate cost driver with the exception of:

- Corporate and Democratic Core – costs relating to the PCC's status as a multi-functional, democratic organisation.
- Non Distributed Costs – costs relating to retirement benefits and unused and unusable shares of assets.

These two cost categories are defined in SeRCoP and accounted for as separate headings in the CIES, as part of the Net Cost of Policing Services.

Private Finance Initiative (PFI) and similar contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and for the Police Investigation Centres (PICs) ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The liability was written down by the initial contribution.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the CIES.
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the CIES.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease).
- lifecycle replacement costs – charged to the unitary payment when they are incurred in future years.

Property, plant and equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

All expenditure on the acquisition, creation or enhancement and disposal of non-current assets is capitalised subject to a de-minimis threshold of £10,000.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The Group does not capitalise borrowing costs incurred on the acquisition or construction of fixed assets.

The cost of assets acquired other than by purchase is deemed to be fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Group). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Group.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the CIES, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- assets under construction – historic cost until the asset is live (assets under construction are not depreciated)

- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV)
- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.
- where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for in the following way:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for in the following way:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service lines in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e., freehold land) and assets that are not yet available for use (i.e., assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Vehicles, plant and equipment – straight-line allocation over the useful life of the asset

The Code of Practice requires that where a Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately, where the remaining asset life is significantly different for identifiable components, unless it can be proved that the impact on the Group's Statement of Accounts is not material. The Group has assessed the cumulative impact of component accounting. As a result the Group applies component accounting prospectively to assets that have a valuation in excess of £2m unless there is clear evidence that this would lead to a material misstatement in the Group's Financial Statements.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Depreciation or amortisation is charged in both the year of acquisition and disposal of an asset on a pro rata basis. Depreciation or amortisation is charged once an asset is in service and consuming economic benefit.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification, on the basis relevant to the asset class prior to reclassification, and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts and are to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment, or set aside to reduce the PCC's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the MIRS.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service line.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Group settles the obligation.

The insurance claims provision is maintained to meet the liabilities for claims received but for which the timing and/or the amount of the liability is uncertain. The Group self-insures part of the third party, motor and employer's liability risks. External insurers provide cover for large individual claims and to cap the total claims which have to be met from the provision in any insurance year. Charges are made to revenue to cover the external premiums and the

estimated liabilities which will not be met by external insurers. Liability claims may be received several years after the event and can take many years to settle.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC – these reserves are explained in the following paragraphs:

Revaluation Reserve

This Reserve records the accumulated gains on fixed assets arising from increases in value, as a result of inflation or other factors (to the extent that these gains have not been consumed by subsequent downward movements in value). The reserve is also debited with amounts equal to the part of depreciation charges on assets that has been incurred, only because the asset has been revalued. The balance on this Reserve for Assets disposed is written out to the Capital Adjustment Account. The overall balance on this reserve thus represents the amount by which the current value of fixed assets carried in the Balance Sheet is greater because they are carried at revalued amounts rather than depreciated historic cost.

Capital Adjustment Account

This Account accumulates (on the debit side) the write-down of the historical costs of fixed assets as they are consumed by depreciation and impairments or written off on disposal. It accumulates (on the credit side) the resources that have been set aside to finance capital expenditure. The balance on this Account represents timing differences between the amount of the historical cost of the fixed assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The PCC accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PCC and CC make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources the PCC and CC have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Value Added Tax

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income. Where the VAT is irrecoverable it is included in the relevant service line of the Group Comprehensive Income and Expenditure Statement. Irrecoverable VAT is VAT charged which under legislation is not reclaimable (e.g., purchase of command platform vehicles).



ORIGINATOR: Chief Finance Officer

REASON FOR SUBMISSION: For endorsement and recommendation to the PCC.

SUBJECT:

Corporate Governance update and Review of the Effectiveness of the System of Internal Control

SUMMARY:

The report sets out the background to the update of the corporate governance arrangements for the PCC and Chief Constable and describes the review of the system of internal control.

The full suite of corporate governance documentation is attached.

RECOMMENDATION:

The Committee is asked to:-

- (i) endorse the changes made to the corporate governance arrangements and documentation and to recommend their approval to the PCC, and
- (ii) note the completion of the review of the system of internal control.

1. Background

- 1.1 The annual review of governance arrangements has coincided with the arrival of the new Police and Crime Commissioner (PCC). With this report is a full set of updated documents and subject to any comments by this Committee the PCC will approve them at the meeting.
- 1.2 The Accounts and Audit Regulations 2015 require the 'relevant authority', in this case the PCC and the Chief Constable, to
 - Conduct a review of the system or internal control
 - Prepare an annual governance statement.
- 1.3 The 'relevant authority' must then consider the findings of the review and approve the annual governance statement.

2. Governance

2.1 The corporate governance arrangements of the PCC and Chief Constable (CC) are set out in the following documents:-

| | | |
|----------------------------------|---|--|
| Corporate Governance Framework | Includes the Code of Corporate Governance | A new joint (PCC and CC) Code of Corporate Governance has been written. See Appendix A |
| Scheme of Governance and Consent | Prepared in conjunction with the Suffolk PCC, includes Financial Regulations and Contract Standing Orders | Updated and attached at Appendices B,C and D |

- 2.2 The Framework and the Code of Corporate Governance (Appendix A) are drafted from the latest good governance guidance published by the Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives (CIPFA/SOLACE) (2016 Edition) and the accompanying Police Guidance Note (June 2016). This guidance only comes into effect for 2016/17 Annual Governance Statements (AGS) but, given its availability, has been used for the drafting of the new Code of Corporate Governance and the AGS.
- 2.3 The Framework includes the meeting structures for the PCC and the CC, both individually and jointly. Also presented are the meeting structures for Norfolk/Suffolk Constabularies (the Strategic Partnership) and the 7 Force Collaboration.
- 2.4 The new joint (PCC and CC) Code of Corporate governance replaces separate versions for the PCC and the Constabulary.

- 2.5 The Scheme of Governance and Consent (Appendix B, revision marked), prepared in conjunction with OPCC Suffolk, has been reviewed and minor changes made.
- 2.6 Financial Regulations (Appendix C, revision marked) have been updated and the main changes are:
- Removal of references to revenue projects
 - Changes in responsibilities for settling legal and insurance claims
 - Updates to the references to external audit (following Audit Commission abolition)
 - Updates to the money laundering section
 - Insertion of sections on Settlement Agreements and Commissioning
 - Insertion of a main section where delegations by Chief Officers to other officers can be recorded.
- 2.7 Contract Standing Orders (Appendix D, revision marked) have been reviewed and only one minor change made.

3. The Review of the Effectiveness of the System of Internal Control and the Annual Governance Statement.

- 3.1 The Corporate Governance Working Group, comprising the Chief Executive, Chief Finance Officer, Head of Corporate Development and Change, the Head of Finance and one Audit Committee Member has overseen the update of the governance documentation and in the course of its work has carried out the review. Agendas and Notes of meetings are available on request.
- 3.2 The Working Group concluded that the system of internal control and governance was fit for purpose. Arrangements will be made to present the new Framework and Code of Corporate Governance to the Constabulary via the Organisational Board in due course.
- 3.3 The Audit Committee is also in a position to endorse the arrangements in place through its oversight of both governance and internal audit arrangements. The Head of Internal Audit's Annual Assurance Report 2015/16, elsewhere on the agenda, includes a positive opinion on the adequacy and effectiveness of the risk management, control and governance processes.
- 3.4 The Annual Governance Statement which is, essentially, a commentary on compliance with the Code of Corporate Governance, will be presented to the Committee at the July meeting.

4. Recommendations

- 4.1 The Committee is asked to:-
- (i) endorse the changes made to the corporate governance arrangements and documentation and to recommend their approval to the PCC, and
 - (ii) note the completion of the review of the system of internal control.

Report Author:

John Hummersone
Chief Finance Officer
01953 424484

hummersonej@norfolk.pnn.police.uk



OFFICE OF THE POLICE & CRIME COMMISSIONER FOR NORFOLK

Corporate Governance Framework (Including the Code of Corporate Governance)

June 2016

Statement of Corporate Governance

Police and Crime Commissioner and the Chief Constable

Introduction

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

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

- Police Reform and Social Responsibility Act 2011 (the Act),
- Policing Protocol Order 2011 (the Protocol),
- (Home Office) Financial Management Code of Practice,
- Strategic Policing Requirement.
- The Police and Crime Commissioner Elections (Declaration of Acceptance of Office) Order 2012

The above legislation creates a public sector relationship, based upon the commissioner provider arrangement but with unique elements such as the single elected PCC and operational independence of the police service. It is therefore not appropriate to import corporate governance arrangements into this new environment and the framework builds upon existing good governance principles and experience.

Principles

The seven core principles to be adopted by both corporations sole will be those highlighted by the good governance standard for local authorities (as applied to the PCC and Chief Constable):

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

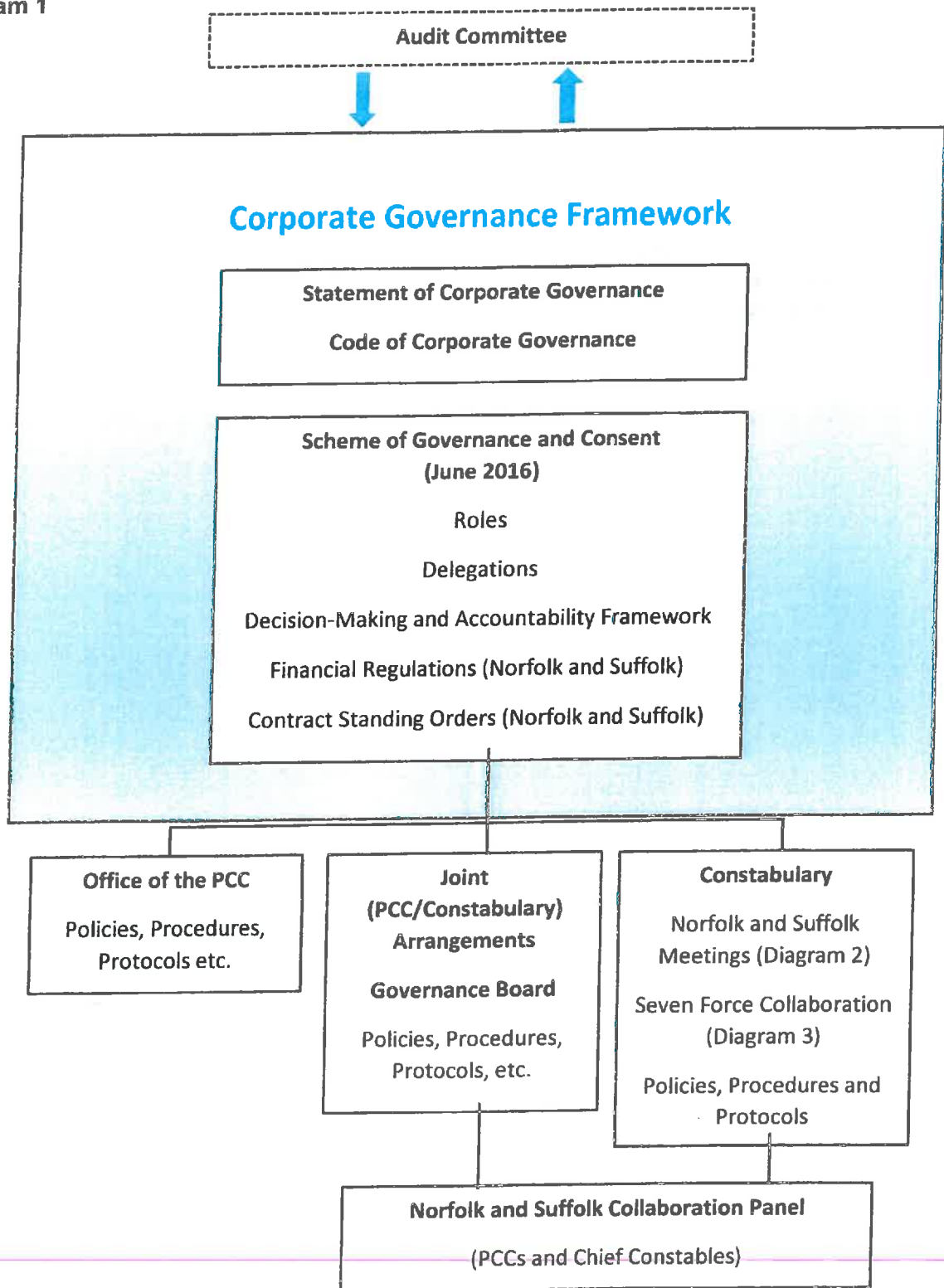
Framework / Instruments of governance

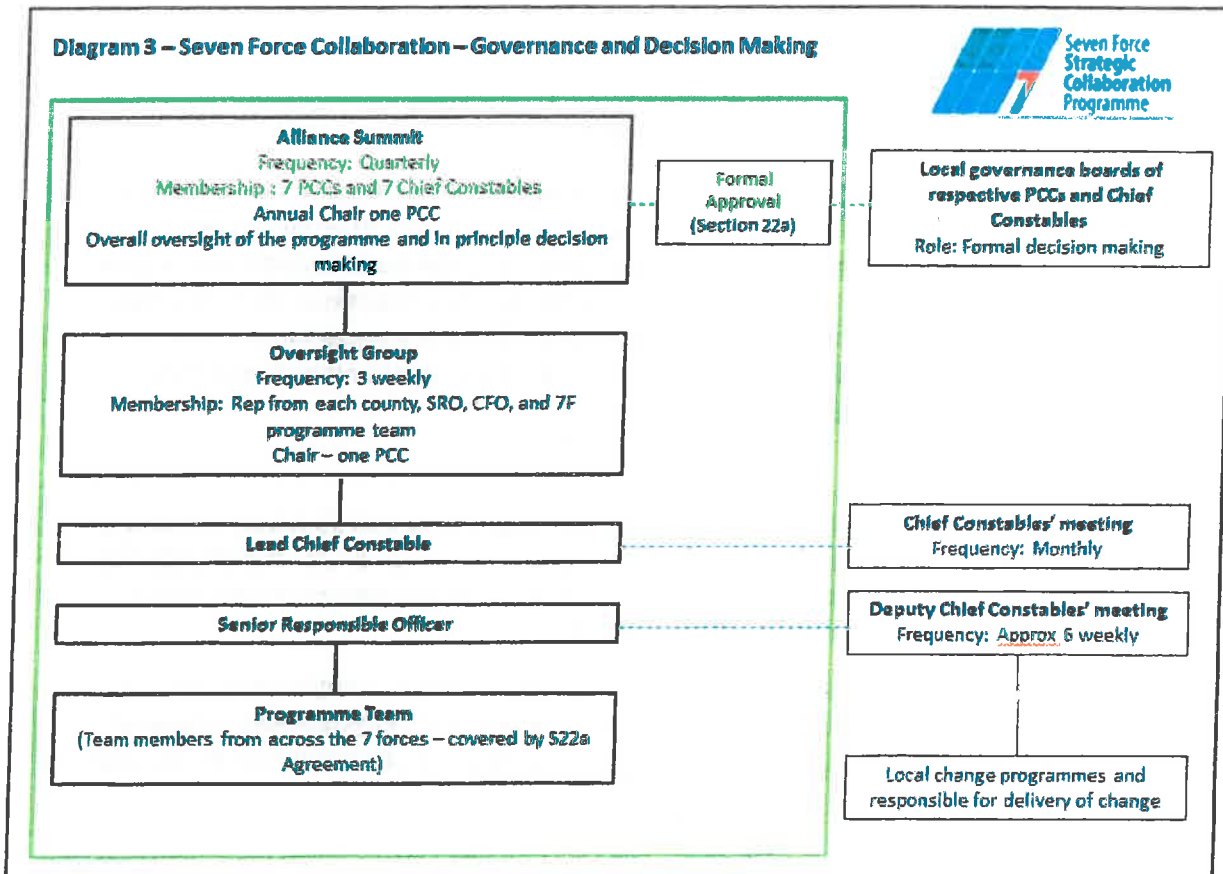
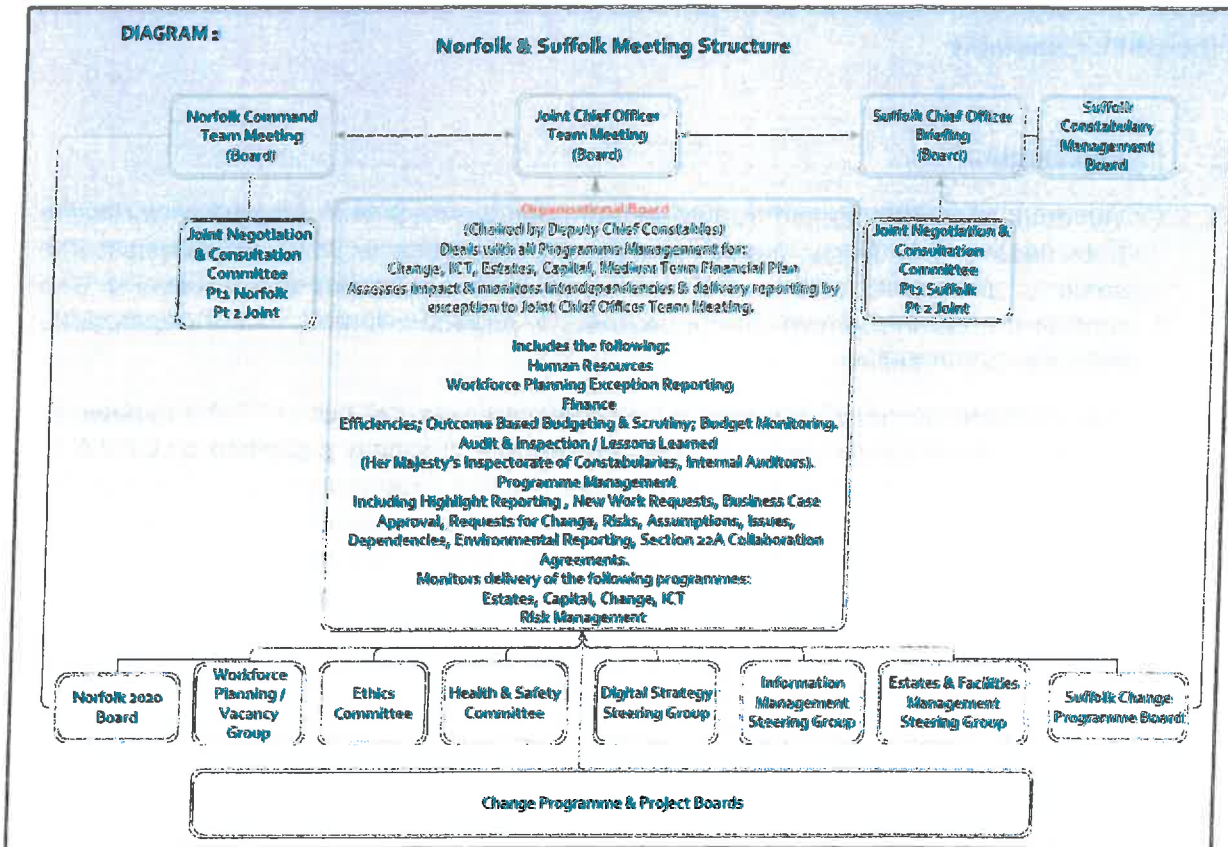
The Corporate Governance Framework within which both corporations sole will govern, both jointly and separately will comprise:

- Statement of Corporate Governance – statutory framework and local policy
- Code of Corporate Governance – setting out how the core principles will be implemented,
- Scheme of Governance and Consent – defining the parameters within which the corporations sole will conduct their business including the consents and delegations (published separately),
- Separate policy and procedures for each corporation sole, with protocols, memoranda of understanding etc., where they operate jointly.

