



**DERBYSHIRE CONSTABULARY**

**POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE**

**FINANCIAL HANDBOOK**

**April 2021**

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## 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. In addition, the Home Office has issued a Financial Management Code of Practice under section 17 of the Police Reform and Social Responsibility Act 2011 and section 39 of the Police Act 1996 which permit the Secretary of State to issue codes of practice to all Police and Crime Commissioners (PCCs) and Chief Constables.
2. Each PCC and their respective Chief Constable is established in law as a corporation sole within the 2011 Act. As such, both are enabled by law to employ staff and hold funds in their official capacity. Chief Constables are charged with the impartial direction and control of all constables and staff within the police force that they lead. Staff of the PCC are accountable to the directly elected holder of that office.
3. The public accountability for the delivery and performance of the police service is placed into the hands of the PCC on behalf of their electorate. The PCC draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. They are accountable to the electorate; the Chief Constable is accountable to their PCC. The Police and Crime Panel within each force area are empowered to maintain a regular check and balance on the performance of the PCC in that context.
4. The PCC within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.
5. The PCC may appoint a Deputy PCC who may exercise any function of the PCC.
6. The PCC is the recipient of all funding, including the government grant and precept and other sources of income, related to policing and crime reduction and all funding for a force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
7. The PCC and the Chief Constable are both required to appoint a Chief Finance Officer (also referred to as the Section 151 Officer).
8. To conduct its business effectively, Derbyshire Police needs to ensure that it has sound financial management policies 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 Derbyshire Police are conducted properly and in compliance with all necessary requirements.
9. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the PCC, the Chief Constable and their officers and to provide clarity about the financial accountabilities of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.
10. A modern organisation should also be committed to innovation, within the regulatory framework, providing that the necessary risk assessment and approval safeguards are in place.

## STATUS

11. These Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory and governance framework of Derbyshire Police that includes the Policing Protocol, codes of conduct, and any schemes of consent or delegation.
12. Similarly, these Financial Regulations co-exist with the current Terms of Reference (ToR) for the JARAC (Joint Audit Risk & Assurance Committee) which has a key assurance role in overseeing practical application of these Financial Regulations through their work. The user of this Handbook must have due regard to the current prevailing ToR for the JARAC and comply with the reporting mechanisms as appropriate. The JARAC ToR is reviewed at least annually and is therefore subject to change.
13. The PCC and all employees have a general duty to take reasonable action to provide for the security of assets under their control and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.
14. Financial Regulations explain the working financial relationship between the PCC and the Chief Constable and their respective Chief Financial Officers, having regard also to the role played by the PCC's Chief Executive.
15. The PCC and Chief Constable are jointly responsible for approving or amending Financial Regulations. The PCC's Chief Finance Officer is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the PCC and Chief Constable, after consulting with the Joint Director of Finance & Business Services and the Chief Executive.
16. More detailed Financial Instructions to supplement these Regulations, shall be issued by the PCC and Chief Constable after consultation with the Chief Finance Officer and Chief Executive.
17. Chief Officers are responsible for ensuring that all employees, contractors and agents are aware of the existence and content of these Financial Regulations and that they are complied with.
18. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action. Such cases shall be reported to the Chief Finance Officer and Director of Finance who shall determine, after consulting with the Monitoring Officer, whether the matter shall be reported to the PCC and/or Chief Constable.
19. The PCC and all employees have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues.

## CONTENT

20. The Financial Regulations are divided into a number of sections, each with detailed requirements relating to the section heading. References are made throughout the individual sections to delegated limits of authority.

- ▶ Section 1 - Financial management
- ▶ Section 2 - Financial planning
- ▶ Section 3 - Management of risk and resources
- ▶ Section 4 - Systems and procedures
- ▶ Section 5 - External arrangements
- ▶ Section 6 - Contract regulations

## DEFINITIONS WITHIN THE REGULATIONS

21. For the purposes of these Regulations Derbyshire Police, when used as a generic term, shall refer to:

- The Police and Crime Commissioner for Derbyshire
- The Office of the PCC (OPCC)
- The Chief Constable for Derbyshire
- The Constabulary

22. The PCC's Chief Finance Officer is the Chief Finance Officer (CFO).

23. The Chief Constable's Chief Finance Officer is the Joint Director of Finance & Business Services (DoF).

24. The Chief Executive (CEX) is designated as the Monitoring Officer.

25. The 'Force' shall refer to the Chief Constable, police officers, police staff, police community support officers (PCSO), special constabulary, volunteers and other members of the wider police family under his/her direction.

26. Chief Officers when referred to as a generic term shall mean the Chief Constable, Chief Executive, Chief Finance Officer and Joint Director of Finance & Business Services.

27. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family, including staff within the Office of the PCC.

28. The expression 'authorised officer' refers to employees authorised by a Chief Officer.

29. The expression 'contract' refers to any commitment (including purchase orders, memoranda of understanding, leases and service level agreements) to acquire, purchase or sell goods, services (including commissioned and co-commissioned services) or building works made on behalf of the PCC, the Force or their affiliated bodies.

30. The expression 'best value for money' shall mean the most cost-effective means of meeting the need and takes account of whole life costs.

31. Within these Regulations, most of the references have been made to the responsibilities of the Chief Constable since most of the day to day financial management is vested with that post. However, where resources are under the control of the Chief Executive or Chief Finance Officer, the duties, rights and powers as detailed for the Chief Constable shall apply equally to the Chief Executive or Chief Finance Officer.
  
32. The terms Chief Constable (CC), Chief Executive (CEX), Chief Finance Officer (CFO) and Joint Director of Finance & Business Services (DoF) include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.