The Framework...

Diagram 1





Code of Corporate Governance for the Norfolk Police and Crime Commissioner and the Chief Constable

1. Introduction

- 1.1 Governance is about ensuring that the right things are done in the right way, for the right people, in a timely, inclusive, open and accountable way. It comprises the systems, processes, culture and values by which organisations are directed and controlled, and through which they account to, engage with and, where appropriate, lead their communities.
- 1.2 The standard for good governance arrangements was set out in “The Framework: Delivering Good Governance in Local Government” originally published by CIPFA in conjunction with the Society of Local Authority Chief Executives (SOLACE) in 2007. The Framework was reviewed and an updated edition published in April 2016. A Guidance Note for the Police (2016 Edition) has been published by CIPFA and has been used to develop this Code of Corporate Governance (the Code).
- 1.3 The Code sets out how the Norfolk Police and Crime Commissioner (the PCC) and Chief Constable will govern their organisations both jointly and separately in accordance with the Corporate Governance Framework. It does this by highlighting the key enablers for ensuring good governance and using the seven good governance core principles as the structure for setting out the statutory framework and local arrangements.

2. The Code

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

The PCC and the Chief Constable are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for the outcomes they have achieved. In addition, they have a responsibility to serve the public interest in adhering to the requirements of legislation and government policies. They must demonstrate the appropriateness of all their actions and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

The Policing Protocol 2011 requires all parties to abide by the seven Nolan principles 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 2014 Code of Ethics sets the standard of behaviour for all members of staff. The Code builds on the 7 Nolan principles with the addition of ‘Fairness’ and ‘Respect’. These principles will underpin every decision and action at whatever level they are taken.

The Financial Manage Code of Practice requires the PCC and Chief Constable to ensure that the good governance principles are embedded within the way the organisations operate.

The PCC and Chief Constable will set out their values in the respective corporate and strategic plans.

Principle B - Ensuring openness and comprehensive stakeholder engagement

Local Government, including the Police, is run for the public good. Organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation will be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

The Protocol highlights that the PCC 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 they will be delivered.

To complement this the communication and engagement strategies will set out how local people will be involved with the PCC 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 PCC and Chief Constable will develop arrangements for effective engagement with key stakeholders, ensuring that where appropriate they remain closely involved in decision making, accountability and future direction.

The PCC will maintain a strong working relationship with the Police and Crime Panel, constituent local authorities and other relevant partners.

A preferred partnership collaboration strategy was signed by PCCs of Norfolk and Suffolk in 2013.

A business case for 7 Force collaboration (East of England forces and Kent) and a Section 22A agreement were endorsed in March 2016.

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

The long term nature and impact of many of the PCC and Chief Constable's responsibilities mean that they will seek to define and plan outcomes that are sustainable. Decisions should contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital

to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

The PCC will issue a Police and Crime Plan (the Plan) for one year beyond his term of office. It will outline the police and crime objectives (outcomes) and the strategic direction for policing. Both the PCC and the Chief Constable must have regard to the Plan and the PCC must have regard to the priorities of the responsible authorities (as set out in the Act) during its development.

The OPCC has developed a business plan consistent with the need to support the PCC in the delivery of his priorities. The Constabulary does not have a similar plan at this time but the Organisational Board (Diagram 2) quality assures the production of business cases and all business related matters. HMIC will shortly be requiring every force to produce a 'Force Management Statement'. These are expected to be business plans by another name.

Collaboration agreements will set out those areas of activity to be undertaken jointly with other forces and local policing bodies. These collaborations may reduce costs or increase capability to protect local people, or both.

A medium term financial strategy will be jointly developed and thereafter regularly reviewed to support delivery of these plans.

A commissioning framework sets out the PCC's commissioning intentions and priorities, and will be kept under review.

A complaints 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 organisational or individual failures. This will complement other statutory arrangements.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes

Local Government, including the Police, achieves its intended outcomes by providing a mixture of legal, regulatory and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

The PCC and the Chief Constable will maintain a medium term financial strategy which will form the basis of the annual budgets, and provide a framework for evaluating future proposals.

There will be a comprehensive process of analysis and evaluation of plans, which will normally include option appraisal, techniques for assessing the impact of alternative approaches on the service's outcomes, and benefits realisation.

Processes will be in place to monitor efficiency and value for money, including benchmarking of performance and costs.

The PCC and the Chief Constable will maintain effective workforce development and asset management plans (e.g. Estates; Information Technology).

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

The OPCC and the Constabulary need appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A public organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Both the individuals involved and the environment in which the Police operates will change over time, and there will be a continuous need to develop its capacity as well as the skills and experience of the leadership and individual staff members. Leadership in the Police service is strengthened by the participation of people with many different types of background, reflecting the structure and diversity of communities.

The Leadership, 'People' and personal development strategies of the Office of the PCC and the Constabulary set the climate for continued development of individuals. The respective performance development review processes will ensure that these strategies are turned into reality for officers and members of staff.

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

Public bodies need to ensure that the organisations and governance structures that they oversee have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management, business continuity and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. They consist of an ongoing process designed to identify and address significant risks involved in achieving outcomes. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery, and accountability.

The Decision-making and Accountability Framework (in the Scheme of Governance and Consent) sets out the principles and processes underlying how decisions will be taken by the PCC and Chief Constable and the standards to be adopted.

It requires a combined forward plan of decisions, which brings together the business planning cycles for the Police and Crime Plan, and the OPCC/Constabulary integrated business management process. This will ensure proper governance by bringing together the right information at the right time e.g. needs assessments, costs, and budgets.

The national decision making model will be applied to spontaneous incidents or planned operations, by officers or staff within the Constabulary as individuals or teams, and to both operational and non-operational situations.

The Scheme of Governance and Consent highlights the parameters for decision making, including the delegations, consents, financial limits for specific matters and standing orders for contracts.

The Risk Management Strategy (one for the PCC and one for the Constabulary) establish how risk is embedded throughout the various elements of corporate governance of the corporations sole, whether operating solely or jointly.

The Communication and Engagement Strategies demonstrate how the PCC and Chief Constable will ensure that local people are involved in decision making.

Furthermore the Publication Scheme (a requirement of the Freedom of Information Act 2000) will ensure that information relating to decisions will be made readily available to local people, with decisions of greater public interest receiving the highest level of transparency, except where operational and legal constraints exist.

The forward plan of decisions combined with an open and transparent Publication Scheme will enable the Police and Crime Panel to be properly sighted on the decisions of the PCC.

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Legislation sets out the functions of the PCC and the Chief Constable. The Protocol describes how these functions will be undertaken to achieve the outcomes of the Police and Crime Plan.

The legislation also enables the PCC to appoint a deputy, whose role will be prescribed by the PCC and set out in the Schemes of Governance and Consent where appropriate.

The Act requires the PCC to appoint a Chief Executive and a Chief Financial Officer. It prescribes that the Chief Executive will act as Head of Paid Service and undertake the responsibilities of Monitoring Officer.

The Act requires the Chief Constable to appoint a Chief Financial Officer.

The Financial Management Code of Practice sets out the responsibilities of the CFOs for both the PCC and the Chief Constable.

Internal audit, reflecting published guidance on standards

The Scheme of Governance and Consent highlights the parameters for key roles in the OPCC and Constabulary including consents from the PCC or Chief Constable, financial regulations and standing orders.

Officers, Police support staff and staff of the OPCC will operate within:-

- OPCC or Constabulary policies and procedures
- The corporate governance framework
- Disciplinary regulations
- Codes of conduct
- Code of Ethics

A joint independent Audit Committee operates within the CIPFA guidance and in accordance with the Financial Management Code of Practice.

3. Governance Review Arrangements

3.1 The PCC has overall responsibility for approving the Code of Corporate Governance and has put in place the following arrangements to review the effectiveness of the Code.

The Office of the PCC for Norfolk

3.2 The PCC has set up a Corporate Governance Working Group comprising senior managers from the OPCC and the Constabulary to review the governance arrangements and oversee the production of the Annual Governance Statement. This work is reported through to the Audit Committee.

The Constabulary

3.3 The Chief Constable is responsible jointly with the PCC for compliance with the corporate governance arrangements but particularly for ensuring that appropriate reviews are carried out within the Constabulary for key areas including:-

- optimisation of operational delivery, with adequate service, governance and financial controls
- professional standards and performance
- management of information, including security and data protection
- strategic co-ordination of service and financial planning, including risk management
- the process for evaluation and achievement of value for money.

Audit Committee

3.4 The terms of reference of the Joint Audit Committee of the PCC and Chief Constable include the following:-

- Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- Review the Annual Governance Statement[s] (AGS) prior to approval and consider whether [it] [they] properly [reflects] [reflect] the governance, risk and control environment and supporting assurances and identify any actions required for improvement.

Internal Audit

- 3.5 The role of internal audit is to give assurance to the PCC and the Chief Constable, through the Audit Committee, on the effectiveness of the controls in place to manage risks. To this end, The Head of Internal Audit reports on a quarterly basis, highlighting any major control weaknesses identified.
- 3.6 Corporate Governance and Risk Management arrangements feature in the audit strategy and annual plan both of which are received by the Committee.

External Audit

- 3.7 The External Auditor audits the financial statement of the Chief Constable, the PCC and the Group. The auditor also reviews the Annual Governance Statement and gives an opinion on value for money. The auditor's plans, reports and annual letter are considered by the Committee at appropriate times in the annual cycle of meetings.

Her Majesty's Inspectorate of Constabulary

- 3.8 Her Majesty's Inspectorate of Constabulary (HMIC) independently assesses police forces and policing across the whole range of their activities – in the public interest.
- 3.9 In preparing their reports, they provide authoritative information to allow the public to compare the performance of the local force against others, and their evidence is used to drive improvements in the service to the public.
- 3.10 HMIC is independent of Government and the police. HMIC decides on the depth, frequency and areas to inspect based on their judgments about what is in the public interest.
- 3.11 Inspection programmes are demanding and, as a minimum, the main outcomes will be reported to the PCC and any improvement actions required will be recorded in the AGS.



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK

Scheme of Governance and Consent

**Chief Executive
Updated June 2016**

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1.0 INTRODUCTION, OUTLINE OF LEGISLATIVE BACKGROUND AND GENERAL PRINCIPLES

1.1 General

1.1.1 The Financial Management Code of Practice for the Police Forces of England and Wales published by the Home Office in October 2013 provides that a Scheme of Governance should be prepared by the Police and Crime Commissioner (PCC). In doing so he should be advised by the Chief Finance Officer of the PCC in consultation with the Chief Executive, the Chief Constable and the Police Force Chief Finance Officer. Accordingly this document has been prepared to govern the interrelationship between the PCC and Chief Constable and to set out those powers which may be exercised by either the PCC or the Chief Constable or others acting on their behalf. It also sets out the constraints on those powers.

1.1.2 This Scheme of Governance and Consent comprises a number of key elements including Financial Regulations, Contract Standing Orders and the Scheme of Delegation. There is no separate Scheme of Consent; rather the consents granted to the Chief Constable appear as appropriate throughout the document. They relate in particular to the extent of, and any conditions attaching to, the PCC's consent to the Chief Constable to exercise powers to enter into contracts and acquire or dispose of property.

1.1.3 The Scheme will be regularly reviewed and amended as appropriate and in any event at the start of each financial year, in consultation with and on the advice of those officers identified above at paragraph 1.1.1.

1.1.4 Whilst this Scheme of Governance and Consent has been adopted by the PCC, delegations by the Chief Constable have also been included within it. Further, in view of the close collaboration with the Suffolk police area, the Scheme adopted in Suffolk is very similar and in some instances identical where that is necessary for the effective working of joint departments.

1.2 Legislative Background

1.2.1 The role of the PCC was established by the Police Reform and Social Responsibility Act 2011 (the 2011 Act). The role has been established as a "corporation sole" meaning that the PCC is a separate legal entity. As a separate corporate entity created by legislation the PCC has those powers that are expressly provided for in legislation, that are required for carrying out the purposes of their incorporation and that may reasonably be regarded as incidental to, or consequential to those matters provided for by legislation.

1.2.2 The Act has also established the Chief Constable as a corporation sole.

1.2.3 The Act has conferred wide powers upon the PCC and Chief Constable. A PCC may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of his functions. This includes entering into contracts and other agreements (whether legally binding or not), acquiring and disposing of property (including land), and borrowing money.

1.2.4 A Chief Constable may do anything which is calculated to facilitate, or is conducive or incidental to, the exercise of his or her functions. This includes entering into contracts and other agreements (whether legally binding or not), and acquiring and disposing of property (apart from land). However, the Chief Constable may only enter into contracts or agreements or acquire or dispose of property with the consent of the PCC. This restriction does not apply to contracts or agreements in relation to the employment of police staff.

1.2.5 These are two key powers. They have been drawn upon, amongst other things, to establish the general principles (see below) upon which this Scheme of Governance and Consent is founded.

1.2.6 Whilst the 2011 Act is the key piece of legislation that establishes the role of PCC there is also other primary and secondary legislation which impacts upon the role. This Scheme of Governance and Consent must be read in conjunction with the requirements expressed by this legislation. In particular, specific attention is drawn to the provisions of the Policing Protocol. Additionally the Financial Management Code of Practice and the Strategic Policing Requirement are key reference documents.

1.3 General Principles

1.3.1 This Scheme of Governance and Consent is, amongst other things, founded upon a number of key elements and which are reflected through the Scheme. They relate to financial management, property management, contracts and procurement.

1.3.2 Financial Management

The PCC has established a set of Financial Regulations (see below) which govern the relationship between the PCC and the Chief Constable in relation to financial matters. These Regulations are joint Regulations with Suffolk such that the Norfolk and Suffolk police areas operate the same Financial Regulations.

1.3.3 To ensure the effective delivery of policing services and to enable the Chief Constable to have impartial direction and control of the Force, the Chief Constable has 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 PCC. These levels of authorisation are found in this Scheme and the Financial Regulations and Contract Standing Orders thereto.

1.3.4 It is the responsibility of the Chief Constable to ensure that the financial management of their allocated budget remains within the objectives and conditions that have been set by the PCC in making his budget decisions as well as this Scheme, Financial Regulations and Contract Standing Orders.

1.3.5 Property Management

The PCC owns all police assets in Norfolk both real estate and personal property regardless of whether they are used by the PCC, the Force or both.

1.3.6 The acquisition and disposal of land and/or buildings requires the approval of the PCC in all instances.

1.3.7 The acquisition and disposal of property by the Chief Constable other than land or buildings may be undertaken subject to the provisions of the Financial Regulations and Contract Standing Orders below. Property so acquired is and will be owned by the PCC.

1.3.8 The Chief Constable is responsible for the direction and control of the Force and has management of all assets used by the Force, both real and personal.

1.3.9 Safeguarding and managing the Police estate and property inventory is regarded as a function of the Chief Constable, which his staff carry out on the Chief Constable's behalf.

1.3.10 Contracts and Procurement

The PCC has overall responsibility for property and contracts. The PCC through this Scheme of Governance and Consent has granted consent to the Chief Constable for the daily administration of property (including building maintenance) and contracts in accordance with Financial Regulations and Contract Standing Orders. However no general consent is granted for contracts relating to property or as covered by the Contract Standing Orders to be entered into other than in the name of PCC.

1.3.11 The Contract Standing Orders cover the procedures for procurement, tenders and contracts. They contain the tender thresholds and levels of authorisation. All procurements and contracts must comply with statutory requirements including EU procurement rules, the statutory regulations for the provision of equipment and services for police purposes, and value for money requirements.

1.3.12 The Contract Standing Orders are joint Standing Orders for the police areas of both Norfolk and Suffolk.

1.3.13 The Chief Constable is able to enter into agreements, memoranda of understanding or such other instruments, not covered by clauses 1.3.10 to 1.3.12 above, and which relate to the performance of the Chief Constable's functions. Further the Chief Constable is able to enter into any agreement where specifically provided for by legislation.

1.3.14 Information Sharing

Section 36 of the Police Reform and Social Responsibility Act 2011 provides that the Chief Constable must give the PCC such information on policing matters that the PCC may require. The PCC requires that all reasonable information requests made by him or on his behalf are responded to promptly. This includes his statutory officers having full access to information, including all relevant financial information, to enable them to discharge their statutory roles.

2.0 KEY ROLES OF THE PCC AND CHIEF CONSTABLE

2.1 General

2.1.1 The responsibilities and requirements upon the PCC are established by legislation. They are helpfully summarised in The Policing Protocol Order 2011 which also describes the roles of the Chief Constable, Police and Crime Panel and Home Secretary. This Scheme does not identify all of the statutory functions of the PCC as they are set out in specific legislation. However, the key requirements of the PCC role and that of the Chief Constable are set out below.

2.2 Police and Crime Commissioner

2.2.1 The key roles of the PCC are to:

- secure the maintenance of an efficient and effective police force for the area;
- set the budget, determine the level of precept and allocate funds and assets to the Chief Constable;
- appoint, suspend and, if necessary remove the Chief Constable;
- hold the Chief Constable to account for the exercise of the functions of the Chief Constable and those exercising functions under his direction and control;
- issue a Police and Crime Plan which amongst other things, sets out the Police and Crime objectives for the policing of the area;
- make Crime and Disorder reduction grants;
- produce an annual report.
- [From 1 October 2014 – to commission Victims' Services]

2.2.2 The PCC receives all funding, including the government grant and precept, and other sources of income, related to policing and crime reduction. The allocation of this funding is for the PCC to determine in consultation with the Chief Constable, and where appropriate with any grant terms.

2.2.3 The Police and Crime Panel has a statutory role to scrutinise the decisions and actions taken by the PCC in discharging his functions.

2.3 Chief Constable

2.3.1 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 is accountable to the law for the exercise of police powers, and to the PCC for the delivery of efficient and effective policing, and the management of resources and expenditure by the Force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities that they serve. The Chief Constable is required to discharge their functions according to the 2011 Act and the Policing Protocol as well as in accordance with all other relevant legislation and the common law. In addition to the statutory responsibilities and obligations imposed upon the Chief Constable, the Chief Constable will undertake all those matters necessary for the management and operational control of the Force.

2.3.2 The key roles of the Chief Constable are:

- to lead the Force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts impartially;
- to appoint the Force's officers and staff (after consultation with the PCC, in the case of officers above the rank of Chief Superintendent and police staff equivalents);

- to support the PCC in the delivery of the strategy and police and crime objectives set out in the Police and Crime Plan;
- to provide the PCC with access to information, officers and staff as required;
- to have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of their Force's national and international policing responsibilities;
- to notify and brief the PCC upon any matter or investigation which they may need to provide public assurance either alone or with the PCC;
- to be the operational voice of policing in the Force area, and to regularly explain to the public the operational actions of officers and staff under their command;
- to enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing, subject to the agreement of the PCC;
- to remain politically independent of the PCC;
- to manage all complaints against the Force, its officers and staff, except in relation to the Chief Constable, and to ensure that the PCC is kept informed to enable them to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion. Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission;
- to exercise the power of direction and control in such a way as is reasonable to enable the PCC to have access to all necessary information and staff within the Force;
- to have responsibility for financial management of the Force within the framework of the agreed budget allocation and authorisation levels.

3.0 DELEGATIONS BY THE PCC

3.1 General

- 3.1.1 Notwithstanding the delegations made by the PCC, he reserves the right to require that a specific matter is referred to him for decision and not dealt with under powers of delegation.
- 3.1.2 The PCC must be advised of any policing and crime matter which may have a significant impact on the people of Norfolk.
- 3.1.3 Delegation to officers as below does not prevent an officer from referring the matter to the PCC for a decision if the officer considers this appropriate. This may for example be because of the sensitive nature of an issue or because the matter may have a significant financial implication.
- 3.1.4 When an officer is considering a matter that is within another professional officer's area of competence, they should consider whether it would be appropriate to consult the other professional officer before authorising any action.
- 3.1.5 All decisions made by officers that are of significant public interest and which are made under powers conferred on them by the PCC must be recorded and available for inspection as required by the provisions of this Scheme regarding decision-making below.
- 3.1.6 References made to the professional officers, or to the Chief Executive and the PCC's Chief Finance Officer, include officers authorised by them to act on their behalf and provided that such further delegation is documented in writing.
- 3.1.7 The professional officers are responsible for making sure that members of staff they supervise know about the provisions and obligations of this Scheme.
- 3.1.8 The persons appointed as the Chief Executive (who will also be the Monitoring Officer) and the PCC's Chief Finance Officer have powers and duties deriving from their statutory roles. The delegations set out within this Scheme are without prejudice to their ability to discharge those statutory roles.
- 3.1.9 The Scheme provides the professional officers with the authority to discharge the duties of the PCC where permissible by legislation. In undertaking such duties they must comply with all relevant requirements as appropriate including the:
- Police Reform and Social Responsibility Act 2011;
 - Contract Standing Orders;
 - Financial Regulations;
 - Requirements relating to decision-making within this Scheme;
 - Financial Management Code of Practice published by the Home Office (October 2013);
 - CIPFA Statement on the role of the Chief Finance Officer of the PCC and the Chief Finance Officer of the Chief Constable;
 - Data Protection Act 1998 and Freedom of Information Act 2000;
 - Health and Safety at Work Legislation and associated instruments;
 - Equality Act 2010.
- 3.1.10 The PCC may delegate the performance of his functions under section 18 of the 2011 Act, with the exception of those noted below and as provided at paragraph 3.1.13:
- issuing the Police and Crime Plan;
 - determining the police and crime objectives for the Police and Crime Plan;

- calculation of the budget requirement for the purpose of issuing a precept;
- appointing, suspending and removing the Chief Constable;
- attendance at the Police and Crime Panel for specified duties;
- preparing the Annual Report.

3.1.11 The PCC may not delegate the performance of a function to:

- a constable;
- another PCC;
- the Mayor's Office for Policing and Crime;
- the Deputy Mayor for Policing and Crime;
- the Mayor of London;
- the Common Council of the City of London;
- any body which maintains a police force;
- a member of staff of the above.

3.1.12 The PCC must not restrict the operational independence of the Chief Constable and the force over which they have direction and control.

3.1.13 The PCC may appoint a deputy to exercise their functions except for those which cannot be delegated. The PCC cannot give consent to such deputy to carry out the following:

- issuing the Police and Crime Plan;
- appointing, suspending or removing the Chief Constable;
- calculating the budget requirement for the purpose of issuing a precept.

3.1.14 Where a deputy is appointed they are authorised to exercise or perform any or all of the functions of the PCC with the exception of those listed at paragraph 3.1.13, during any period when the PCC is unavailable through leave or illness to exercise the functions or at any other time with the consent of the PCC.

3.2 Functions designated/delegated to the Chief Executive of the Office of the PCC.

3.2.1 The Chief Executive is the Head of the PCC's staff and is also the Monitoring Officer for the PCC.

3.2.2 The Chief Executive is the primary advisor on strategic issues that arise from the PCC's legal duties. The Chief Executive discharges their statutory roles as Chief Executive and Monitoring Officer in accordance with the relevant statutory requirements, the Association of PCC Chief Executives' Statement on the role of the Chief Executive and Monitoring Officer of the PCC, and Home Office Guidance.¹

3.2.3 The delegations listed below are those granted by the PCC to the Chief Executive and Monitoring Officer:

3.2.4 To take such day to day action as is required for the efficient and effective administration and management of the Office of the PCC and, except as provided in this Scheme of Governance and Consent, the discharge of the PCC's functions and to give effect to the decisions and direction of the PCC.

3.2.5 To execute all contracts, agreements and other legal instruments either in writing or by affixing the Common Seal of the PCC, on behalf of the PCC in accordance with any decisions made by or on behalf of the PCC.

3.2.6 To manage the PCC's corporate budget in accordance with Financial Regulations.

[1. See "Have you got what it takes. Delivering through your Chief Executive and Monitoring Officer", Home Office, 2012]

- 3.2.7 To fix fees for copies of documents and extracts of documents requested under the Freedom of Information Act 2000, or the Data Protection Act 1998 or otherwise.
- 3.2.8 To manage the staff of the Office of the PCC including the appointment and dismissal of members of the PCC's staff.
- 3.2.9 To make recommendations to the PCC with regard to staff terms and conditions of service in respect of the PCC's staff in consultation with the PCC's Chief Finance Officer.
- 3.2.10 To administer the Independent Custody Visitors Scheme and any other volunteer schemes including the appointment, suspension and removal of custody visitors and other volunteers.
- 3.2.11 To obtain legal or other expert advice. To commence, defend, withdraw or settle any claim or legal proceedings where required, on the PCC's behalf, in consultation with the Chief Finance Officer.
- 3.2.12 To consider the provision of 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 by or against them, as long as they act in good faith and exercise reasonable judgement in performing their police duties. This action is to be taken in line with Home Office advice and after consulting with the Chief Constable and PCC's Chief Finance Officer.
- 3.2.13 To exercise the PCC's discretions under the Local Government Pension Scheme where those discretions relate to staff employed in the Office of the PCC and in consultation with the PCC's Chief Finance Officer.
- 3.2.14 To ensure that there are processes in place in line with the Occupational Pension Scheme (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 in connection with the Local Government Pension Scheme.
- 3.3. Functions designated/delegated to the Chief Finance Officer of the Office of the PCC.**
 - 3.3.1 The Chief Finance Officer of the PCC has a personal fiduciary duty by virtue of their appointment as the person responsible for proper financial administration under the 2011 Act. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (section 114 of the Local Government Finance Act 1988, as amended by paragraph 188 of Schedule 16 to the 2011 Act).
 - 3.3.2 The Chief Finance Officer of the PCC will discharge their statutory role in accordance with statutory requirements, their job description, the CIPFA Statement on the Role of the Chief Finance Officer of the PCC and the Chief Finance Officer of the Chief Constable, the Financial Management Code of Practice and other relevant guidance and best practice.
 - 3.3.3 The Chief Finance Officer of the PCC is the PCC's professional adviser on financial matters. To enable them to fulfil these duties and to ensure the PCC is provided with adequate financial advice, the Chief Finance Officer of the PCC:

- Must be a key member of the PCC's Leadership Team, working closely with the Chief Executive, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and align with the PCC's financial strategy;
- Must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- Must ensure that the finance function is resourced to be fit for purpose.

3.3.4 The responsibilities of the PCC CFO are set out in Financial Regulations (Section A4) at Appendix C.

3.4 Matters designated/delegated to other staff of the Office of the PCC.

3.4.1 The Chief Finance Officer of the Office of the PCC is authorised to undertake the roles of and obligations of the Chief Executive and Monitoring Officer when for reasons of absence or illness the Chief Executive is unable to discharge such roles and obligations including the various delegations to the Chief Executive contained within the Scheme of Governance and Consent.

3.4.2 Any member of the PCC's staff who is authorised by the Chief Executive to act, and provided such further delegation and the terms thereof is documented in writing, may act on behalf of the Chief Executive and with particular reference to the execution of all contracts, agreements and other legal instruments either in writing or by affixing the common seal of the PCC, on behalf of the PCC in accordance with any decisions made by or on behalf of the PCC.

4.0 DELEGATIONS BY THE CHIEF CONSTABLE

4.1 General

4.1.1 These delegations set out the authorities delegated by the Chief Constable to the Deputy Chief Constable, Assistant Chief Constables and Assistant Chief Officers, as well as any other officer and members of police staff as appropriate to discharge functions on behalf of the Chief Constable.

4.1.2 These delegations should be read in conjunction with other documents in the Scheme of Governance and Consent as well as any relevant collaboration agreement.

4.1.3 The legislation relevant to the delegations includes the Police Reform and Social Responsibility Act 2011. Other relevant instruments include the Policing Protocol, the Financial Management Code of Practice and the Strategic Policing Requirement.

4.2 Functions designated to the Chief Finance Officer of the Chief Constable

4.2.1 The Chief Finance Officer of the Chief Constable has a personal fiduciary duty by virtue of their appointment as the person responsible for proper financial administration under the Police Reform and Social Responsibility Act 2011. This includes requirements and formal powers to safeguard lawfulness and propriety in expenditure (section 114 of the Local Government Finance Act 1988, as amended by paragraph 188 of Schedule 16 to the Police Reform and Social Responsibility Act 2011).

4.2.2 The Chief Finance Officer will discharge their statutory role in accordance with statutory requirements, their job description, the CIPFA Statement on the Role of the Chief Finance Officer of the Chief Constable, the Home Office Financial Management Code of Practice and other relevant guidance and best practice.

4.3 Functions delegated to the Chief Finance Officer of the Chief Constable by the Chief Constable.

4.3.1 The responsibilities of the Chief Finance Officer are set out in Financial Regulations ([Section A4](#)) at ~~Section 5 and Appendix C, below.~~

4.3.2 To exercise the Chief Constable's discretions under the Local Government Pension Scheme in relation to staff employed by the Chief Constable.

4.3.3 To ensure that there are processes in place in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures Consequential and Miscellaneous Amendments) Regulations 2008 in connection with the Local Government Pension Scheme.

4.4 Functions Delegated to the Director of Human Resources by the Chief Constable

4.4.1 To undertake the day to day management of the human resources function in respect of police officers and police staff under the direction and control of the Chief Constable.

4.5 Delegation of functions to Chief Officers by the Chief Constable

4.5.1 The Chief Constable may delegate responsibility to any member of the Chief Officer Team as operational necessity requires.

4.5.2 The Chief Constable may delegate responsibility to officers employed external to the force giving them authority to undertake functions within the force where such authority derives from collaboration agreements made under the Police Act 1996.

5.0 FINANCIAL REGULATIONS

5.1 General

5.1.1 The Financial Regulations govern the relationship between the PCC and the Chief Constable in relation to financial matters. These Regulations are joint Regulations with Suffoik such that the Norfolk and Suffolk police areas operate under the same Financial Regulations.

| 5.1.2 The Financial Regulations ~~are~~can be found at Appendix C to this Scheme.

6.0 CONTRACT STANDING ORDERS

6.1 General

- 6.1.1 The Contract Standing Orders govern the relationship between the PCC and the Chief Constable in relation to the entering into of contracts. The Standing Orders are joint Standing Orders with Suffolk such that the Norfolk and Suffolk police areas operate under the same Contract Standing Orders.
- 6.1.2 The Contract Standing Orders are found at Appendix D to this Scheme.

7.0 DECISION-MAKING AND ACCOUNTABILITY FRAMEWORK

7.1 General

7.1.1 The Police Reform and Social Responsibility Act 2011 sets out the functions and responsibilities of the PCC. This decision-making and accountability framework details the arrangements to enable the PCC to make robust, well-informed and transparent decisions and hold the chief constable to account. The framework includes arrangements for providing information to assist the Police and Crime Panel in its role to scrutinise the decisions and actions of the PCC. The framework applies to decision-making by the PCC and those exercising delegated authority on behalf of the PCC.

7.2 Meetings Structure

7.2.1 The PCC is able to make decisions at any time. Decisions made by the PCC and those exercising delegated authority on behalf of the PCC must comply with the formalities set out below. In order to transact business transparently and effectively, the following distinct types of meeting will take place.

7.2.2 PCC and Chief Constable (not in public)

Purpose: Regular briefings and discussions. Decisions can be made in this forum.

Frequency: To be decided by the PCC.

Records and publication: Meetings will not be minuted unless there is an issue of significant public interest. Where any decisions require it they will be recorded and published.

7.2.3 Meetings (held in public)

Purpose: To hold the Chief Constable to account and to enable issues to be discussed, and decisions made, in public.

Frequency: To be decided by the PCC.

Records and Publication: Minutes, agendas and reports for meetings held in public will be published along with any decisions taken.

Meetings established under this provision are set out below.

7.2.4 Public Engagement

Purpose: To enable engagement with the public around the county.

Frequency: To be decided by the PCC.

Method: To be decided by the PCC although could include surgeries, webcasts and public events.

Location: To be decided but should enable engagement across the county and ideally with the public in each Local Policing Command area.