## **1.1 FINANCIAL MANAGEMENT**

### **The Police and Crime Commissioner (PCC)**

- 1.1.1 The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the police to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of consent. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers (i.e. the DoF, CFO and CEX) of the Chief Constable and the PCC respectively will provide professional advice and recommendations.
- 1.1.2 The PCC shall appoint a Chief Financial Officer to be responsible for the proper administration of the commissioner's financial affairs. He/she shall also appoint a Chief Executive who is the PCC's monitoring officer.
- 1.1.3 The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium-term financial plans in consultation with the Chief Constable. The PCC is responsible for approving the overall framework of accountability and control, and monitoring compliance. In relation to these Financial Regulations this includes:
- Police and Crime Plan.
  - Financial strategy.
  - Annual revenue budget.
  - Capital programme.
  - Medium term financial forecasts.
  - Treasury management strategy, including the annual investment strategy.
  - Asset management strategy.
  - Risk management strategy.
  - Governance policies.
- 1.1.4 The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.
- 1.1.5 The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- 1.1.6 The PCC shall provide the CFO with such staff, accommodation and other resources as are in the CFO's opinion sufficient to allow his/her duties under this section to be performed
- 1.1.7 The PCC may appoint a Deputy PCC (DPCC) and arrange for the DPCC to exercise any function of the PCC



## **The Chief Constable (CC)**

- 1.1.8 The Chief Constable (CC) is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The CC holds office under the Crown, but is appointed by the PCC.
- 1.1.9 The CC is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the CC, his/her officers and staff, remain operationally independent in the service of the public.
- 1.1.10 To help ensure the effective delivery of policing services and to enable the CC to have impartial direction and control of all officers and staff within their force, the CC should have day to day responsibility for financial management of the force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.
- 1.1.11 The CC shall appoint a Chief Finance Officer (DoF) to be responsible for the proper administration of the CC's financial affairs.
- 1.1.12 The CC must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC. The CC will discharge this through the DoF who will lead for the force on financial management.
- 1.1.13 When the CC intends to make significant change of policy or seeks to move significant sums of their budget then the approval of the PCC should be sought.
- 1.1.14 The CC is responsible for the day to day financial management of the Force within the framework of the budget, rules of virement and reporting arrangements. In operating day to day financial management, the CC shall comply with the approved policies and framework of accountability.
- 1.1.15 The CC shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes delegated to the CC. The CC shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

### **The Independent Joint Audit Risk and Assurance Committee (JARAC)**

- 1.1.16 The Home Office Financial Management Code of Practice states that the PCC and CC should establish an independent audit committee. This should be a combined body which will consider the internal and external audit reports of both the PCC and the CC. This committee will advise the PCC and the CC according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Committee the PCC and CC shall have regard to CIPFA Guidance on Audit Committees
- 1.1.17 The Audit Committee shall comprise six members who are independent of the PCC and the Force.
- 1.1.18 The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
- 1.1.19 The PCC and Chief Constable shall be represented at all meetings of the Audit Committee.

### **The Chief Finance Officer (CFO)**

- 1.1.20 The CFO is the PCC's Section 151 Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer.
- 1.1.21 The CFO's statutory responsibilities are set out in:
- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011.
  - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure).
  - The Accounts and Audit Regulations 2011
  - Section 151 – Local Government Finance Act 1972
- 1.1.22 The CFO is the PCC's professional adviser on financial matters and shall be responsible for:
- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
  - ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
  - ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
  - Developing the Medium Term Financial Strategy and Medium Term Financial Plan in conjunction with the DoF
  - Reporting to the PCC, the Police and Crime Panel, the JARAC Chair and to the external auditor:
    - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC; and
    - when it appears that any expenditure is likely to exceed the resources available to it to meet that expenditure;

- advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statement of accounts, in conjunction with the DoF;
- ensuring the provision of an effective internal audit service, in conjunction with the DoF;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the CEX on the safeguarding of assets, including risk management and insurance;
- arranging for the determination and issue of the precept;
- liaising with the external auditor; and
- advising the PCC on the application of value for money principles by the force to support the PCC in holding the CC to account for efficient and effective financial management.

1.1.23 The CFO, in consultation with the CEX, DoF and CC as appropriate, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of Derbyshire Police.

1.1.24 The CFO has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the PCC on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCC's accounts, including group accounts.

1.1.25 The CFO 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 CFO:

- must be a key member of the PCC's Executive Team, working closely with the CEX, 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 significant business decisions of the PCC, to ensure that the financial aspects of immediate and longer-term implications, opportunities and risks are fully considered, and in alignment 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.

## **The Joint Director of Finance & Business Services (DoF)**

- 1.1.26 The DoF is the CC's Section 151 Officer with responsibility for proper financial administration and a personal fiduciary responsibility to the local council taxpayer
- 1.1.27 The DoF's responsibilities are set out in:
- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform Social Responsibility Act 2011.
  - Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure).
  - The Accounts and Audit Regulations 2011.
- 1.1.28 The DoF is responsible for:
- ensuring that the financial affairs of the force are properly administered and that these financial regulations are observed and kept up to date;
  - reporting to the Chief Constable, the PCC, the CFO, the JARAC Chair and to the external auditor
    - any unlawful, or potentially unlawful, expenditure by the CC or officers/staff of the CC; or
    - when it appears that any expenditure of the CC is likely to exceed the resources available to it to meet that expenditure;
  - advising the CC on value for money in relation to all aspects of the force's expenditure;
  - advising the CC and the PCC on the soundness of the budget in relation to the force;
  - liaising with the external auditor; and
  - producing the statement of accounts for the CC and to liaise with the CFO in the production of group accounts for the PCC/Group.
- 1.1.29 The DoF has certain statutory duties which cannot be delegated, namely, reporting any potentially unlawful decisions by the force on expenditure and preparing each year, in accordance with proper practices in relation to accounts, a statement of the CC's accounts. The DoF will consult with the CFO on the locally agreed timetable for the compilation of the group accounts.
- 1.1.30 The DoF is the CC's professional adviser on financial matters. To enable him to fulfil these duties the DoF:
- must be a key member of the CC's Chief Officer Team, helping it 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 CC to ensure immediate and longer term implications, opportunities and risks are fully considered

- must lead the promotion and delivery by the CC 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.

1.1.31 It must be recognised that financial regulations cannot foresee every eventuality. The DoF together with the CFO, shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

#### **The Chief Executive (CEX)**

1.1.32 The CEX is responsible for the leadership and general administration of the PCC's office.

1.1.33 The CEX is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

1.1.34 The monitoring officer is responsible for:

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

## **1.2 FINANCIAL MANAGEMENT STANDARDS**

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

- 1.2.1 The PCC, CC and all officers/staff have a duty to abide by the highest standards of probity (i.e. honesty, integrity and transparency) in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

### **Responsibilities of the CFO and DoF**

- 1.2.2 To ensure the proper administration of the financial affairs of Derbyshire Police.
- 1.2.3 To ensure that proper practices are adhered to.
- 1.2.4 To advise on the key strategic controls necessary to secure sound financial management.
- 1.2.5 To ensure that financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- 1.2.6 To ensure that all staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- 1.2.7 To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- 1.2.8 To take appropriate action in the event of breaches of the Financial Management Standards

### **1.3 ACCOUNTING RECORDS AND RETURNS Why is this important?**

1.3.1 Maintaining proper accounting records is one of the ways in which the PCC and CC will discharge their responsibility for stewardship of public resources. Derbyshire Police has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This audit provides assurance that the accounts are prepared properly, that proper accounting practices have been followed and that quality arrangements have been made for securing economy, efficiency and effectiveness in the use of Derbyshire Police resources.