7.3 Attendance of advisers at the above meetings will be at the discretion of the PCC, in consultation with the Chief Constable, having regard to the matters to be discussed. Other individuals e.g. from partner organisations may be invited at the discretion of the PCC.

7.4 Decision-Making Process

7.4.1 A good decision making process is fundamental to effective governance arrangements and is likely to produce more consistent, reliable and objectively sustainable decisions, which should result in taking the right decision, for the right reason, at the right time.

7.4.2 Template

The decision-making template (Appendix A) will be used for the submission of information to support decision-making. This will enable decisions (including urgent decisions) of significant public interest to be properly recorded and published.

7.4.3 Decisions made under delegated authority from the PCC (See Delegations by the PCC) will be subject to the submission and recording process.

7.4.4 Submissions to the PCC and Deputy PCC (if appointed) will be made via the Chief Executive in order to verify that appropriate information and advice has been included and that the request is being made to the appropriate person. Those officers exercising delegated authority on behalf of the PCC should satisfy themselves that all relevant factors have been considered and that relevant advice has been taken into account in the preparation of the report upon which action is required.

7.4.5 Confidentiality

In order to ensure that material is properly protected and managed, the Government Protective Marking Scheme must be used to mark submissions containing information classified as 'restricted' or 'confidential' (Appendix B). Items that are not 'restricted' or 'confidential' must be marked 'Not Protectively Marked' which will mean they are suitable for publication.

7.4.6 Where there is a need to share information which is marked as restricted or confidential, the Chief Executive, in discussion with others as appropriate, will decide on what basis that information is made available. These arrangements will include how such information is made available to the Police and Crime Panel to undertake its role in scrutinising the PCC.

7.4.7 Decisions

All decisions of significant public interest will be recorded via the template, signed as appropriate by the PCC and those exercising delegated authority. All such decisions will, except as provided below, be published on the website of the Office of the Police and Crime Commissioner (OPCC) as soon as practicable after the decision is made. Each decision will be given a unique reference number and details recorded in an electronic register. Decisions of significant public interest taken under delegated authority will be similarly handled. Where decisions contain information that is other than not protectively marked the fact of the decision rather than the decision itself will be published.

7.4.8 This process of transparent recording of decisions will enable the Police and Crime Panel to access information. For information not available via the OPCC website, the Chief Executive will make arrangements for information (including confidential information where appropriate) to be provided to the Police and Crime Panel to enable it to discharge its statutory functions.

7.5 Recording and publication of decisions and specified information

7.5.1 Secondary legislation outlines the information that must be recorded and published. This includes decisions, agendas, meeting dates, times and places of meetings, reports and minutes. This information will be published on the OPCC website www.norfolk-pcc.gov.uk.

7.6 Meeting dates, times and places

7.6.1 A programme of meetings will be maintained and published which will include the dates, times and venues of meetings (to be held in public) and engagement events.

7.6.2 Wherever possible the PCC will provide the opportunity for the public to ask questions at meetings held in public. The PCC will decide the arrangements for dealing with public questions.

7.7 Agendas and papers

7.7.1 Agendas and papers for meetings that are held in public will be available through the OPCC website at least 5 working days prior to the meeting.

7.8 Minutes

7.8.1 **Draft Minutes** of meetings held in public (or meetings not held in public where matters of significant public interest are discussed) will be published as soon as practicable after the meeting has taken place.

7.9 Meetings held in Public

7.9.1 **Police Accountability Panel Forum**

Purpose: To hold the Chief Constable to account and to enable issues to be discussed and where appropriate make decisions in public. This will include holding the Chief Constable to account for the management of the funds provided to the Chief Constable for the purpose of policing and the delivery of the strategy and objectives set out in the Police and Crime Plan. In addition those others in receipt of funding from the PCC will be held to account against the purposes for which funding was granted.

Frequency: 6 meetings per year.

Open/Closed: The meetings will be held in public unless the nature of the business to be transacted (or part thereof) requires to be considered in closed session. This will be determined by reference to the Government's Protective Marking Scheme.

Attendances: PCC (and members of staff from their Staff Team).

Chief Constable and members of the Chief Officer Team and Senior Staff as appropriate to the business under discussion.

Recipients of grant funding as required.

Venue: To be held at varying locations within Norfolk, at discretion of the PCC

Records and Publication: There will be agendas, reports and minutes produced and published (having regard to the publication of material in the light of the Government Protective Marking Scheme) in respect of all meetings and where appropriate published via the PCC's website.

Business: The PanelForum will be the principal vehicle for holding the Chief Constable to account upon the delivery of those elements of the Police and Crime Plan that fall to the Chief Constable. Accordingly delivery against the Plan will be considered where appropriate at each meeting.

The further business to be transacted including financial reporting will be specified in a Schedule of Future Business. The requirements for the provision of written reports to the PanelForum will be specified by the PCC.

7.9.2 Audit Committee

Purpose: The Committee is established based on relevant Home Office and Chartered Institute of Finance and Accountancy (CIPFA) guidance. It will discharge the functions of an Audit Committee as identified by CIPFA guidance. These include:

- Reviewing the draft Statement of Accounts;
- Reviewing the Annual Governance Statement for the PCC and Chief Constable;
- Considering the effectiveness of the system of Internal Audit;
- Approving the Internal Audit Plan;
- Reviewing the PCC's and Chief Constable's Risk Management Strategies;
- Considering the annual Internal Audit Report; and
- Reviewing the Audited Statement of Accounts for the PCC and Chief Constable and external auditor's opinion on the financial statements.

In addition it will advise upon issues of a corporate governance.

Frequency: No less than 4 meetings per year.

Open/Closed: The meetings will be held in privatepublic.

Attendees: 35 members of the Audit Committee as appointed by the PCC and Chief Constable.

The executive of the PCC and Chief Constable's Command Team should be represented at all meetings.

Venue: OPCCN Offices (and as otherwise determined by the PCC).

Records & Publication There will be a summaryMinutes of each meeting will be produced and when approved, published on the PCC's website.

Business: The business to be transacted will be specified in the Schedule of Future Businessforward Agenda Plan.

7.9.3 Norfolk/Suffolk Collaboration Panel

Purpose: To consider issues of mutual interest and to discharge the governance responsibilities of the PCCs in relation to collaboration between Norfolk and Suffolk.

Frequency: 6 meetings scheduled per year.

Open/Closed: The meetings will be held in public unless the nature of the business to be transacted requires to be considered in closed session. This will be determined by reference to the Government Protective Marking Scheme.

Attendances: PCCs (and members of staff from their Staff Teams).

Chief Constables and members of the Chief Officer Team and Senior Staff as appropriate to the business under discussion.

Venue: Alternate Norfolk and Suffolk Police Headquarters.

Records & Publications: There will be agendas, reports and minutes produced and published (having regard to the publication of material in the light of the Government Protective Marking Scheme) in respect of all meetings and where appropriate published via the PCC's website.

7.9.4 Regional Collaboration

Terms of reference for the Eastern Region Police and Crime Commissioners and Chief Constables Meeting.

Principles: The Meeting shall be a private business meeting and not a public decision making board.

The Meeting shall provide PCCs and Chief Constables (the Members) with a forum to discharge their statutory duties, consider issues of mutual interest and discharge the PCCs governance in relation to regional collaboration.

The principle of local accountability shall be maintained. Decisions may be made by the Meeting 'in principle' and recommendations may be made but each PCC and Chief Constable shall retain their executive sovereignty as corporation sole.

Role of the Meeting:

Assist the Members in meeting their statutory obligations, to include keeping collaboration opportunities under review and ensuring collaboration takes place where it is in the interests of the efficiency or effectiveness of their own and other police force areas.

Hold the Lead Force Chief Constables and Lead PCCs to account for the operational delivery of the collaborative functions for which they are responsible.

Consider plans for the delivery of all functions through collaboration and where appropriate ensure they are implemented effectively.

Discharge the functions assigned to it by relevant collaboration agreements agreed by the Members.

Perform an oversight function (to include accountability, finance and performance) on behalf of the Members in respect of ongoing collaborative functions and collaboration projects.

Consider regional police and crime issues, share best practice, develop regional approaches to functions discharged by PCCs, including commissioning, exchange ideas and facilitate closer working between Members.

When required to do so:

- Consider proposals for any significant expenditure, overspends or disposal of any significant assets in relation to collaborative functions;
- Resolving any high level strategic service delivery issues or disputes which cannot be resolved through line management arrangements.

Receive bi-annual reports on the performance of all regional collaborative functions, including financial and operational performance. The Meeting may require additional reports as and when it determines it necessary to do so.

Membership: The Meeting shall comprise the PCC and the Chief Constable (or their representatives) of Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Norfolk and Suffolk. The PCCs' Chief Executives shall also be invited to attend the Meetings to contribute to the discussions and work of the Meeting.

The Chair shall be rotated on an annual basis and be shared in a rotational sequence by the PCCs. In the event that the Chair is unable to attend a meeting he or she will nominate another PCC to Chair that meeting.

The Chair will have responsibility for all administration in relation to the Meeting.

Proceedings and Meetings:

The aim is for Meetings to take place on a quarterly basis although they can be held as and when it is felt appropriate by the Members.

The Meeting does not have a formal decision making function and therefore detail concerning voting and quorum is unnecessary. Where a collaboration agreement requires the Meeting to make a decision it shall do so only in principle and refer the decision to individual Members to make a formal decision at a local level.

The Meeting shall be held in private unless determined otherwise by all the Members.

7.9.5 Public Engagement

The PCC will hold meetings to engage directly with the public. They will range from meetings to which the public are invited to one-to-one surgeries with members of the public. The meeting arrangements will vary from time to time. All public meetings will be publicised in advance via the PCC's website.

8.0 WORKING AGREEMENTS BETWEEN PCC AND CHIEF CONSTABLE

8.1 General

The PCC and Chief Constable have agreed to work together in co-operation to ensure the effective and efficient delivery of policing services. Notwithstanding their separate legal identities as Corporation Sole it is acknowledged that they have such interdependence as to require the sharing of significant areas of business support. Indeed Section 2 (5) of the Police Reform and Social Responsibility Act 2011 provides:

“A Chief Constable must exercise the power of direction and control in such a way as is reasonable to assist the relevant Police and Crime Commissioner to exercise the Commissioner’s functions.”

The sharing of business support, for example Finance/Payroll, HR, ICT, Performance, Consultation, Legal is not regarded as the provision of services by one to the other but rather a co-operative arrangement for the effective delivery of business support essential to the operation of both Corporation Sole. At all times both Corporation Sole will operate to the general principle of reasonableness. The provision of business support by the Chief Constable to the PCC is to be funded from the budget provided by the PCC to the Chief Constable rather than under any separate arrangement. There is no intention on either part to create enforceable private law rights or liabilities in relation to the provision of such business support.



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



Financial Regulations

1 April 2014
Revised June 2016

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INTRODUCTION

OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:
 - The Local Government Act 1972
 - The Local Government Finance Act 1988
 - The Accounts and Audit (England) Regulations 2015⁴
 - The Police Reform and Social Responsibility Act 2011
2. The Police Reform and Social Responsibility Act 2011 defined arrangements for separate corporations sole for the Police and Crime Commissioner (PCC) and Chief Constable (CC), each of which is required to appoint a Chief Finance Officer (CFO). In addition, the Home Office issued a Financial Management Code of Practice (FMCOP) in October 2013 which deals specifically with the financial management of the corporations sole of the PCC and CC. The professional responsibilities of the PCC and CC CFOs are defined in the FMCOP and in a CIPFA Statement issued in September 2012, "Responsibilities of the CFO to the PCC and the CFO to the CC".
3. To conduct its business effectively, the PCC and CC need to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up in such a way as to ensure that the financial matters of the PCC and CC are conducted properly and in compliance with all necessary requirements. The CC CFO is responsible for managing funds delegated by the PCC in accordance with the requirements in these Regulations.
4. The Regulations are designed to establish overarching financial responsibilities, and to provide clarity about the financial accountabilities of groups or individuals. They apply to all PCC staff and all CC officers and staff and anyone acting on their behalf. The Regulations have been drawn in the knowledge that under S18 of the Police Reform and Social Responsibility Act 2011 it is not possible for the PCC to arrange for a function to be exercised by a constable or a member of staff employed as such.

STATUS

5. Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework within the Scheme of Governance and Consent. This scheme also includes the Contract Standing Orders.
6. All staff has a general responsibility for taking 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.
7. The PCC is responsible for approving or amending Financial Regulations in close consultation with the CC, the PCC CFO, the CC CFO, the Chief Executive and the Head of Finance.

8. The PCC is responsible for ensuring that all staff, contractors and agents for whom the PCC is responsible are aware of the existence and content of Financial Regulations and that they are complied with. Equally, the CC is responsible for ensuring that all officers, staff, contractors and agents for whom the CC is responsible are aware of the existence and content of Financial Regulations and that they are complied with.
9. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings. Such cases shall be reported to the PCC CFO and to the CC CFO who shall report to the PCC, Chief Executive and CC who will then determine the action to be taken.

DEFINITIONS WITHIN THE REGULATIONS

10. The 'Office of the Police and Crime Commissioner' (OPCC) when used as a generic term shall refer to the PCC, PCC Chief Executive, PCC CFO, and staff under his/her direction.
11. The 'Constabulary' shall refer to the CC, CC CFO, police officers, the special constabulary, and police staff under his/her direction.
12. The terms CC, CC CFO, PCC, PCC Chief Executive and PCC CFO 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, recorded, made to an appropriate level and the member of staff given sufficient authority, training and resources to undertake the duty in hand. Such delegations are set out in Section G.

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 INTRODUCTION

- 1.1 The Home Office advises on the roles and responsibilities of the PCC, the Constabulary and statutory officers. The PCC CFO and the CC CFO have certain statutory obligations and the PCC Chief Executive a specific monitoring role.
- 1.2 As far as possible financial management should be delegated to the CC CFO acting on behalf of the CC. The CC should actively encourage devolution of financial budgets within the Constabulary, provided that the financial information used to support this devolution is reliable, accurate, timely and complete.
- 1.3 Devolved budget monitoring responsibilities will ensure greater accountability within the Constabulary.
- 1.4 The PCC has responsibility for the Police Fund with the specific financial responsibilities of the PCC and CC being defined in the Home Office FMCOP. The professional financial responsibilities of the PCC CFO and CC CFO are defined in the FMCOP and in a CIPFA Statement.

A2 THE ROLE OF THE PCC

- 2.1 The financial role and responsibilities of the PCC include:
 - Agreeing a budget requirement and capital programme, setting the precept following advice from the PCC CFO in liaison with the CC CFO, subject to review by the Police and Crime Panel (PCP);
 - Setting the allocation of resources to the Chief Constable;
 - Scrutinising, challenging and monitoring aspects of financial performance and, if required, agreeing action taken to contain spending within the approved plans;
 - Identifying and agreeing the long term financial strategy of the PCC and any long term spending commitments;
 - Maintaining the highest standards of conduct and ethics;
 - Making Financial Regulations and any amendments to them, as presented by the PCC Chief Executive, the CC, the PCC CFO, the CC CFO and the Head of Finance.
 - Approving payment of Crime Disorder Reduction Grants
 - Own property and enter into contracts.

A3 THE ROLE OF THE CC

3.1 The financial role and responsibilities of the CC include:

- Through the CC CFO, ensuring overall financial management of the Constabulary and reporting financial management issues and implications to the PCC;
- Complying with financial policies and procedures for use by the Constabulary including the Scheme of Governance and Consent, ensuring that officers and staff comply with them and with these Financial Regulations;
- Through the CC CFO drawing up financial policies and [financial instructions procedures](#), in liaison with the PCC CFO;
- Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.

A4 THE ROLE OF STATUTORY OFFICERS

PCC CFO and CC CFO

4.1 The PCC CFO and CC CFO have responsibility for financial administration and stewardship. The role has the statutory responsibilities specified by:

- Within the Police Reform and Social Responsibility Act (2011) Schedule 1 paragraph 6 and Schedule 2 paragraph 4 define the role of the PCC CFO and CC CFO respectively in requiring a person to be responsible for the proper administration of the PCC and CC financial affairs;
- Section 113 of the Local Government Finance Act 1988 that requires the CFOs to hold a Chartered accountancy qualification;
- Section 114 of the Local Government Finance Act 1988 which requires the statutory finance officer to report to the PCC and the CC if the PCC or the CC or one of their staff:
- has made, or is about to make, a decision which involves incurring unlawful expenditure;
- has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency;
- is about to make an unlawful entry in the PCC or CC's accounts.

4.2 The role and responsibilities of the PCC CFO are to:

- Ensure that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently;
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds;

- Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges;
- Report to the PCC, the PCP and to the external auditor any unlawful, or potentially unlawful, expenditure by the PCC or staff of the PCC;
- Report to the PCC, the PCP and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;
- Advise the PCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves;
- Ensure production of the statements of accounts of the PCC;
- Ensure receipt and scrutiny of the statements of accounts of the Chief Constable and production of the group accounts;
- Liaise with the external auditor;
- Advise the PCC on the application of Value for Money principles by the Constabulary to support the PCC in holding the Chief Constable to account for efficient and effective financial management;
- Advise, in consultation with the PCC Chief Executive, on the safeguarding of assets, including risk management and insurance;
- Ensure that accurate, complete and timely financial management information is provided to the PCC, and assist the PCC in monitoring the revenue and capital budgets;
- Arrange for the determination, issue and transfer of the precept;
- Secure, in liaison with the CC CFO, the provision of an effective internal audit service. Assist in the provision of safe and efficient financial arrangements ensuring there is a system of effective internal control;
- Secure and monitor treasury management including loans and investments and ensure compliance with the Prudential Code and Treasury Management Code, including regular reports to the PCC;
- Be responsible for all banking arrangements and authorise the creation and closure of any account;
- Undertake the role of Money Laundering Reporting Officer;
- Ensure the finance function is resourced to be fit for purpose.

4.3 The PCC CFO, in consultation with the PCC Chief Executive and the CC CFO, shall have the authority to institute any proceedings or take any action necessary on behalf of the PCC to safeguard the finances of the PCC.

4.4 The role and responsibilities of the CC CFO are to:

- Ensure that the financial affairs of the Constabulary are properly administered and that Financial Regulations drawn up by the PCC are observed and kept up to date;
- Report to the CC, the PCC and the external auditor, any unlawful, or potentially unlawful, expenditure by the CC or officers or staff of the CC;
- Report to the CC, the PCC and the external auditor when it appears that expenditure of the CC is likely to exceed the resources available to meet that expenditure;
- Advise the CC on Value for Money in relation to all aspects of the Constabulary's expenditure;
- Advise the CC and the PCC on the soundness of the budget in relation to the Constabulary;
- Liaise with the external auditor;
- Ensure the statement of accounts is prepared for the CC;
- Ensure information is provided to the PCC CFO as required to enable production of group accounts;
- Be responsible to the CC for all financial activities undertaken within the Constabulary or contracted out under the supervision of the Constabulary;
- Direct the preparation of financial policies and strategies that optimise resources along with corporate management of the Constabulary both at an operational and strategic level. Ensure efficient and effective use of resources;
- Ensure adequate awareness and comprehension of financial policies / strategies and their continued development within the Constabulary;
- Draft the constabulary's medium term financial requirements and an annual budget in consultation with the PCC CFO. Submit these draft proposals to the CC and PCC for approval;
- Manage the allocation of the delegated budget, devolution to Budget Managers and in year virement for and on behalf of the CC. Monitor expenditure and provide regular reports to the CC and PCC;
- Ensure the management of revenue and capital resources to maximise effective use of funding and achieve value for money;
- Ensure the completion of all statutory returns including Home Office directives;
- Ensure the finance function is resourced to be fit for purpose.

PCC Chief Executive

- 4.5 The role and responsibilities of the PCC Chief Executive in relation to financial management are to;
- Support and advise the PCC in fulfilling his/her statutory responsibilities;
 - Ensure the proper recording and reporting of PCC decisions;
 - Advise the PCC and CC about who has authority to take a particular decision;
 - Advise the PCC and CC about whether a proposed decision is within the policy framework;
 - Ensure the PCC meets his/her obligations in relation to statutory publications;
 - Perform the role of Monitoring Officer to draw to the PCC's attention any actual or possible contravention of law, maladministration or injustice.

A5 FINANCIAL MANAGEMENT STANDARDS

Overview & Control

- 5.1 The PCC and CC and all officers and staff have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that all officers and staff are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
- 5.2 The PCC and CC will ensure that they receive updates on the financial performance by way of on-going budget monitoring and outturn reports, in addition to reports by Internal Audit, HMIC and External Audit.

Requirements

- 5.3 The PCC and CC shall ensure that all their officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 5.4 All officers and staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- 5.5 The PCC and CC shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and members of staff and that these are properly recorded.

A6 ACCOUNTING RECORDS AND RETURNS

Overview and Control

- 6.1 The PCC CFO in liaison with the CC CFO is responsible for determining the accounting policies of the PCC and CC, in accordance with recognised accounting practices, and for approving strategic accounting systems and procedures. All officers and staff are to operate within the required accounting policies and published timetables.

6.2 Financial systems are used to record the financial transactions of the PCC and CC. With possible minor exceptions, these are electronic systems. Maintaining proper accounting records is one of the ways in which the PCC and CC discharge their responsibility for stewardship of public resources.

6.3 The following rules should be followed as a general principle:

- officers and staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions;
- the duties of providing information about sums due to or from the PCC and CC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them.

Requirements

6.4 The PCC CFO and the CC CFO shall:

- Ensure that there is agreement between themselves before making any fundamental changes to accounting records and procedures or accounting systems.
- ensure that all transactions, material commitments, contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.

6.5 Prime documents are to be retained in accordance with legislative requirements and the internal needs of the PCC and CC (Financial [Instructions-policies](#) provide details of retention periods). The format of such documents shall satisfy the requirements of internal and external audit. The PCC and CC shall be responsible for providing a detailed schedule of requirements and making this available to all appropriate staff.

A7 THE ANNUAL STATEMENT OF ACCOUNTS

Overview and Control

7.1 The PCC and CC have a statutory responsibility to prepare accounts to present fairly their operations during the year. The PCC CFO and CC CFO are responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit (England) Regulations 2015⁴. The PCC and CC are responsible for approving these annual accounts after scrutiny by the PCC, CC and the Audit Committee.

7.2 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly and that proper accounting practices have been followed.

Requirements

7.3 The PCC CFO and CC CFO shall:

- ensure that there is a timetable for final accounts preparation, in consultation with the ~~PCC, CC~~ and external auditor;
- select suitable accounting policies within the overall agreed approach and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with the CODE;
- prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure;
- publish the approved and audited accounts each year, in accordance with the statutory timetable.

7.4 The PCC CFO in liaison with the CC CFO is responsible for the determination of PCC and CC accounting policies.

7.5 The PCC and CC shall consider for approval the annual accounts in accordance with the statutory timetable.

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview and Control

- 1.1 The PCC and CC are complex organisations. Systems are needed to enable scarce resources to be allocated in accordance with carefully judged priorities. Proper financial planning is essential if the PCC and CC are to function effectively.
- 1.2 The financial planning process will be directed by the approved policy framework, a business planning process and a need to meet key objectives.
- 1.3 The planning process will be continuous and the planning period will cover at least four years. The process should include a more detailed annual budget, covering the forthcoming financial year. This allows the PCC and CC to plan, monitor and manage the way funds are allocated and spent. This should be used to support the Police and Crime Plan and the alignment of business and financial planning.
- 1.4 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the rules around virement operate.

Medium Term Financial Planning

Requirements

- 1.5 The PCC CFO and CC CFO are responsible for ensuring that a Medium Term Financial Plan (MTFP) looking at least four years ahead is prepared. The MTFP should be submitted to the PCC and CC, be subject to review during the financial year, and cover:
 - policy requirements approved by the PCC as part of the policy framework;
 - the risk management policy ensuring that risk appraisals are embedded throughout the forecast;
 - unavoidable future commitments, including legislative requirements;
 - initiatives already underway;
 - spending patterns and pressures revealed through the budget monitoring process;
 - efficiency and savings requirements;
 - proposed service developments and plans;
 - [capital spending proposals](#)
 - revenue consequences of capital spending proposals;
 - taxation or other constraints;
 - public and partner consultation.
- 1.6 The PCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
- 1.7 A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.

- 1.8 The PCC and CC shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non-financial performance measures.

Annual Revenue Budget Preparation

Requirements

- 1.9 The PCC CFO in liaison with the CC CFO shall determine the format and timetable for the annual budget. The format and timetable is to comply with all legal requirements and with other external guidance.
- 1.10 The PCC CFO and CC CFO shall prepare detailed budget estimates for the forthcoming financial year in accordance with the agreed timetable. This will identify the base budget, inflation and other commitments, budget changes, risk assessments, efficiencies, savings and service development proposals. Budget preparation should take account of legal requirements, Government guidelines, accounting standards, the Treasury Management Code and the Prudential Code and reflect medium term financial planning requirements.
- 1.11 ~~Budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated annual value shown in Section F~~
- 1.11 The PCC CFO and CC CFO shall ensure that a business case is prepared for ~~each~~^{any} major project ~~as defined in Section F~~ and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 1.12 The results of the appraisal shall provide evidence as to the scheme's viability and inclusion in the proposed revenue budget, including a recommended solution resulting from consideration of the business case and option appraisal.
- 1.13 The PCC CFO shall advise on the adequacy of all reserves and provisions, transfers to or from general balances, earmarked reserves or provisions and ensure that the overall budget is balanced.
- 1.14 The PCC Chief Executive shall ensure that the PCC's draft precept and council tax requirement is submitted to the PCP in accordance with the statutory timetable.
- 1.15 Upon approval of the annual budget and capital programme, the PCC CFO shall submit the ~~Budget Requirement~~^{Council Tax} return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 1.16 The PCC CFO and CC CFO shall seek to identify opportunities to improve economy, efficiency and effectiveness, and value for money during the preparation of the budget and on a continuous basis throughout the year.

B2 BUDGETARY CONTROL

Overview and Control

- 2.1 Budget management ensures that once the PCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PCC CFO and CC CFO to review and adjust [budget targets](#) [spending](#) during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- 2.2 Budget Managers shall accept accountability for the budgets under their management, the level of service to be delivered and understand their financial responsibility.
- 2.3 Management of budgets must not be seen in isolation. It should be measured in conjunction with service outcomes and performance measures.
- 2.4 For strategic monitoring and management purposes, the budget shall identify operational policing, other policing costs, PCC costs, [capital](#) financing items and transfers to and from general balances and earmarked reserves.

Revenue Budget and Capital Programme Monitoring

Overview and Control

- 2.5 By continuously identifying and explaining variances against budgetary targets changes in trends and resource requirements can be identified at the earliest opportunity.
- 2.6 To ensure that the PCC in total does not overspend, each Budget Manager is required to manage expenditure within their budget allocation. All budget officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

Requirements

- 2.7 The CC CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively.
- 2.8 The CC CFO shall ensure that each element of income or expenditure has a nominated budget holder 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. The CC CFO shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.
- 2.9 The PCC Chief Executive is responsible for managing the Commissioner's corporate budget in line with Financial Regulations.
- 2.10 It is the responsibility of Budget Managers to manage income and expenditure within their area and to monitor performance, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC CFO and CC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the CC CFO to any problems.

- 2.11 The CC CFO shall ensure that Budget Managers receive sufficient financial support to enable them to undertake the budgetary control responsibilities.
- 2.12 The CC CFO shall ensure as best as possible that total spending for operational policing remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are forecast. Where total projected expenditure is likely to exceed the allocation of resources, the PCC CFO shall be alerted immediately, and proposals for remedy should be put forward. The same responsibilities apply to the PCC Chief Executive for the PCC's corporate budget. Where there is requirement for an urgent or immediate response to a major incident, civil emergency or ministerial direction under the Civil Contingences Act 2004 that would or might cause the operational budget to be exceeded, the CC and PCC shall operate within an agreed protocol for the financial management of such an event.
- 2.13 The CC CFO shall submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations. The style and format of the reports to the PCCs will reflect their requirements and be sufficient to ensure sound financial management.

Virement

Overview and Control

- 2.14 A virement is a planned reallocation of resources between approved budgets or heads of expenditure. A budget head is considered to be a line in the approved budget report. ~~The~~**This** scheme of virement is intended to enable the CC CFO to manage the budget 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 to emerging needs.
- 2.15 The overall budget is agreed by the PCC and budget holders are expected to incur spend in accordance with budgeted expenditure headings, subject to agreed virement rules, and within the limit of total resources allocated. Virement does not create additional overall budget liability. The CC CFO is expected to exercise discretion in managing budgets responsibly and prudently. Virement is not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PCC.
- 2.16 Overall, the rules on virement are designed to allow the CC CFO greater flexibility to meet operational requirements and to facilitate the decision making process. The CC CFO shall still be held to account by the PCC for decisions made and the way in which resources are deployed. Resources cannot be transferred if the effect is to alter a policy or decision of the PCC or to utilise resources ring-fenced for specific purposes. The virement rules allow greater freedom but require reports on significant changes.
- 2.17 Virement is permissible, however the CC CFO can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

Requirements

- 2.18 The PCC is responsible for approving any transfers to and from PCC balances.

- 2.19 Each budget monitoring report reported to the PCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget.
- 2.20 The CC CFO can delegate authority to officers and staff in accordance with these arrangements.

Treatment of Year End Balances

Overview and Control

- 2.21 A year-end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified down to devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to Budget Managers in the following financial year. Regardless of any specific approval within these regulations, all carry forwards will be considered for approval by the PCC CFO as part of the final outturn process.
- 2.22 As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.
- 2.23 There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, consideration of a case by the CC for funding the overspend from the PCC's general reserve will be presented to the PCC CFO.

Requirements

- 2.24 Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PCC CFO or CC CFO.
- 2.25 As a default position, any underspends against budgets will be taken to the corporate reserves of the PCC. In exceptional circumstances, Budget Managers who underspend their budget in any financial year may have their devolved budget increased for the following financial year, subject to the determination of the PCC CFO.

Financial Guarantees

- 2.26 The CC must inform the PCC CFO of any proposal that may require a financial guarantee prior to its implementation.

B3 CAPITAL PROGRAMME

Overview and Control

- 3.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the PCC 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 for the future in the form of financing costs and revenue running costs.
- 3.2 Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.3 The capital programme should be linked to capital strategies including the Estates Strategy, the ICT strategy and the Transport Strategy.
- 3.4 A report should be addressed to the PCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of budget monitoring reports on compliance with the prudential indicators.

Requirements

- 3.5 Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategies.
- 3.6 The CC shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 3.7 The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case/option appraisal. Routine vehicle, ICT and estate replacement programmes shall be excluded from this requirement, although a report justifying the level of programme will be required.
- 3.8 The PCC CFO in liaison with the CC CFO, shall prepare at least a four year rolling programme of proposed capital expenditure for approval by the PCC as part of the annual process for determining the budget and precept. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project and any additional revenue commitments. The PCC will determine the Capital Programme.
- 3.9 Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PCC CFO for approval in accordance with the limits shown in Section F.
- 3.10 The PCC CFO, in liaison with the CC CFO, shall identify funding for the capital programme. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

- 3.11 A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the CC to enable the PCC to make the best informed judgements as to future funding levels and planning the use of resources.
- 3.12 No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement programme and ICT replacement programme shall be regarded each as one scheme.
- 3.13 Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made.
- 3.14 Arrangements covering variations in contract conditions and prices are covered within Contract Standing Orders.
- 3.15 Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the PCC and sufficient revenue resources must be available to meet the repayments.
- 3.16 The CC CFO shall submit capital monitoring reports to the PCC monthly containing 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 PCC CFO in liaison with the CC CFO.
- 3.17 It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the CC CFO including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the CC CFO to any problems.
- 3.18 The CC CFO shall report to the PCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.
- 3.19 The CC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PCC as part of the closure of accounts arrangements.
- 3.20 The CC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.

B4 MAINTENANCE OF BALANCES AND RESERVES

Overview and Control

- 4.1 General Fund reserves are maintained by the PCC as a matter of prudence. Earmarked reserves for specific purposes may also be maintained by the PCC.

Requirements

- 4.2 The PCC CFO shall advise the PCC on reasonable levels of general fund balances and earmarked reserves and take account of professional best practice.
- 4.3 When the annual budget and capital programme are submitted to the PCC for consideration, the PCC CFO is required to advise on the adequacy of the PCC's balances and reserves.
- 4.4 The PCC shall approve the creation and transfers to and from general balances and reserves. The purpose, usage and basis of transactions should be clearly identified for each reserve established.

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT

Overview and Control

- 1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PCC and CC. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2 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 organisation and to ensure the continued corporate and financial well-being of the organisation. In essence it is, therefore, an integral part of good business practice.
- 1.3 Procedures should be in place 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.

Requirements

- 1.4 The PCC and CC are each responsible for ensuring Risk Management Strategies are in place and which provide for ongoing review and reporting.
- 1.5 The PCC CFO, in consultation with the CC CFO and Chief Executive, is responsible for advising the PCC on appropriate arrangements for insurance. Acceptable levels of risk should be determined and insured against where appropriate.
- 1.6 The PCC is responsible for approving the strategy for insurance.
- 1.7 The CC CFO shall;
 - ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate;
 - ensure that claims made by the CC against insurance policies are made promptly;
 - negotiate all claims in consultation with other officers as appropriate;
 - notify the PCC CFO promptly of all new risks that require insurance and of any alterations affecting existing insurance;
 - make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives;
 - ensure that there are regular reviews of risk across the service;

- ensure that staff, or anyone covered by the PCC's insurance, are 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;
- ensure all appropriate staff are aware of their responsibilities to notify the CC CFO immediately of any loss, liability or damage that may lead to a claim against the PCC or CC, together with the information required;
- approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PCC chooses to provide insurance cover itself.

1.8 The CC CFO shall be authorised to settle insurance liability claims, against the force, including third party costs up to the value shown in Section F. Beyond this value, claims must be referred to the PCC CFO for approval.

~~1.9 The CC CFO shall be authorised to settle individual claims, against the force, including third party costs, arising from a decision by an Employment Tribunal up to the value shown in Section F. Beyond this value, claims must be referred to the PCC CFO for approval.~~

1.9 The CC CFO shall be authorised to settle actual and/or potential employment/engagement related claims which have been or could be issued in an Employment Tribunal and/or County Court and/or High Court up to the value shown in Section F. Beyond this value, claims must be referred to the PCC CFO for approval.