#### **Responsibilities of the CFO and DoF**

1.3.2 To determine the accounting procedures and records for Derbyshire Police, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the CC. All employees shall operate within the required accounting policies and published timetables.

1.3.3 To make proper arrangements for the audit of the PCC's and Force's accounts in accordance with the Accounts and Audit Regulations 2011.

1.3.4 To ensure that all claims for funds including grants are made by the due date.

1.3.5 To ensure that bank reconciliations and other key control accounts are reconciled on a timely and accurate basis.

1.3.6 To prepare and publish the audited accounts in accordance with the statutory timetable.

1.3.7 To ensure that documentation is retained in an appropriate format in compliance with the current document retention policy

#### **Responsibilities of the CC and DoF**

1.3.8 To obtain the approval of the CFO before making any fundamental changes to accounting records and procedures or accounting systems.

1.3.9 To ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

1.3.10 To maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.

## **1.4 THE ANNUAL STATEMENT OF ACCOUNTS Why is this important?**

- 1.4.1 Derbyshire Police has a statutory responsibility to prepare its own accounts to present fairly its operations during the year. They must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The accounts will comprise separate statements for the PCC and CC as well as group accounts covering both entities.
- 1.4.2 The CFO will set out the arrangements for the production of the group accounts. The DoF is responsible for producing the CC's accounts in accordance with the timetable and requirements of the group accounts.
- 1.4.3 The accounts are subject to detailed independent review by the external auditor. This audit provides assurance that the accounts are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of Derbyshire Police resources.

### **Responsibilities of the CFO**

- 1.4.4 To sign and date the statement of accounts, stating that it presents fairly the financial position of the PCC for Derbyshire at the accounting date and its income and expenditure for the financial year just ended.

### **Responsibilities of the DoF**

- 1.4.5 To draw up the timetable for final accounts preparation, in consultation with the CFO and external auditor.
- 1.4.6 To prepare the statement of accounts of the CC at the accounting date and its income and expenditure for the financial year just ended.
- 1.4.7 To publish the approved and audited accounts of the CC each year, in accordance with the statutory timetable.
- 1.4.8 To produce summary accounts for publication on the website.
- 1.4.9 To select suitable accounting policies and apply them consistently.
- 1.4.10 To make judgements and estimates that are reasonable and prudent.
- 1.4.11 To comply with the Code of Practice on Local Authority Accounting.

### **Responsibilities of the PCC**

- 1.4.12 To consider and approve the annual accounts of the PCC and the Group Accounts of Derbyshire Police in accordance with the statutory timetable.

### **Responsibilities of the CC**

- 1.4.13 To consider and approve the CC's annual accounts in accordance with the statutory timetable.



## **2.1 FINANCIAL PLANNING**

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

- 2.1.1 Derbyshire Police is a complex organisation responsible for delivering a range of policing activities. It needs to develop systems to enable resources to be allocated in accordance with priorities. Financial planning is essential if it is to function effectively.
- 2.1.2 The financial planning process should be directed by the approved policy framework, the business planning process and the need to meet key objectives.
- 2.1.3 The planning process should be continuous and the planning period should cover at least 3 years. The process should include a more detailed annual plan - the budget, covering the forthcoming financial year. This allows the PCC and the CC to plan, monitor and manage the way funds are allocated and spent.
- 2.1.4 It is recognised that the impact of financial planning in the police service will be constrained by the quality of information made available by central government on resource allocation and council tax referendum levels.

### **Medium Term Financial Planning**

- 2.1.5 The PCC and CC share a responsibility to provide effective financial and budget planning for the short, medium and longer term. They achieve this by preparing a medium term (3-5 years) revenue forecast and capital programme.

### **Responsibilities of the PCC and CFO**

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

### **Responsibilities of the CC and DoF**

- 2.1.7 To determine (in conjunction with the CFO) the format and timing of the medium-term financial plans to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.
- 2.1.8 To prepare a medium term forecast of proposed income and expenditure for submission to the PCC. When preparing the forecast, the CC shall have regard to:
- the Police and Crime Plan;
  - policy requirements approved by the PCC as part of the policy framework;
  - the Strategic Policing Requirement;
  - unavoidable future commitments, including legislative requirements;
  - initiatives already underway;

- revenue implications of the draft capital programme;
- proposed service developments and plans which reflect public consultation;
- the need to deliver efficiency and/or productivity savings;
- known and anticipated government grant allocations; and
- potential implications for local taxpayers.

2.1.9 To prepare a medium term forecast of potential resources, including options for the use of general balances, reserves and provisions, and an assumption about future levels of government funding.

2.1.10 A gap may be identified between available resources and required resources. Requirements should be prioritised by the CC to enable the PCC to make informed judgements as to future funding levels and planning the use of resources.

### **Annual Revenue Budget**

2.1.11 The revenue budget provides an estimate of the annual income and expenditure requirements for the police service and sets out the financial implications of the PCC's strategic policies. It provides Chief Officers with authority to incur expenditure and a basis on which to monitor the financial performance of both the PCC and the Force.

2.1.12 The PCC should consult with the CC and other relevant partners and stakeholders in planning the overall annual budget which will include a separate force budget. This will take into consideration funding from government and from other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirements to achieve a balanced budget (Local Government Act 2003) and be completed in accordance with the statutory timeframe.

2.1.13 The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium-term financial strategy should be clearly identified.

### **Responsibilities of the PCC**

2.1.14 To agree the planning timetable with the CC.

2.1.15 To obtain the views of the local community on the proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates.

2.1.16 To present the proposed precept (with supporting budget commentary and detail to assist understanding) to the Police and Crime Panel for its scrutiny.

### **Responsibilities of the CFO**

2.1.17 To determine the format of the revenue budget to be presented to the PCC. The format is to comply with all legal requirements and with latest guidance issued by CIPFA.