(Note: The functions in 1.8 and 1.9 above may be delegated to other Chief Officers)

~~1.10 The CC CFO shall present written claims reports to the PCC summarising activity as required by the PCC, but at least on an annual basis.~~

1.10 The PCC Chief Executive will obtain legal or other expert advice and commence, defend, withdraw or settle any claim or legal proceedings on the PCC's behalf, in consultation with the PCC CFO.

1.11 The PCC Chief Executive shall consider ~~for~~ any terms of indemnity that the PCC is requested to give by external parties.

C2 INTERNAL CONTROLS

Overview and Control

- 2.1 Internal control refers to the systems of control devised by management to help ensure PCC objectives are achieved in a manner that promotes economical, efficient and effective use of resources and those assets and interests are safeguarded from fraud or misappropriation.
- 2.2 The PCC and CC require internal controls to manage and monitor progress towards strategic objectives. The PCC and CC have statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 2.3 The PCC and CC face a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
- efficient and effective operations
 - reliable financial information and reporting
 - compliance with laws and regulations
 - risk management

Requirements

- 2.4 The PCC and CC are responsible for implementing effective systems of internal control and the PCC CFO, in liaison with the CC CFO, for advising on such. 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.
- 2.5 The CC CFO shall ensure that internal controls exist for 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 systems is to promote ownership of the control environment by defining roles and responsibilities.
- 2.6 The CC CFO shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
- 2.7 The PCC and CC shall each produce, agree and sign an Annual Governance Statement
- 2.8 The PCC and CC shall have an Audit Committee which has a responsibility for the oversight of corporate governance, internal control and risk management. The committee shall consider the internal and external audit reports of both the PCC and the CC; advise the PCC and CC according to good governance principles and adopt appropriate risk management arrangements in accordance with proper practices. The Committee will also monitor the delivery of the Treasury Management Strategy during the year and also review the draft Annual Governance Statements and the draft accounts. Further information is contained in the detailed Terms of Reference for the Audit Committee.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview and Control

- 3.1 The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2003 more specifically require that a “relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems”. Both the PCC and CC corporations sole are auditable bodies.
- 3.2 Internal audit is an independent and objective appraisal function established by an organisation for reviewing the system of internal control. It examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.
- 3.3 Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
- 3.4 The work of the Internal Audit function provides overall assurances to External Audit on internal control systems and external auditors may use the work of internal audit when carrying out their functions.

Requirements

- 3.5 The PCC CFO, in liaison with the CC CFO, shall ensure an effective internal audit service is resourced and maintained.
- 3.6 Internal audit shall have direct access to the PCC, PCC Chief Executive, PCC CFO, CC, CC CFO, the Chairman of the Audit Committee and all levels of management.
- 3.7 The PCC and CC shall ensure that internal auditors have the authority to;
- access premises at all reasonable times;
 - access all assets, records, documents, correspondence, control systems and appropriate personnel;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any staff to account for cash, stores or any other asset under their control;
 - access records belonging to third parties, such as contractors, when required.
- 3.8 Any instances where the CC considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the PCC Chief Executive and PCC CFO.

- 3.9 The PCC CFO and the CC CFO, taking advice from internal audit and after consulting with the PCC, CC and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.
- 3.10 The PCC CFO and the CC CFO shall submit the annual internal audit plan to the Audit Committee for approval prior to the start of the forthcoming financial year.
- 3.11 The PCC and CC 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.
- 3.12 The PCC and CC 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 PCC CFO and internal audit prior to implementation.
- 3.13 Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statements.
- 3.14 Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitably qualified and vetted staff.

External Audit

Overview and Control

~~3.15 The Audit Commission is responsible for appointing external auditors to the PCC and CC. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, the Audit Commission Act 1998 and the Local Government Act 1999, the Local Audit and Accountability Act 2014. In particular, section 4 of the 1998 Act requires the Comptroller and Auditor General Audit Commission to prepare a code of audit practice, which external auditors follow when carrying out their duties. The code of audit practice issued in April 2015 sets out the auditor's statutory responsibilities ; objectives to review and report upon:~~

- ~~• To be satisfied that the accounts comply with the requirements of the enactments that apply to them, the audited body's financial statements and its statement on internal control;~~
- ~~• To be satisfied that proper practices have been observed in the preparation of the statement of accounts and that the statement presents a true and fair view~~
- ~~• To be satisfied that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources~~
- ~~• whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.~~

3.15 Following the abolition of the Audit Commission in 2015, the Secretary of State for Communities and Local Government delegated statutory functions (from the Audit Commission Act 1998) to Public Sector Audit Appointments Limited (PSAA) by way of a letter of delegation issued under powers contained in the Local Audit and Accountability Act 2014. PSAA is an independent company limited by guarantee incorporated by the Local Government Association in August 2014. The company is responsible for appointing auditors to local government, police and local NHS bodies and for setting audit fees. The work of external audit is governed by the Local Audit and Accountability Act 2014, the National Audit Office 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. The main duties of the auditor are to establish whether:

- the financial statements give a true and fair view of the financial position of the audited body and its expenditure and income for the period in question;
- whether the financial statements have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards or other direction, and providing a conclusion that in all significant respects, the audited body has (or has not) put in place proper arrangements to secure value for money through economic, efficient and effective use of its resources for the relevant period.

~~3.16—The PCC and CC accounts are scrutinised by external auditors, who must be satisfied that the statement of accounts ‘presents a “true and fair view” of truthfully and fairly’ the financial position and the income and expenditure for the year in question and complies with legal requirements.~~

Requirements

- 3.16 The PCC CFO and the CC CFO shall liaise with the external auditor and advise the PCC and CC on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.
- 3.17 The CC shall ensure that the external auditors are given the same levels of access as determined for internal audit above for the purposes of their work.

Other Inspection Bodies

- 3.18 The PCC and CC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HMIC or HM Revenue & Customs.

C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

- 4.1 The PCC and CC will not tolerate fraud or corruption in the administration of their responsibilities
- 4.2 The PCC's and CC's expectation of propriety and accountability is that officers and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.

- 4.3 The PCC and CC also expect that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PCC and CC with integrity and without thought or actions involving fraud or corruption. •

Requirements

- 4.4 All staff shall act with integrity and lead by example.
- 4.5 The PCC and CC jointly are responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
- 4.6 Appropriate legislation, including the provisions upon whistleblowing, shall be adhered to.
- 4.7 The PCC and CC shall ensure that interests and the receipt of hospitality and gifts are registered.
- 4.8 The PCC, in consultation with the CC, shall ensure the existence of a whistle blowing policy to provide a facility that enables staff, 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 CC shall ensure that all officers and staff are aware of any approved whistle blowing policy and associated procedures.
- 4.9 The PCC and the CC shall notify the PCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. In such instances, the PCC, the CC, the PCC CFO and the CC CFO shall agree any further investigative process. Pending investigation and reporting, the PCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.
- 4.10 The PCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

C5 MONEY LAUNDERING AND PROCEEDS OF CRIME

Overview and Control

- 5.1 ~~The PCC and CC shall ensure the existence of anti-money laundering policy and procedures intended to prevent the use of proceeds of crime. The PCC and CC are alert to the possibility that they may be the subject of an attempt to involve them in a transaction to launder money.~~
- 5.2 The Anti-Fraud and Corruption Policy places a responsibility on staff for reporting financial irregularities including money laundering.
- 5.3 The PCC and CC are not 'Relevant Persons' as defined in Regulation 3 of the Money Laundering Regulations 2007 nor part of the 'Regulated Sector' as defined in Section 9 of the Proceeds of Crime Act 2002.

5.4 Notwithstanding the above, there will always be a very small risk of such transactions being directed at the organisation.

Requirements

5.25 The PCC CFO shall perform the role of Money Laundering Reporting Officer (MLRO) whose principal role is to receive, consider and respond to any reports received of known or suspected money laundering.

5.3 The ~~PCC and CC CFO is are~~ responsible for ensuring that:

- Internal control procedures are reliable and robust,
- Cash receipts of over £5,000 from a single source are reported to the CC CFO or PCC CFO. All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the PCC and Constabulary and themselves by the legislation.
- ~~Those officers and staff considered most likely to encounter money laundering are given appropriate training.~~
- ~~Procedures are established to help prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.~~
- Periodic and regular assessments are undertaken of the risks of money laundering.
- Ensure there are processes to check that suppliers and counterparties are bona fide and to reduce the risk of paying individuals or companies that are on the HM Treasury financial sanctions list.

C6 ASSETS

Overview and Control

6.1 The PCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded, that there are arrangements for the security of both assets and that proper arrangements exist for the disposal of assets. The CC CFO shall keep an asset register of all property and capitalised assets owned by the PCC. The function of the asset register alongside an asset management plan is to provide the PCC with information about fixed assets so that they are:

- safeguarded
- used efficiently and effectively
- adequately maintained
- valued in accordance with statutory and management requirements.

6.2 Intellectual property is a generic term that includes inventions, writing and certain activities which could give rise to items which could be patented. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PCC, not the officer or member of staff.

Requirements

Security

- 6.3 Resources are only to be used for the purposes of the PCC and CC, and are to be properly accounted for.
- 6.4 The CC CFO shall ensure that 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.
- 6.5 Portable items such as computers, cameras and recording devices should be identified with appropriate security markings as property of the PCC.
- 6.6 The CC shall ensure that all staff are aware of their responsibilities with regard to safeguarding the PCC's assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- 6.7 The CC CFO shall ensure that title deeds to the PCC's property are held securely.
- 6.8 Lessees and other prospective occupiers of PCC land are not allowed to take possession of the land until a lease or agreement in a form approved by the CC CFO is in place.

Valuation

- 6.9 The CC CFO shall maintain an asset register for all property and capitalised assets in accordance with the Accounting Policies shown in the annual Statement of Accounts., in a form approved by the PCC CFO. Assets are to be recorded when they are acquired by the PCC and this record updated as changes occur with respect to ~~location~~, condition and ownership. Assets are to be valued:
- in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: (The Code)
 - for insurance purposes
- 6.10 Assets may also be valued at market rates for asset management planning purposes where this is different from other valuations.
- 6.11 The PCC CFO and CC CFO shall arrange for the valuation of assets for accounting purposes.

Inventories

- 6.12 The PCC CFO and CC CFO 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 above the value shown in Section F.
- 6.13 There shall be at least an annual check of all items on the inventory in order to verify location, review, and 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, who shall ensure that another member of staff is responsible for maintaining the inventory.

Stocks and Stores

- 6.14 The PCC CFO and CC CFO shall make arrangements for the care, custody and control of stocks and stores and maintain detailed stores accounts in a form approved by the CC CFO. Stocks are to be maintained at reasonable levels so as to balance the need for availability and the risk of obsolescence.
- 6.15 A complete stock check is to be undertaken at least once per year either by means of continuous or annual stock take. The stock take shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure will be followed and a complete stock check undertaken whenever stock keeping duties change.
- 6.16 Where significant, values of stocks and stores at 31 March each year are to be certified and included in the annual accounts.
- 6.17 Discrepancies between the actual level of stock and the recorded level of stock may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC CFO for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.
- 6.18 Obsolete stock may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC CFO for approval, supported by a written report explaining the reasons for the write off and any investigation undertaken.

Intellectual Property

- 6.19 The PCC CFO and CC CFO jointly are responsible for preparing guidance on intellectual property procedures and ensuring that staff are aware of these procedures.

Asset Disposal

- 6.20 Assets shall be disposed of when in the best interests of the PCC and at the most advantageous price. Where this is not the highest offer, the CC CFO shall prepare a report for approval by the PCC CFO. Disposal of interests in land and building is vested in the PCC who may delegate responsibility.
- 6.21 Items shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PCC.
- 6.22 All asset disposals shall be recorded in the asset register or inventory as appropriate.
- 6.23 The CC CFO shall inform the PCC CFO of any disposals that may have a significant impact upon the balance sheet.

C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Overview and Control

- 7.1 The PCC and CC are large organisations. It is important that PCC and CC money is managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of all monies. All treasury management activities should be undertaken in accordance with the CIPFA Treasury Management Code.

Requirements

- 7.2 The PCC and CC shall adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 ([Key Principles](#)) of that Code.
- 7.3 Accordingly, the PCC CFO shall maintain, following approval by the PCC
- a treasury management policy statement, stating the policies and objectives of the treasury management activities of the PCC ~~and CC~~
 - suitable treasury management practices (TMPs), setting out the manner in which the organisations will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 7.4 The content of the ~~policy statement and TMPs~~ will follow the recommendations contained in Section 6 ([Treasury Management Policy Statement](#)) and [Section 7 \(Treasury Management Practices\)](#) of the Code, subject only to amendment where necessary to reflect the particular circumstances of the PCC. Such amendments will not result in the PCC deviating materially from the Code's key recommendations.
- 7.5 The PCC shall receive reports on its treasury management policies, practices and activities, including as a minimum, an annual strategy and plan in advance of this year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PCC, by the CC CFO, as part of the financial monitoring information.
- 7.6 Responsibility for the implementation of the PCC's treasury management policies and practices, and day to day administration of treasury management decisions is vested in the CC CFO, in liaison with the PCC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.
- 7.7 The PCC and CC nominates the Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 7.8 The PCC shall adopt the following Treasury Management Policy Statement. The PCC:
- Defines its treasury management activities as "the management of the PCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks";

- Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the OPCC;
- Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.

7.9 All investments shall be in the name of the PCC.

7.10 The PCC CFO shall have overall responsibility for banking arrangements. The PCC CFO, in liaison with the CC 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 PCC CFO and PCC Chief Executive. The CC CFO has authority to open or close covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the PCC CFO.

7.11 The CC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The CC 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.

7.12 The CC CFO shall prepare detailed Financial Instructions for dealing with petty cash

7.13 The use of purchase cards shall be allowed for undertaking PCC and CC business. The PCC CFO, in consultation with the CC CFO, shall determine a policy for the secure operation of such purchase cards.

7.14 All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.

7.15 The CC shall comply with the requirements of the Money Laundering Regulations 2007 (amended 2012).

C8 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY

Voluntary Unofficial Funds

Overview and Control

- 8.1 These are deemed to be funds, other than those of the PCC or CC, which are controlled wholly or partly by staff by reason of their employment.
- 8.2 These funds should be kept separate from all PCC and CC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place to keep such funds separate.

Requirements

- 8.3 Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the CC CFO, and arrange for the annual audited accounts to be received by the appropriate management body.
- 8.4 The CC CFO shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.
- 8.5 The CC CFO shall issue [a policy note](#) ~~Financial Instructions~~ detailing how unofficial funds are to be managed and controlled.

Custody of Private Property

Overview and Control

- 8.6 The CC 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.

Requirements

- 8.7 The CC is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.
- 8.8 The CC is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.
- 8.9 The CC shall be informed without delay in the case of loss or diminution in value of such private property.
- 8.10 The CC shall comply with the requirements of the Proceeds of Crime Act 2002.

SECTION D

SYSTEMS AND PROCEDURES

D1 GENERAL

Overview and Control

- 1.1 There are many systems and procedures relating to the control of the PCC's assets, including purchasing, costing and management systems. The PCC is reliant on electronic systems for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should comprise controls to ensure that transactions are properly processed and errors detected promptly.
- 1.2 It is imperative that operating systems and procedures are secure and that basic data exists to enable the PCC and CC's objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

Requirements

- 1.3 The PCC CFO, in liaison with the CC CFO, is responsible for determining the overall accounting systems and procedures. The CC CFO is responsible for determining supporting financial records and issuing guidance and procedures for staff.
- 1.4 The PCC and CC shall ensure, in respect of systems and processes, that
 - systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties 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 to be 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.
- 1.5 The PCC and CC shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.
- 1.6 The CC shall ensure compliance with copyright legislation around software being used.
- 1.7 The CC shall ensure that there is a documented and tested business continuity plan to allow 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.
- 1.8 The PCC CFO or CC CFO shall establish arrangements for the delegation of their more routine functions – Scheme of Delegation, identifying officers and staff authorised to act upon their behalf in respect of income collection, placing orders, making payments and employing staff. ~~A schedule of officers and staff, their specimen signatures~~ and the delegated limits of their authority shall be maintained by the Head of Finance.

D2 INCOME

Overview and Control

- 2.1 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.
- 2.2 The responsibility for cash collection should be separated from that:
 - for identifying the amount due
 - for reconciling the amount due to the amount received

Requirements

- 2.3 The PCC shall determine and review annually a policy for all fees and charges, having regard to relevant guidance.
- 2.4 The CC CFO shall make arrangements for the collection of all income due including the appropriate and correct charging of VAT.
- 2.5 The CC CFO shall review scales of fees and charges at least annually. All charges should be at full cost recovery except where regulations require otherwise or with the express approval of the PCC.
- 2.6 The CC CFO shall order and supply to appropriate officers and staff 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.
- 2.7 Income is to be paid fully and promptly in the form in which it is received. Appropriate details should be recorded on to paying-in slips to provide an audit trail. Money collected and deposited must be reconciled to the bank account on a monthly basis by the CC CFO. Income must not be used to cash personal cheques or other payments.
- 2.8 Sponsorship Income shall be entered into a Sponsorship Register in accordance with the approved policy. The total value of gifts and sponsorship in any financial year should not exceed 1% of the PCC net revenue budget. Where the monetary value of a sponsorship proposal is over the limits shown in section F or is perceived to be of a sensitive or controversial nature, this must be approved by the PCC before acceptance.
- 2.9 The CC CFO shall establish and initiate appropriate recovery procedures, including legal action where necessary, for debts that are not paid in accordance with the PCC terms and conditions.
- 2.10 Income due shall not be written off until the CC CFO is satisfied that all reasonable steps have been taken for its recovery. Individual amounts may be written off by the CC CFO up to the level shown in Section F. Amounts for write off above this value must be referred to the PCC CFO for approval, supported by a written report explaining the reasons for the write off. A record must be kept of all sums written off up to the approved limit.
- 2.11 The CC CFO shall prepare detailed [Financial Instructions policies and procedures](#) for dealing with income, to be agreed with the PCC CFO, and these shall be issued to all appropriate officers and staff.

D3 ORDERING OF GOODS AND SERVICES

Overview and Control

- 3.1 Public money should be spent with demonstrable probity and in accordance with PCC and CC policies. PCCs have an obligation to achieve value for money. These procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

Requirements

- 3.2 The CC is responsible for preparing a procurement policy covering the principles to be followed for the purchase of goods and services. The PCC is responsible for approving the procurement policy.
- 3.3 All officers and staff have 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 decisions.
- 3.4 All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Official orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCC CFO and the CC CFO. Orders must be in a form approved by the PCC CFO and the CC CFO.
- 3.5 Authorisation of requisitions / orders shall be in accordance with the limits shown in Section F. Only authorised officers and staff can raise requisitions / orders and therefore an authorised signatory list will be maintained.
- 3.6 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of PCC contracts.
- 3.7 Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
- 3.8 Tenders and quotations shall be obtained in accordance with Contract Standing Orders. ~~within the limits shown in Section F.~~
- 3.9 Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
- 3.10 Apart from in exceptional circumstances, which need to be documented and approved, a different person should authorise the payment from the person who signed the requisition / order.
- 3.11 The CC CFO shall prepare detailed [Financial Instructions procedure notes](#) for dealing with ordering, to be agreed with the PCC CFO, and these shall be ~~issued~~ [available](#) to all appropriate officers and staff.

D4 PAYMENTS FOR GOODS AND SERVICES

Requirements

- 4.1 All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.
- 4.2 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. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.
- 4.3 Two officers/staff must be involved in the processing of an invoice for payment. The first officer/staff must certify the accuracy and validity of the invoice. The second officer/staff shall authorise the invoice for payment.
- 4.4 Authorisation of invoices shall be in accordance with the limits shown in Section F.
- 4.5 Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.
- 4.6 Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
- 4.7 All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.
- 4.8 The CC CFO shall prepare detailed [Financial Instructions-procedures](#) for dealing with payments, to be agreed with the PCC CFO, and these shall be issued to all appropriate officers and staff.

D5 PAYMENTS TO OFFICERS, STAFF AND PCC

Overview and Control

- 5.1 Payments to staff must be accurate, timely, and made only where they are due and in accordance with individuals' conditions of employment. Payments must also be recorded and accounted for.
- 5.2 All overtime claims and other claims for remuneration, travel and expenses should be submitted [at least monthly within 3 months](#) in accordance with Police Regulations and Constabulary Policy. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

Requirements

- 5.3 Proper authorisation procedures are to be in place for starters, leavers, variations to pay and enhancements to pay. Appointments are to be made in accordance with approved establishments, grades and scale of pay and adequate budget provision should be available. Payroll staff must be notified of all appointments, terminations or variations in the correct format and to the timescales required.
- 5.4 The CC CFO shall make arrangements for the secure and reliable payment of salaries, wages, pensions, compensation and other emoluments to existing and former officers and staff. Adequate and effective systems are to be in place and procedures operated so that:
- payments are only authorised to bona fide officers, staff and pensioners;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are applied correctly;
 - officer and staff names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- 5.5 The CC CFO shall make arrangements for the payment of all travel and expense claims. The PCC Chief Executive shall make arrangements for the payment of all PCC travel and expenses claims in accordance with determinations from the Home Secretary. Such claims should be in the prescribed form, duly completed and certified. Certification is taken to mean that journeys were authorised and expenses incurred properly and necessarily and that allowances are payable properly, ensuring that cost effective use of travel arrangements is achieved. Due consideration should be given to tax implications. Payments shall be made to the value of presented receipts up to the prescribed limits, in accordance with Financial Instructions.
- 5.6 All overtime payments are to be made on the basis of authorised timesheets or claims.
- 5.7 Payroll transactions are to be processed only through the payroll system. Payments to individuals engaged on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue and Customs requirements. In cases of doubt, advice should be sought.
- 5.8 The CC CFO shall ensure that full records are maintained of benefits in kind and that they are properly accounted for in any returns to the HM Revenue and Customs.
- 5.9 The CC CFO shall ensure compliance with all HM Revenue and Customs regulations and record and make arrangements for the accurate and timely payment of income tax and national insurance. The CC CFO shall also ensure compliance with regulations regarding the payment of pension deductions and other statutory or voluntary deductions from pay to the appropriate recipients. Payroll staff should be notified of all employee benefits in kind to enable full and complete reporting within the income tax self-assessment system.
- 5.10 The CC CFO shall prepare detailed [Financial Instructions procedures](#) for dealing with payments to officers and staff, to be agreed with the PCC CFO, and these shall be issued to all appropriate officers and staff.

D6 TAXATION

Overview and Control

- 6.1 The PCC and CC are responsible for ensuring their tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax can be severe.
- 6.2 It is important that all relevant officers and staff are kept up to date on tax issues and instructed on required record keeping.

Requirements

- 6.3 The PCC CFO and CC CFO shall ensure the completion of all HM Revenue and Customs requirements regarding PAYE and that due payments are made in accordance with statutory requirements.
- 6.4 The PCC CFO and CC CFO shall ensure that the correct VAT liability is attached to all income due and that all VAT reclaimed on purchases complies with HM Revenue and Customs regulations. The CC CFO shall ensure the completion of VAT claims for receipts and payments are made in accordance with statutory requirements.
- 6.5 Where construction and maintenance works are undertaken, the contractor shall fulfil the necessary construction industry tax deduction requirements. The CC CFO shall provide relevant information to the HM Revenue and Customs regarding construction industry tax deductions
- 6.6 The CC CFO shall maintain up to date guidance for officers and staff on organisational taxation issues (e.g. VAT, CIS and Corporation Tax)..

D7 EX GRATIA PAYMENTS

Overview and Control

- 7.1 An ex gratia payment is a payment made where no legal obligation exists. 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.

Requirements

- 7.2 The CC CFO may make ex gratia payments to members of the public up to the level shown in Section F 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 CC CFO shall maintain details of such payments in a register.
- 7.3 The CC CFO may make ex gratia payments up the level shown in Section F in any individual instance, for damage or loss of property or for personal injury to a police officer in the execution of duty or to a member of the public assisting the police. The CC CFO shall maintain details of such payments in a register. Amounts greater than those specified in Section F must be referred to the PCC CFO for approval.

D8 SETTLEMENT AGREEMENTS

Overview and Control

8.1 Settlement agreements (previously compromise agreements) are legally binding contracts which, in exceptional circumstances, may be used to end an employment relationship on agreed terms. Once a valid settlement agreement has been signed, the employee will be unable to make an employment tribunal claim about any type of claim which is listed on the agreement.

Requirements

8.2 The CC, in consultation with the CC CFO, will take legal and HR advice and will authorise all settlement agreement payments. Given the risk of serious public criticism, settlements above the limit specified in Section F will require consultation with the PCC Chief Executive.

SECTION E

EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

- 1.1 Where the PCC and / or CC enter into a partnership with another body, the Chief Executive and / or CC should, as the case may be, ensure that the interests of the PCC or Constabulary with regard to risk, governance, performance management and financial probity are covered within any agreement.

E2 EXTERNAL FUNDING

Overview and Control

- 2.1 External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PCC shall agree a fees and charges policy and review this on a regular basis.
- 2.2 Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

Requirements

- 2.3 The CC CFO shall ensure that any conditions placed on the Constabulary in relation to external funding are in accordance with the approved policies of the PCC. In such cases, the CC shall comply with the key conditions determined by the funding body and any statutory requirements.
- 2.4 The CC CFO shall pursue actively any opportunities for additional funding where this is considered to be in the interests of the PCC.
- 2.5 All bids for external funding and the proper recording of grant income shall be co-ordinated through the CC CFO.
- 2.6 The CC CFO shall ensure that all funding notified by external bodies is received and properly recorded in the PCC group accounts, that all claims for funds are made by the due date and that audit requirements are met.

E3 WORK FOR THIRD PARTIES

Overview and Control

- 3.1 ~~The CC provides special services to other bodies outside of its normal obligations, for which charges are made e.g. policing inside football grounds. The CC may provide, at the request of any person, special policing services at any premises or in any locality in the policing area for which the force is maintained, subject to the payment to the authority (PCC) of charges on such scales as may be determined by the authority (PCC).~~ The CC shall ensure that arrangements ~~should be~~ in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

Requirements

- 3.2 The CC CFO shall ensure that proposals for assistance are costed in accordance with ACPO guidance, that contracts are drawn up where appropriate, that charges are made in accordance with the PCC policy that, where possible, payment is received in advance of the delivery of the service and that the PCC is not put at risk from any bad debts.
- 3.3 The CC CFO shall ensure that appropriate insurance arrangements are in place.

E4 PRIVATE FINANCE INITIATIVES / PRIVATE FINANCE 2

Overview and Control

- 4.1 Private Finance Initiative (PFI) / Private Finance 2 (PFII) are alternative methods of procuring assets or services for the organisation, whereby a scheme is designed, built, financed and operated by a private contractor in return for an annual payment by the PCC over the life of the contract. Schemes are normally supported by government grant for the capital element of the cost.
- 4.2 Such transactions tend to be complex, of a larger scale and with a fairly lengthy lead in time. The advantage of using PFI / PFII is to provide services that might otherwise be unaffordable or unavailable.

Requirements

- 4.3 PFI / PFII shall be considered as a potential funding source during the option appraisal process of a project, where a scheme or group of schemes meet the current criteria for consideration of PFI / PFII support. Any PFI / PFII scheme shall only proceed on terms agreed by the PCC.
- 4.4 The PCC shall be responsible for approving progress of all PFI / PFII projects at key stages, including final sign off. Key stages are to be determined in advance of any potential scheme by the CC.
- 4.5 The CC shall ensure that appropriate specialist legal and financial advice is received at all stages of any potential PFI / PFII project, from initial preparation of the business case, through to procurement and operation of the contract and that sufficient fees are identified within the budget to procure such advice.
- 4.6 The CC shall ensure that PFI / PFII payments are made correctly under the contract after enforcement of any contract penalties for non-performance.
- 4.7 The CC shall inform the PCC of any matter that may lead to termination under an approved contract. The PCC shall be required to approve termination of a contract by use of the contractor default provisions.
- 4.8 The PCC CFO, in liaison with the CC CFO, is responsible for accounting for PFI / PFII arrangements in accordance with the relevant regulations and proper accounting practices.

E5 COLLABORATED ACTIVITIES

Overview and Control

- 5.1 Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements.
- 5.2 The PCC and CC shall jointly ensure that each activity covered by collaborated arrangements is subject to the financial regulations.
- 5.3 The PCC and CC shall jointly ensure that every collaboration is subject to a Section 22a collaboration agreement where appropriate.

E6 COMMISSIONING

Overview and Control

- 6.1 The PCC and CC have responsibilities for delivering outcomes through the commissioning of services at the right cost in accordance with the National Audit Office (NAO) guidelines, Ministry of Justice Commissioning Framework and local policy and procedures.
- 6.2 The PCC and CC are required to use the NAO commissioning toolkit, MOJ Commissioning Framework and local policy and procedures as their basis for completing the following phases of the commissioning cycle...
 1. Assessing Need
 2. Designing Services
 3. Sourcing Providers
 4. Delivery to Users
 5. Ongoing Monitoring and Evaluation.

Requirements

- 6.4 In defining whether a grant or procurement process is followed, ~~t~~The PCC and CC are required to consider the following:-
 - Grant: If members of the public derive a direct benefit from the service being delivered or performed,
 - Procurement: If the commissioning organisation derives a direct benefit from the service being delivered or performed, it is classified as a Procurement exercise and normal Contract Standing Orders prevail.
- 6.5 The PCC and CC shall also give consideration to shared services with organisations who share the same values, objectives and financial support. These may be a combination of one or more Authorities as defined by the Public Procurement Regulations 2015.

SECTION F

DELEGATED LIMITS

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated. The values will be reviewed annually, in February of each year, to ensure they remain appropriate for the following financial year.

The Chief Constable will establish reporting arrangements to the PCC which ensure prior approval of the PCC before incurring a liability that the PCC might reasonably regard as novel, contentious or repercussive.

~~B1~~ ~~Financial Planning~~

~~Annual Revenue Budget Preparation~~

~~1.11~~ The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined as one in excess of the estimated annual value shown below.

~~£20k~~

~~B2~~ ~~Budgetary Control~~

~~Treatment of Year End Balances~~

~~2.24~~ As a default position, any underspends against budgets will be taken to corporate reserves of the PCC. In exceptional circumstances, Budget Managers who underspend their budget in any financial year may have their devolved budget increased for the following financial year, subject to the determination of the PCC.

B3 Capital Programme

3.9 The CC has day-to-day financial management of the force including the capital programme and as such shall approve any in-year variations to the Capital Programme on the following basis:

- CC CFO to have delegated authority to approve new or additional expenditure up to £50k on an existing or new project subject to remaining within the overall approved capital programme ~~and in consultation with the PCC on any expenditure over £20k.~~
- New or additional expenditure in excess of £50k to be approved by the PCC CFO and subject to consultation with the PCC ~~on expenditure over £20k.~~

C1 Risk Management

1.8 The CC CFO shall be authorised to settle insurance liability claims against the CC, including third party costs up to the value shown below. Beyond this value, claims must be referred to the PCC CFO for approval.

£20k

- 1.9 ~~The CC CFO shall be authorised to settle individual claims against the CC, including third party costs arising from a decision by an Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PCC CFO for approval. The CC CFO shall be authorised to settle actual and/or potential employment/engagement related claims which have been or could be issued in an Employment Tribunal and/or County Court and/or High Court up to the value shown in Section F. Beyond this value, all claims must be referred to the PCC CFO for approval.~~

£20k

- 1.11 For claims against the PCC, the PCC Chief Executive will obtain legal or other expert advice and commence, defend, withdraw or settle any claim or legal proceedings on the PCC's behalf, in consultation with the PCC CFO.

C6 Assets

Inventories

- 6.12 The PCC CFO and CC CFO 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 above the value shown below.

£100

Stocks and Stores

- 6.17 Discrepancies between the actual level of stock and the book value of stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC CFO for approval.

| | |
|--------------------------------------|------|
| <i>Individual items</i> | £10k |
| <i>Cumulative for financial year</i> | £25k |

- 6.18 Obsolete stock may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC CFO for approval.

| | |
|--------------------------------------|------|
| <i>Individual items</i> | £10k |
| <i>Cumulative for financial year</i> | £25k |

C7 Banking Arrangements

- 7.14 All imprest cheques shall be signed at an appropriate level in accordance with an approved list and up to the level shown below

| | |
|------------------|------------------------|
| <i>Up to £1k</i> | <i>One signatory</i> |
| <i>Over £1k</i> | <i>Two signatories</i> |

D2 Income

- 2.8 Where the monetary value of a sponsorship proposal is over the limit shown below or is perceived to be of a sensitive and controversial nature, this must be approved:

| | |
|-------------------|------------------------|
| <i>Up to £10k</i> | <i>Head of Finance</i> |
|-------------------|------------------------|

£10k to £50k
Over £50k

CC CFO
PCC CFO

- 2.10 Individual amounts may be written off by the CC CFO up to the level shown below. Amounts for write off above this value must be referred to the PCC CFO for approval.

£5k

D3 Ordering of Goods and Services

- 3.5 Authorisation of requisitions/orders shall be in accordance with the limits shown below:

Up to £20k
£20k - £50k
Over £50k

Nominated authorised signatory
Authorised Budget Manager
Countersigned by PCC CFO or CC CFO

~~3.8 Quotations and tenders shall be obtained in accordance with Contract Standing Orders, as shown below.~~

- ~~• Evidence of more than one comparison >£500 up to £3k~~
- ~~• At least three written quotes received £3k up to £20k~~
- ~~• At least three quotes received via e-tendering system £20k up to £50k~~
- ~~• At least three tenders received >£50k~~

D4 Payments for Goods and Services

- 4.4 Authorisation of invoices shall be in accordance with the limits shown below:

Up to £20k
£20k - £50k
Over £50k

Nominated authorised signatory
Authorised Budget Manager
Countersigned by PCC CFO or CC CFO

D7 Ex Gratia Payments

- 7.2 The CC CFO 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 CC. Amounts greater than those specified must be referred to the PCC CFO for approval.

£5k

- 7.3 The CC CFO may make ex gratia payments up to the level shown below in any individual instance, for damage or loss of property or for personal injury to personnel in the execution of duty or to a member of the public assisting the police. Amounts greater than those specified must be referred to the PCC CFO for approval.