2.1.18 To obtain timely and accurate information from billing authorities on the council tax-base and the latest surplus/deficit position on collection funds to inform budget deliberations.

- 2.1.19 To advise the PCC on the appropriate level of general balances, earmarked reserves or provisions to be held.
- 2.1.20 To submit a report to the PCC on (1) the robustness of the estimates and the adequacy of reserves and (2) the suite of prudential indicators for the next three years, arising from the Prudential Code for Capital Finance in Local Authorities. These indicators shall be consistent with the annual revenue budget and capital programme approved by the PCC.
- 2.1.21 Upon approval of the annual budget, to submit the council tax requirement return to central government and precept requests to appropriate bodies in accordance with the legal requirement.
- 2.1.22 To produce and issue to the billing authorities, in accordance with statutory requirements, the council tax information leaflet.

**Responsibilities of the CC and DoF**

- 2.1.23 To prepare detailed budget estimates for the forthcoming financial year in consultation with the CFO.
- 2.1.24 To submit estimates in the agreed format to the PCC for approval, including details of council tax implications, precept requirements prudential indicators, levels of general balances, earmarked reserves and provisions.

## **2.2 BUDGETARY CONTROL Why is this important?**

2.2.1 Budget management ensures that once the PCC has approved the budget, resources allocated are used for their intended purpose and are properly accounted for. Budgetary control is a continuous process, enabling both the CC and PCC to review and respond to emerging priorities during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

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

- there is a single nominated budget manager for each cost-centre heading who is accountable for the budgets under his/her direct control;
- all changes to budgets are approved by the CFO or DoF (if within delegated powers) or the PCC (if over the delegated limits); and
- the management of budgets must not be seen in isolation. It should be measured in conjunction with service outputs and performance measures.

### **Revenue Monitoring**

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

2.2.3 By continuously identifying and explaining variances against budgetary targets, Derbyshire Police can identify changes in trends and resource requirements at the earliest opportunity. The PCC and CC both operate within an annual cash limit, approved when setting the annual budget. To ensure that Derbyshire Police in total does not overspend, the CC and CFO are required to manage expenditure within their budget allocations, subject to the rules of virement.

#### **Responsibilities of the CC and DoF**

2.2.4 To provide appropriate financial information to enable budgets to be monitored effectively.

2.2.5 To ensure that each element of income or expenditure has a single nominated budget manager to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision-making process that commits expenditure.

2.2.6 To ensure that total spending for operational policing remains within the overall allocation of resources and takes corrective action where significant variations from the approved budget are forecast. Where total projected expenditure exceeds the total allocation of resources due to circumstances beyond the control of the CC, both the CFO and PCC shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process to the PCC. The same responsibilities apply to the CEX and the CFO for the OPCC budgets.

2.2.7 To submit a budget monitoring report to the PCC on a regular basis throughout the year, containing the most recently available financial information. The reports shall be in a format agreed with the PCC and CFO.

## **Responsibility of the CFO**

- 2.2.8 To advise the PCC on the presentation to the Police and Crime Panel of required financial information, as necessary.

## **Virement**

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

- 2.2.9 A virement is an approved reallocation of resources between budgets or heads of expenditure. A budget head is a line in the approved budget report. The scheme of virement is intended to enable chief officers to manage their budgets with a degree of flexibility within the overall policy framework determined by the PCC and, therefore, to provide the opportunity to optimise the use of resources to emerging needs.
- 2.2.10 The CC should only be required to refer back to the PCC when virement would incur substantive changes in the policy of the PCC, is to fund a notable or potentially contentious item or where a virement might create a future year or continuing commitment. Revenue expenditure can only be funded from revenue funding.

### **Responsibilities**

- 2.2.11 Budget holders may authorise individual virement requests up to the value of £10,000 from within their devolved budget heads in consultation with the DoF or the CFO as appropriate.
- 2.2.12 The CC and the DoF may vire between budget heads under their responsibility up to a value of £100,000; sums above this figure to be approved by the PCC.
- 2.2.13 Where significant changes in policy are necessary, PCC approval must be sought irrespective of the amounts involved.
- 2.2.14 Virements shall not be made from/to the following estimate headings: -
- Capital Financing Costs.
  - Funding Income.
- 2.2.15 Accurate records of virement transactions will be maintained by the DoF and be reported to the PCC as part of the regular budget monitoring.

## **2.3 CAPITAL PROGRAMME**

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

- 2.3.1 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to Derbyshire Police such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments in the form of financing costs and revenue running costs.
- 2.3.2 Derbyshire Police is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. CIPFA's Prudential Code sets out the framework under which the PCC will consider these spending plans.
- 2.3.3 The capital programme is linked to the approved financial strategy.

### **Responsibilities of the CC and DoF**

- 2.3.4 To develop and implement asset management plans.

### **Responsibilities of the PCC**

- 2.3.5 To approve the asset management strategy.
- 2.3.6 To approve the annual financial capital strategy.

### **Responsibilities of the CFO and DoF**

- 2.3.7 To identify available sources of funding for the medium-term capital programme, including the identification of potential capital receipts from disposal of property.
- 2.3.8 To prepare a financial capital strategy for consideration and approval by the PCC

### **Medium term Capital Programme**

### **Responsibilities of the CC and DoF**

- 2.3.9 To prepare a rolling programme of proposed capital expenditure for consideration by the PCC. Each scheme shall identify the total capital cost of the project and any additional revenue commitments.
- 2.3.10 To prepare project appraisals for all schemes in the draft medium-term year capital programme and shall be submitted to the PCC for consideration and scheme approval. This will include all additional revenue and capital costs
- 2.3.11 Each capital project shall have a named officer responsible for sponsoring the scheme, monitoring progress and ensuring completion of the scheme.

2.3.12 A gap may be identified between available resources and required capital investment. Requirements should be prioritised by the CC to enable the PCC to make informed judgements as to which schemes should be included in the capital programme, the minimum level of funding required for each scheme and the potential phasing of capital expenditure.

2.3.13 All schemes within the draft medium-term capital programme should incorporate an estimate of future price inflation.

#### **Responsibilities of the CFO**

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

#### **Responsibilities of the PCC**

2.3.15 To approve a fully funded medium term capital programme.

#### **Annual Capital Programme**

#### **Responsibilities of the PCC**

2.3.16 To agree the annual capital programme, and how it is to be financed.

#### **Responsibilities of the CC and the DoF**

2.3.17 Approval of the annual capital programme by the PCC authorises the CC to incur expenditure on schemes providing the project appraisal has been approved and expenditure on the scheme does not exceed the sum contained in the approved programme by more than 10% or £250,000 whichever is the lower amount, provided that there is no overall increase to the approved capital programme.