£5k

D8 Settlement Agreements

8.2 The CC, in consultation with the CC CFO, will take legal and HR advice and will authorise all settlement agreement payments. Given the risk of serious public criticism, settlements above the limit specified in Section F will require consultation with the PCC Chief Executive.

£50k

SECTION G

FURTHER DELEGATIONS UNDER FINANCIAL REGULATIONS

Paragraph 12 of the Introduction to these Financial Regulations permits Chief Officers to further delegate responsibilities to other officers to act on their behalf. These further delegations are recorded below.

NORFOLK

Section C – Regulation C1

1.8 The CC CFO shall be authorised to settle insurance liability claims, against the force, including third party costs up to the value shown in Section F. Beyond this value, claims must be referred to the PCC CFO for approval.

The PCC CFO and CC CFO delegate the authorisation to settle insurance liability claims up to the value of £50,000 to the Deputy Chief Constable unless the claims/payments are considered potentially controversial or out of the ordinary. The Deputy Head of Legal Services is authorised to settle, or authorise settlement of, insurance liability claims for up to £2,000.

Settlements above £50,000 will need to be authorised by the PCC CFO.

1.9 The CC CFO shall be authorised to settle actual and/or potential employment/engagement related claims which have been or could be issued in an Employment Tribunal and/or County Court and/or High Court up to the value shown in Section F. Beyond this value, claims must be referred to the PCC CFO for approval.

The PCC CFO and CC CFO delegate the authorisation to settle actual and/or potential employment/engagement related claims which have been or could be issued in an Employment Tribunal and/or County Court and/or High Court up to the value of £50,000 to the Deputy Chief Constable, unless the claims/payments are considered potentially controversial or out of the ordinary.

Settlements above £50,000 will need to be authorised by the PCC CFO.



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



**Suffolk Police and
Crime Commissioner**

Making Suffolk a safer place to live, work, travel and invest

Contract Standing Orders

1 April 2014
Revised June 2016

1. INTRODUCTION

- 1.1. All contracts and orders for goods, works or services made by or on behalf of the Police and Crime Commissioners (PCC), with the exception of contracts/leases, for the lending or borrowing of money, land and contracts of service for employment purposes, shall be made in accordance with these Contract Standing Orders (Standing Orders).
- 1.2. All contracts shall comply with statutory requirements including, but not limited to, Directives of the European Union, UK legislation and relevant Government Guidance.
- 1.3. The PCC and Chief Constables (CC) 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 PCC and CC will operate under robust principles and procedures to ensure best value.
- 1.4. No exceptions shall be made to these Standing Orders other than for those reasons stated in Section 5.
- 1.5. Professional and legal advice on procurement matters must be directed through the Commercial Team of the Suffolk and Norfolk Joint Procurement and Supplies Department who will decide the appropriate route for response or escalation.
- 1.6. Every officer and employee of Suffolk and Norfolk Constabularies and the PCC shall comply with these Standing Orders; any failure to do so may result in disciplinary action.
- 1.7. Any specific delegation of these Standing Orders to an officer may be exercised by their deputy or by another officer specifically designated in writing by the officer in accordance with any general directions issued by them
- 1.8. Any dispute regarding the interpretation of these Standing Orders will be referred to the PCC and their decision will be final.

2. GLOSSARY OF TERMS

These terms will have the following meanings in the Standing Orders;

| | |
|---|---|
| Police and Crime Commissioner (PCC) | The Police and Crime Commissioner of Norfolk and the Police and Crime Commissioner of Suffolk |
| Chief Constable (CC) | The Chief Constable of Norfolk and the Chief Constable of Suffolk |
| Chief Executive (Exec) | The Chief Executive of Suffolk PCC and the Chief Executive of Norfolk PCC |
| CC Chief Finance Officer (CC CFO) | The Chief Finance Officer of Norfolk CC and the Chief Finance Officer of Suffolk CC |
| PCC Chief Finance Officer (PCC CFO) | The Chief Finance Officer of Norfolk PCC and the Chief Finance Officer of Suffolk PCC |
| Chief Officers | Officers who are members of the Chief Officer's Team of Norfolk and the Chief Officer's Team of Suffolk |
| Constabulary | Police officers, including the special constabulary, and police staff under the direction and control of the CC |
| Office of the Police and Crime Commissioner (OPCC) | When used as a generic term shall refer to the PCC, Chief Executive, the PCC CFO of Norfolk and the PCC, Chief Executive, the PCC CFO of Suffolk and staff under their direction |
| Departmental Head | The most senior officer in any Division, Department or Branch |
| Officers | All police officers and police staff of Suffolk and Norfolk Constabularies and staff of the PCC |
| Joint Head of Procurement | The officer responsible for the Joint Procurement and Supplies Department |
| Procurement | The commercial/procurement element of the Joint Procurement and Supplies Department operating on behalf of the joint Constabularies and PCC. |
| Procurement Policy and Procedures | All Procurement Policies and Procedures published by the Procurement and Supplies Department |
| Single Tender Action (STA) | The selection of a supplier to provide works, goods or services without competition |
| Emergency | An unforeseeable operational or business requirement requiring immediate resolution |
| Framework Agreement | An enabling agreement, which establishes the terms (in particular the terms as to price and where appropriate, quantity) under which individual contracts (call-offs) can be made throughout the period of the agreement (normally a maximum of four years) |
| Collaborative Contract | A contract for the provision of goods, works or services to more than one Constabulary or public entity |

3. COMPETITIVE PROCUREMENT

- 3.1. For goods, works or services 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.
- 3.2. Estimated value is deemed to be the aggregate whole life cost (inclusive of consumables, maintenance and disposal) to the joint organisations that is reasonably anticipated over the time of provision. If the lifetime is unknown, then the aggregate cost should be based on 48 months. Requirements must not be disaggregated in order to avoid competitive procurement under any circumstances.
- 3.3. Where the estimated aggregated value of a proposed contract is in excess of EU thresholds, tender procedures will be in accordance with EU Procurement Directives. For those with aggregated values of less than EU thresholds, the principles of the EU directives will be followed unless it is not practical to do so. The Joint Head of Procurement has responsibility to publish details of the processes to be followed.
- 3.4. Criteria for the award of contracts shall be recorded in advance of the invitation to tender and strictly observed by officers evaluating the bids. The criteria cannot be altered once the tender is advertised. The criteria may include cost and qualitative elements and shall take into account whole life costs.
- 3.5. Evaluation models used to select the successful tender shall generally be weighted such that the overall percentage score allocated to cost is not less than 50%. In exceptional circumstances Procurement may agree an alternative cost/quality ratio.
- 3.6. The evaluation of bids must be objective, systematic, thorough and fair. Decision makers should be aware that the records of the decision-making process may be subject to scrutiny at a later date.
- 3.7. The table at 3.9 describes the procedure and authority levels dependent on the estimated value of the procurement.
- 3.8. If there is already a corporate contract in place for the goods, works or services required, it is mandatory to use it. The Procurement department will advise.

3.9. PROCUREMENT COMPETITION PROCEDURES AND AUTHORITY LEVELS

| Estimated Value £ | Quotation / Tender Requirements | Levels of Delegated Authority | Procurement Engagement |
|-------------------|--|--|---|
| > 500 - 3,000 | Evidence of more than one price comparison shall be obtained, preferably in writing (including email) or obtained from catalogues or price lists. Evidence shall be retained locally | Requisitions to be approved locally by officers with relevant authority in accordance with financial instructions Contracts must be signed by a minimum of a Procurement Category Manager | Procurement engagement is not mandatory. Advice and support is available on request |
| 3,000 - 20,000 | At least three quotations shall be obtained in writing. Evidence of competition shall be attached to the requisition | Requisitions to be approved locally by officers with relevant authority in accordance with financial instructions Contracts must be signed by a minimum of a Procurement Category Manager | Procurement engagement is not mandatory. Advice and support is available on request |
| 20,000 - 50,000 | At least three quotations received through the e-tendering system shall be obtained | Requisitions to be approved locally by officers with relevant authority in accordance with financial instructions /procedures Contracts must be signed by a minimum of a Procurement Strategic Category Manager | Procurement engagement is not mandatory. Advice and support is available on request Units without access to the e-tendering system are required to contact Procurement |
| > 50,000 | At least three tenders shall be obtained; where the aggregated value of the contract is in excess of EU thresholds, tender procedures will be in accordance with EU Procurement Directives | Contracts will be signed by the minimum post of; < £50,000 - £100,000 Joint Head of Procurement £100,000 - £1,000,000 CC CFO >£1,000,000 under seal of the PCC | All procurement activity to be facilitated by Procurement |

3.10 An officer with delegated authority to authorise requisitions or contracts committing the expenditure does so on behalf of the PCC.

- 3.11. The authority levels shall 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.

4. FINANCIAL AND CONTRACTUAL DELEGATIONS

- 4.1. The PCC CFO and CC CFO will be responsible for determining authorised signatories within the PCC and Constabulary. Those authorised signatories and sub delegation rules will be described and documented in the PCC Financial Regulations and Procurement Procedures. They will ensure that suitable segregation of responsibilities are observed, that purchases are compliant with Regulations and Procedures, and that sufficient funding and resources are available within the revenue budget or capital programme.

5. EXCEPTIONS TO NORMAL PROCEDURES/SINGLE TENDER ACTION

5.1. Exceptions

- 5.1.1. Tenders are not required in the following circumstances:

- Purchases through government agency or other consortium or similar body where legally entitled to do so and in accordance with the approved purchasing methods of such a consortium or body, or
- Purchases at public auctions, or
- Internal PCC or Constabulary business where one part of the PCC or Constabulary provides a service to the other.
- For works up to £3,000 where no corporate contract exists and are commissioned by the Estates Department.

- 5.1.2 All exceptions to normal procedures must be approved in accordance with the arrangements set out in the Procurement Policy and Procedures for local and collaborative contracts and full justification recorded.

5.2. Single Tender Action (STA)

- 5.2.1. STA should only be used in very exceptional circumstances. The PCC CFO or CC CFO or their delegated authorities will consider requests for exceptions to normal procedures under the following circumstances;

- Where it can be evidenced that only one supplier is able to carry out the work or service or to supply goods for technical reasons or because of exclusive rights;
- Extensions to an existing contract where there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience and it is legal to do so;
- The contract has been classified as secret by the CC CFO 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;

- The contract is required so urgently that competition is impracticable, e.g. when an operational need arises which requires immediate action. However failure to take action within appropriate timescales does not constitute grounds for an urgency exception;
- 5.2.2 Where, for any other sound reason, it is not possible to follow Standing Orders then the CC CFO shall recommend and the PCC CFO may approve any exception in advance of, or in exceptional circumstances as soon as possible afterwards
- 5.2.3 Any STA over £3,000 shall be requested by the Departmental Head via the Joint Head of Procurement and then the appropriate Chief Officer. The formal procedure shall be described in the Procurement Procedures.

6. COMPETITIVE PROCUREMENT USING TENDERS

- 6.1. The Joint Head of Procurement will have responsibility to ensure appropriate Procurement Policy and Procedures are published covering matters such as;
- 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.
 - Processes regarding the use of sub-contractors;
 - Processes regarding variations to contract;
 - The process to be undertaken in relation to declarations of interest in a contract;
 - The procedures to be followed in relation to collaborative contracts;
 - The adoption of Framework Agreements;
 - The procedures to be followed in applying for an exception to Standing Orders, including;
 - (i) The formal procedure to be adopted to evidence alternative provision is not available.
 - (ii) The formal justification of emergency provision.
 - The achievement of Value for Money, and the minimisation of risk to the PCC and Constabulary;
 - The Procurement Policy and Procedures will set out arrangements for the recording and retention of information in relation to procurement activity;
 - The Procurement Policy will also detail the arrangements for reporting procurement activity to meet the requirements of the PCC and Constabulary together with addressing the need to publish information in accordance with Government requirements.
- 6.2. Contents of the Policies and Procedures will be agreed by the PCC CFO and CC CFO.

7. TENDER CUSTODY AND OPENING

Electronic Tendering

- 7.1. Tenders will be received through a proprietary e-tendering solution, which ensures managed opening and version controls with all processes and actions being fully auditable except in extraordinary circumstances i.e. system failure.

Tender custody and opening if non-electronic means are utilised

- 7.2. In the event of operating by non-electronic means, tenders shall be stored in a secure and confidential manner as required by the sealed bid procedure set out in the Procurement Policy and Procedures.
- 7.3. The opening of these tenders and recording of details shall be subject to the following regulations;
- They shall not be opened before the appointed time;
 - They shall be opened at one time by not less than two persons one of which will be the CC CFO or other Chief Officer in the absence of the CC CFO.
 - The appropriate tender details shall be recorded on the Tender Opening Certificate, which shall be ruled off (to prevent the addition of further entries) and then signed by each member of the tender opening panel.
- 7.4. Once the tenders have been opened they must be circulated only to those directly involved in tender evaluation and contract letting activities prior to awarding the contract.

8. FORM OF CONTRACT

- 8.1. All contracts shall be in the name of a PCC and for joint contracts Suffolk PCC with Norfolk PCC as a named party ensuring joint and several liability. They shall be evidenced in writing. If appropriate, legal advice should be sought in relation to contracts through Procurement in the first instance.
- 8.2 Every contract shall specify the:-
- goods, services or works to be provided;
 - consideration;
 - time within which the contract is to be performed; and
 - terms and conditions for payment.
- 8.3. Every contract shall ensure that the contractor indemnifies the Commissioner against all losses in connection with injury to or death of any person, or damage to property, happening as a result of or in connection with the carrying out of the contract. The contractor shall also be required to effect and maintain insurance which provides both the contractor and the employer with full cover in respect of any liability against which

the contractor is required to indemnify the employer. The CC shall stipulate the minimum amount of insurance after consultation with the PCC CFO.

- 8.4. Liquidated Damages: Each contract should be reviewed for the appropriate inclusion of liquidated damages.
- 8.5. Default Clauses: Contracts which are estimated to exceed £50,000 shall provide that should the contractor default in the terms of the contract, the PCC, without prejudice to any remedy for breach of contract, shall be at liberty to purchase other goods, services or works as appropriate of the same or similar description to make good any default. Every contract shall provide that the amount by which the cost of purchasing other goods, services or works (including the expenses of acquiring the new supplier) exceeds the amount which would have been payable to the contractor shall be recoverable from the contractor.
- 8.6. Transfer or Assignment of Contracts: Every contract which is estimated to exceed £50,000 shall prohibit the contractor from assigning the contract or sub-letting any portion of the contract work without the written consent of the CC.
- 8.7. Prevention of Corruption: In every contract a clause shall be inserted to secure that the Commissioner shall be entitled to cancel any contract and to recover from the contractor the amount of any loss resulting from such cancellations if the contractor or any person employed by them or acting on their behalf (whether with or without the knowledge of the contractor) shall have offered or given or agreed to give to any person any gift or consideration of any kind as an inducement or reward for doing something in relation to the obtaining or execution of any contract with the Commissioner, or shall have committed any offence under the Bribery Act 2010, or shall have given any fee or reward the receipt of which is an offence under subsection 2 of Section 117 of the Local Government Act 1972.
- 8.8. Exclusion of third party rights: Unless precluded by statute every contract shall exclude the ability of third parties to claim the same rights and remedies as those enjoyed by the main parties to the contract. The rights of permitted successors to or assignees of the rights of a party shall not be excluded

9. COLLABORATIVE CONTRACTS AND FRAMEWORK AGREEMENTS

- 9.1. Where tenders are invited that include other police forces or public sector organisations, they will be invited on a lead PCC basis and comply with these Standing Orders.

10. REVIEW

- 10.1 These Standing Orders will be reviewed at least on an annual basis by the PCC CFO and CC CFO.



OFFICE OF THE POLICE & CRIME
COMMISSIONER FOR NORFOLK



**Audit Committee
Forward Work Plan 2016/17**

8 July 2016

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| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 23 June 2016 | |
| Draft Annual Governance Statement for 2015/16 | Report from CFO |
| Draft Statements of Accounts 2015/16 - Chief Constable - PCC/Group | From CFO |

27 September 2016

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| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 8 th July 2016 | |
| Internal Audit 2016/17 Plan update | Report from Head of Internal Audit |
| Final Accounts 2015/16 Approval including External Auditor's ISA 260 Report | Report from CFO and Director, E&Y |
| Strategic Risk Register update | Report from CExec and CC |
| Forward Work Plan | Report from CFO OPCC |

2 December 2016

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| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 27 th September 2016 | |
| Internal Audit 2016/17 Plan update | Report from Head of Internal Audit |
| External Audit 2015/16 Accounts Annual Audit Letter | Report from Director, E&Y |
| Treasury Management Update 2015/16 | Report from CFO OPCC |
| Strategic Risk Register Update | Report from CExec and CC |
| Forward Work Plan | Report from CFO OPCC |
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xx March 2017

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| Welcome and Apologies | |
| Declarations of Interest | |
| Minutes of meeting 2 December 2016 | |
| Treasury Management Strategy 2017/18 | Report from CFO OPCC |
| Internal Audit 2016/17 Plan update 2017/18 Internal Audit Plan | Report from Head of Internal Audit |
| External Audit Plan 2016/17 | Report from Director, E&Y |
| Strategic Risk Register update | Report from CExec and CC |
| Forward Work Plan | Report from CFO OPCC |

Report Author

John Hummersone
Chief Finance Officer
01953 424484

Email: hummersonej@norfolk.pnn.police.uk