2.3.18 To ensure that finance leases or other credit arrangements are not entered into without the prior approval of the CFO.

2.3.19 To ensure that, apart from professional fees (e.g. feasibility studies and planning fees), no other capital expenditure is incurred before the scheme is approved by the PCC.

#### **Monitoring of Capital Expenditure**

#### **Responsibilities of the CC**

2.3.20 To ensure that adequate records are maintained for all capital contracts

### **Responsibilities of the CC and DoF**

- 2.3.21 To monitor expenditure throughout the year against the approved programme.
- 2.3.22 To submit capital monitoring reports to the PCC on a regular basis throughout the year. These reports are to be based on the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme. The reports shall be in a format agreed by the PCC and CFO.
- 2.3.23 To prepare a business case for all new capital schemes [after the annual programme has been agreed] for submission to the PCC for consultation and approval. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.

### **Responsibilities of the CFO**

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



## **2.4 MAINTENANCE OF BALANCES AND RESERVES**

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

- 2.4.1 The PCC must decide the level of general reserves he wishes to retain before he can decide the level of council tax. Reserves are maintained as a matter of prudence. They enable the organisation to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. Reserves for specific purposes may also be maintained where it is likely that a spending requirement will occur in the future.

### **Responsibilities of the CFO**

- 2.4.2 To advise the PCC on reasonable levels of balances and reserves.
- 2.4.3 To report to the PCC on the adequacy of reserves and balances before he approves the annual budget and council tax.

### **Responsibilities for the CC**

- 2.4.4 To ensure that the annual revenue budget is sufficient to finance foreseeable operational needs without having to request additional approval, including use of the operational reserve.
- 2.4.5 To present a business case to the PCC for one-off expenditure items to be funded from earmarked and/or general reserves.

### **Responsibilities of the PCC**

- 2.4.6 To approve a policy on reserves and balances, including lower and upper parameters for the level of general balances
- 2.4.7 To approve the creation of each earmarked reserve. The purpose, usage and basis of transactions should be clearly identified for each reserve established.
- 2.4.8 To approve the allocation of monies to and from general and earmarked reserves, as part of the annual budget setting process and Annual Statement of Accounts.

### **3.1 RISK MANAGEMENT AND BUSINESS CONTINUITY**

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

- 3.1.1 It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to Derbyshire Police. This should include the proactive participation of all those associated with planning and delivering services.
- 3.1.2 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 Derbyshire Police and to ensure the continued corporate and financial wellbeing of Derbyshire Police. In essence it is, therefore, an integral part of good business practice.
- 3.1.3 Business Continuity arrangements are essential for a public-sector organisation to ensure its ability to maintain service to the public in the event of factors outside of its complete control. Due regard should be made to the Business Continuity arrangements of both the PCC and CC which are detailed in separate policies due to a heavy focus on operational resilience rather than pure financial continuity.

#### **Responsibilities of the PCC and CC**

- 3.1.4 The PCC and CC are responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management.

#### **Responsibilities of Chief Officers**

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

#### **Responsibilities of the CFO**

- 3.1.8 The CFO is responsible for the Police and Crime Commissioner's risk register and for determining acceptable levels of risk.
- 3.1.9 To advise the PCC on appropriate arrangements for insurance. Acceptable levels of risk should

be determined and insured against where appropriate. Activities leading to levels of risk assessed as unacceptable should not be undertaken.

- 3.1.10 To arrange for an actuary to undertake a regular review of Derbyshire Police's own self-insurance fund and, following that review, to recommend to the PCC a course of action to ensure that, over the medium term, the fund is able to meet all known liabilities.

**Responsibilities of the DoF**

- 3.1.11 Is responsible for the daily management and operation of the Force's insurance within the terms of the approved policies.
- 3.1.12 To ensure that employees, or anyone covered by Derbyshire Police insurance, is instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim

**Responsibilities of the CC**

- 3.1.13 To ensure, in consultation with the CFO, that appropriate insurance cover is provided.
- 3.1.14 To ensure that claims made by Derbyshire Police against insurance policies are made promptly
- 3.1.15 To make all appropriate employees aware of their responsibilities for managing relevant risks
- 3.1.16 To ensure that a comprehensive risk register is produced and updated regularly, and that corrective action is taken at the earliest possible opportunity to either transfer, treat, tolerate or terminate the identified risk

**Responsibilities of the CEX**

- 3.1.17 To evaluate and authorise any terms of indemnity that Derbyshire Police is requested to give by external parties.

## **3.2 INTERNAL CONTROL SYSTEM**

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

- 3.2.1 Internal control refers to the systems of control devised by management to help ensure Derbyshire Police objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that Derbyshire Police assets and interests are safeguarded.
- 3.2.2 Derbyshire Police is complex and requires an internal control framework to manage and monitor progress towards strategic objectives. Derbyshire Police has statutory obligations, and, therefore, requires a system of internal control to identify, meet and monitor compliance with these obligations.
- 3.2.3 Derbyshire Police faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. A system of internal control is necessary to manage these risks. The system of internal control is established in order to provide achievement of:
- efficient and effective operations
  - reliable financial information and reporting
  - compliance with laws and regulations
  - risk management

### **Responsibilities of Chief Officers**

- 3.2.4 To implement effective systems of internal control, in accordance with advice from the CFO and DoF. 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.
- 3.2.5 To ensure that effective key controls are operating in managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these control systems is to define roles and responsibilities.
- 3.2.6 To ensure that effective key controls are operating in financial and operational systems and procedures. This includes physical safeguard of assets, segregation of duties, authorisation and approval procedures and robust information systems.

### **Responsibilities of the CFO and DoF**

- 3.2.7 To produce Annual Governance Statements (AGS) for consideration and approval by the PCC and CC. Following approval, the relevant AGS should be signed by either the PCC, CEX and CFO or the CC and DoF.

### **3.3 AUDIT REQUIREMENTS**

#### **Internal Audit**

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

- 3.3.1 Internal audit is an assurance function that provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisation's objectives. It objectively examines, evaluates and reports on the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of resources.
- 3.3.2 The requirement for an internal audit function for local authorities is either explicit or implied in the relevant local government legislation (section 151 of the Local Government Act 1972), which requires that authorities "make arrangements for the proper administration of their financial affairs". In the Police Service the PCC and CC are required to maintain an effective audit of their affairs by virtue of the Accounts and Audit Regulations 2011 (as amended) which state that a "relevant body must maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control". The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice.
- 3.3.3 In fulfilling this requirement, the PCC and CC should have regard to the Code of Practice for Internal Audit in Local Government in the United Kingdom issued by CIPFA. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.
- 3.3.4 In addition to enabling the PCC and the CC to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, Internal Audit is needed:
- to satisfy the PCC and the CC that effective internal control systems are in place; and
  - to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

##### **Responsibilities of the Independent Joint Audit Risk and Assurance Committee (JARAC)**

- 3.3.5 The responsibilities of the JARAC are described in the Terms of Reference which are reviewed annually and approved by the PCC and CC.

##### **Responsibilities of the CFO and DoF**

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

### **Responsibilities of the PCC, CC, CFO and DoF**

- 3.3.7 To ensure that internal auditors, having been security cleared, have the authority to:
- access Derbyshire Police premises at reasonable times;
  - access all assets, records, documents, correspondence, control systems and appropriate personnel, subject to appropriate security clearance;
  - receive any information and explanation considered necessary concerning any matter under consideration;
  - require any employee to account for cash, stores or any other Derbyshire Police asset under their control; and
  - access records belonging to contractors, when required. This shall be achieved by including an appropriate clause in all contracts.
- 3.3.8 Internal Audit shall have direct access to all Chief Officers and officers/staff, where necessary.

### **Responsibilities of Internal Audit**

- 3.3.9 To prepare in consultation with the PCC, CC, CFO and DoF an annual audit plan that conforms to the CIPFA Code of Practice, for consideration by the Joint Audit Risk and Assurance Committee (JARAC).
- 3.3.10 To attend meetings of the Joint Audit Risk and Assurance Committee and to present to each Committee a report on the progress in delivering the annual plan, the matters arising from audits, and the extent to which agreed actions in response to issues raised in the audit reports have been delivered.
- 3.3.11 To present an annual report to the Joint Audit Risk and Assurance Committee, including an opinion on the on the effectiveness of the internal control environment in Derbyshire Police.

### **Responsibilities of Chief Officers**

- 3.3.12 To consider and respond promptly to control weaknesses, issues and recommendations in audit reports and ensure that all critical or significant agreed actions arising from the audit are carried out in accordance with the agreed action plan included in each report. Furthermore, to ensure that all recommendations are implemented in a timely fashion with clear delegation to responsible officers with agreed timescales.

### **Responsibilities of the DoF**

- 3.3.13 To ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the CFO and internal audit prior to implementation.

- 3.3.14 To notify the CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of Derbyshire Police property or resources. Pending investigation and reporting, the Chief Constable should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who shall consult with Internal Audit as appropriate and keep them informed of progress. At the conclusion of the investigation Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised. The operation of this Regulation shall be in accordance with the agreed protocol between the Head of Organisational Learning, Culture & Ethics (OLCE), the DoF and Internal Audit.
- 3.3.15 To brief (alongside the CFO) the JARAC Chair of any suspected fraud, theft, irregularity, improper use or misappropriation of Derbyshire Police property or resources. To advise (and involve if appropriate) the JARAC Chair of the processes that follow and the conclusion of investigations.

### **External Audit**

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

- 3.3.16 The PSAA (Public Sector Audit Appointments Ltd) is responsible for appointing external auditors to each local authority, including police under the provisions of the Local Audit and Accountability Act 2014 and regulation 3 of the Local Audit (Appointing Person) Regulations 2015. The National Audit Office's Code of Audit Practice ([https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)) prescribes the way in which auditors appointed by the PSAA carry out their functions under the Local Audit and Accountability Act 2014. The external auditor has rights of access to all documents and information necessary for audit purposes.
- 3.3.17 The responsibilities of the external auditor are described in the Code of Audit Practice which sets out the auditor's objectives to review and report upon:
- the financial aspects of the audited body's corporate governance arrangements;
  - the audited body's financial statements; and
  - aspects of the audited body's arrangements to secure Value for Money.
- 3.3.18 In auditing the annual accounts the external auditor must satisfy themselves, in accordance with both the Code of Audit Practice and relevant legislation, that:
- the accounts are prepared in accordance with the relevant regulations;
  - they comply with the requirements of all other statutory provisions applicable to the accounts;
  - proper practices have been observed in the compilation of the accounts; and
  - the body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.
- 3.3.19 The Code of Audit Practice also sets out other specific responsibilities of the auditor, for example regarding reporting.

### **Responsibilities of the Joint Audit Risk and Assurance Committee**

The responsibilities of the JARAC are described in the Terms of Reference which are reviewed annually and approved by the PCC and CC.

### **Responsibilities of the CFO and DoF**

- 3.3.20 To 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.

### **Responsibilities of the CC and PCC**

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



### **3.4 PREVENTING FRAUD AND CORRUPTION**

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

- 3.4.1 Derbyshire Police will not tolerate fraud or corruption in the administration of its responsibilities, whether from inside or outside Derbyshire Police.
- 3.4.2 Derbyshire Police's expectation of propriety and accountability is that the PCC and employees at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 3.4.3 Derbyshire Police also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom it comes into contact will act with honesty and integrity.

#### **Responsibilities of the CC and PCC**

- 3.4.4 To maintain an effective anti-fraud and anti-corruption policy.
- 3.4.5 To ensure that adequate and effective internal control arrangements are in place and reported on through appropriate channels including the JARAC.
- 3.4.6 To maintain a policy for the registering of interests and the receipt of hospitality and gifts covering both the PCC and employees. A register of interests and a register of hospitality and gifts shall be maintained for the PCC and employees.
- 3.4.7 To maintain guidance that enables employees, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified.
- 3.4.8 To implement and maintain a clear internal financial control framework setting out the approved financial systems to be followed by all members and employees.

## **3.5 ASSETS SECURITY**

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

- 3.5.1 Derbyshire Police holds assets in the form of land, property, vehicles, equipment, furniture and other items, together worth many millions of pounds. It is important that assets are safeguarded and used efficiently in service-delivery, that there are arrangements for the security of both assets and information required for service operations and that proper arrangements exist for the disposal of assets. An up-to-date asset register is a prerequisite for proper fixed asset accounting and sound asset management.

### **Context**

- 3.5.2 The PCC will initially own and fund all assets regardless of whether they are used by the PCC, by the force or by both bodies. However, with consent from the PCC, the CC can acquire property (other than land or buildings) as set out in the scheme of consent/delegation.
- 3.5.3 The CC is responsible for the direction and control of the force and should therefore have day-to-day management of all assets used by the force.
- 3.5.4 The PCC should consult the CC in planning the budget and developing a medium term financial strategy. Both these processes should involve a full assessment of the assets required to meet operational requirements, including in terms of human resources, infrastructure, land, property and equipment.

### **Responsibilities of the CC**

- 3.5.5 To ensure that:
- an asset register is maintained to provide Derbyshire Police with information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory and management requirements;
  - 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;
  - lessees and other prospective occupiers of Derbyshire Police land are not allowed to take possession or enter the land until a lease or agreement has been established as appropriate;
  - title deeds to Derbyshire Police property are held securely;
  - no Derbyshire Police asset is subject to personal use by an employee without proper authority;
  - valuable and portable items such as computers, cameras and video recorders are identified with security markings as belonging to Derbyshire Police;
  - all employees are aware of their responsibilities with regard to safeguarding Derbyshire Police assets and information, including the requirements of the Data Protection Act and software copyright legislation;

- assets no longer required are disposed of in accordance with the law and the regulations of the Derbyshire Police; and
- all employees are aware of their responsibilities with regard to safeguarding the security of Derbyshire Police ICT systems, including maintaining restricted access to the information held on them and compliance with the information and security policies.

### **Valuation**

#### **Responsibilities of the CC**

- 3.5.6 To maintain an asset register for all fixed assets with a value in excess of the limits shown below, in a form approved by the CFO and DoF. Assets are to be recorded when they are acquired by Derbyshire Police. Assets shall remain on the asset register until disposal. Assets are to be valued in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom* and the requirements specified by the CFO and DoF.

<i>Land &amp; Buildings</i>	<i>All values</i>
<i>Vehicles</i>	<i>All values</i>
<i>ICT hardware</i>	<i>All values</i>
<i>Plant &amp; Equipment</i>	<i>£10,000</i>

### **Inventories**

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

- 3.5.7 To ensure that inventories are maintained in a format approved by the CFO and DoF that record an adequate description of items with a value in excess of £100. Other items of equipment should also be recorded if they are deemed to be both desirable and portable.

### **Stocks and Stores**

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

- 3.5.8 To make arrangements for the care, custody and control of the stocks and stores of Derbyshire Police and to maintain detailed stores accounts in a form approved by the CFO and DoF.
- 3.5.9 To undertake a complete stock check at least once per year either by means of continuous or annual stock check. The stock check shall be undertaken and certified by an authorised member of staff who is independent of the stock keeping function. This procedure shall be followed and a complete stock check undertaken whenever stock keeping duties change.
- 3.5.10 Discrepancies between the actual level of stock and the book value of stock may be written-off.
- 3.5.11 To write-off obsolete stock.

## **Intellectual Property**

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

- 3.5.12 Intellectual property is a generic term that includes inventions and writing.
- 3.5.13 It is Derbyshire Police policy that if any Intellectual Policy is created by the employee during the course of employment, then, as a general rule, this will belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property. Certain activities undertaken within Derbyshire Police may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property.
- 3.5.14 In the event that Derbyshire Police decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an intellectual property policy and with the express consent of the PCC. Matters should only proceed after legal advice has been received and evaluated.

### **Responsibilities of the CC**

- 3.5.15 To ensure that employees are aware of these procedures.
- 3.5.16 To prepare guidance on intellectual property procedures and ensuring that employees are aware of these procedures.

### **Responsibilities of the CC and PCC**

- 3.5.17 To approve the intellectual property policy.

## **Asset Disposal**

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

- 3.5.18 It would be uneconomic and inefficient for the cost of assets to outweigh their benefits. Obsolete, non-repairable or unnecessary resources should be disposed of in accordance with the law and the regulations of the PCC.

### **Responsibilities of the CC**

- 3.5.19 To dispose of assets at the appropriate time and at the most advantageous price with the consent of the PCC.
- 3.5.20 All asset disposals shall be recorded in the asset register or inventory as appropriate.

### **Responsibilities of the DoF**

- 3.5.21 To ensure that income received for the disposal of an asset is properly banked and accounted for.
- 3.5.22 To ensure that appropriate accounting entries are made to remove the value of disposed assets from Derbyshire Police records and to include the sale proceed if appropriate.

## **3.6 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS**

### **Treasury Management**

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

- 3.6.1 Derbyshire Police is a large organisation that handles hundreds of millions of pounds every financial year. It is important that Derbyshire Police's funds are managed properly, in a way that balances risk with return, but with the prime consideration being given to the security of the Derbyshire Police capital sum.
- 3.6.2 Derbyshire Police will create and maintain, as the cornerstones for effective treasury management:
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities.
  - Suitable Treasury Management Strategies (TMS) setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

#### **Responsibilities of the PCC**

- 3.6.3 To adopt the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)
- 3.6.4 To approve the annual treasury management policy and annual investment strategy
- 3.6.5 To receive and approve treasury management performance monitoring reports

#### **Responsibilities of the CFO**

- 3.6.6 To prepare, keep under review and amend as necessary the Treasury Management Strategy including the list of approved counterparties for lending.
- 3.6.7 To prepare the annual treasury management policy and annual investment strategy
- 3.6.8 To authorise the borrowing of funds for capital financing purposes in consultation with the DoF

#### **Responsibilities of the DoF**

- 3.6.9 To implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance
- 3.6.10 To prepare reports on the PCCs treasury management policies, practices and activities, including, as a minimum, an annual report
- 3.6.11 To execute and administer treasury management in accordance with the CIPFA Code and the PCCs policy

- 3.6.12 To arrange borrowing and investments, in compliance with the CIPFA Code and prevailing TMS
- 3.6.13 To ensure that all investments and borrowings are made in the name of the Police and Crime Commissioner for Derbyshire.

### **Banking Arrangements**

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

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

#### **Responsibilities of the CFO**

- 3.6.15 To have overall responsibility for the banking arrangements for Derbyshire Police.
- 3.6.16 To produce a policy on the establishment and maintenance of bank accounts, in consultation with the DoF.
- 3.6.17 To authorise the opening and closing of all Derbyshire Police bank accounts. No other employee shall open a bank account unless they are performing a statutory function (e.g. treasurer of a charitable body) in their own right.
- 3.6.18 To determine signatories on all Derbyshire Police bank accounts, in conjunction with the DoF.

#### **Responsibilities of the DoF**

- 3.6.19 Be responsible for the daily management and operation of the accounts.
- 3.6.20 To undertake bank reconciliations on a timely and accurate basis.

### **Imprest Accounts / Petty Cash**

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

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

### **Responsibilities of the CC and CFO**

- 3.6.22 To provide appropriate employees of Derbyshire Police with cash or bank imprest accounts to meet minor expenditure on behalf of Derbyshire Police. 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.
- 3.6.23 To prepare detailed Financial Instructions for dealing with petty cash and these shall be issued to all appropriate employees.

### **Money Laundering**

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

- 3.6.24 Derbyshire Police is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money.
- 3.6.25 Suspicious cash deposits in any currency in excess of €15,000 (or equivalent) should be reported to the National Crime Agency (NCA)
- 3.6.26 Derbyshire Police will monitor its internal control procedures to ensure they are reliable and robust.

### **Responsibilities of the CFO and the DoF**

- 3.6.27 To be the nominated Money Laundering Reporting Officers (MLRO) for Derbyshire Police.
- 3.6.28 Upon receipt of a disclosure, to consider, in the light of all information, whether it gives rise to such knowledge or suspicion.
- 3.6.29 To disclose relevant information to the National Crime Agency (NCA))

### **Responsibilities of Chief Officers**

- 3.6.30 To undertake appropriate checks to ensure that all new suppliers and counterparties are bona fide

### **Responsibilities of officers/staff**

- 3.6.31 To notify the DoF (or the CFO in the case of the OPCC) as soon as they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime
- 3.6.32 Cash banking from a single source over €15,000 should be reported to the DoF. This instruction does not apply to seizures and subsequent banking under the Proceeds of Crime Act (see Financial Regulation 3.8).



## **3.7 STAFFING**

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

- 3.7.1 Staffing costs form the largest element of the annual policing budget. An appropriate HR strategy should exist, in which staffing requirements and budget allocations are matched. The CC is responsible for approving the overall HR strategy for the Force in consultation with the PCC. The CEX is responsible for the HR strategy for the OPCC.

### **Responsibilities of the CC**

- 3.7.2 To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.
- 3.7.3 To advise the PCC on the budget necessary in any given year to cover estimated staffing levels
- 3.7.4 To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs
- 3.7.5 To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- 3.7.6 To approve policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

### **Responsibilities of the CEX**

- 3.7.7 To ensure that employees are appointed, employed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.
- 3.7.8 To advise the PCC on the budget necessary in any given year to cover estimated staffing levels
- 3.7.9 To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints in order to meet changing operational needs
- 3.7.10 To have systems in place to record all matters affecting payments to staff, including appointments, resignations, dismissals, secondments, suspensions, transfers and all absences from work.
- 3.7.11 To approve policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

### **3.8 ADMINISTRATION OF EVIDENTIAL & NON-EVIDENTIAL PROPERTY**

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

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

#### **Responsibilities of the CC**

- 3.8.2 To determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision. These procedures shall be made available to all appropriate employees.
- 3.8.3 To determine procedures for the safekeeping of evidential or non-evidential property. These procedures shall be made available to all appropriate employees and shall make specific reference to the need for insurance of valuable items.
- 3.8.4 To issue separate Financial Instructions for dealing with cash, including seized cash under the Proceeds of Crime Act

#### **Responsibilities of all employees**

- 3.8.5 To notify the CC immediately in the case of loss or diminution in value of such private property.

### **3.9 GIFTS, LOANS AND SPONSORSHIP**

3.9.1 This does not include the receipt of hospitality and gifts by individuals – please see Section 3.4

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

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

#### **Context**

3.9.3 Gifts, loans and sponsorship are particularly suitable for multi-agency work such as crime prevention, community relations work, and victim support schemes.

3.9.4 Gifts, loans and sponsorship can be accepted from any source which has genuine and well-intentioned reasons for wishing to support specific projects. In return, the provider may expect some publicity or other acknowledgement. It is acceptable to allow the provider to display the organisation's name or logo on publicity material, provided this does not dominate or detract from the purpose of the supported project.

3.9.5 The total value of gifts, loans and sponsorship accepted, should not exceed 1% of the Derbyshire Police gross expenditure budget annually.

#### **Responsibilities of the PCC**

3.9.6 To approve the policy on gifts, loans and sponsorship

#### **Responsibilities of the CC**

3.9.7 To accept gifts, loans or sponsorship within agreed policy guidelines.

3.9.8 To refer all gifts, loans and sponsorship above £10,000 to the PCC for approval before they are accepted.

#### **Responsibilities of the DoF**

3.9.9 To present an annual report to the PCC listing all gifts, loans and sponsorship.

3.9.10 To maintain a central register, in a format agreed by the CFO, of all sponsorship initiatives and agreements including their true market value, and to provide an annual certified statement of all such initiatives and agreements. The register will be made available to the CFO, who shall satisfy themselves that it provides a suitable account of the extent to which such additional resources have been received.

3.9.11 To bank cash from sponsorship activity in accordance with normal income procedures.

## 4.1 SYSTEMS & PROCESSES - INTRODUCTION

### Why is this important?

4.1.1 There are many systems and procedures relating to the control of Derbyshire Police assets, including purchasing, costing and management systems. Derbyshire Police is reliant on computers for financial management information. This information must be accurate and the systems and procedures sound and well administered. They should contain controls to ensure that transactions are properly processed and errors detected promptly.

4.1.2 The CFO and DoF both have a statutory responsibility to ensure that Derbyshire Police's financial systems are sound and should therefore be notified of any proposed new developments or changes.

### Responsibilities of the CFO and DoF

4.1.3 To make arrangements for the proper administration of Derbyshire Police financial affairs, including to: -

- issue advice, guidance and procedures for officers and others acting on behalf of Derbyshire Police;
- determine the accounting systems, form of accounts and supporting financial records;
- establish arrangements for the audit of Derbyshire Police's financial affairs;
- approve any new financial systems to be introduced; and
- approve any changes to existing financial systems.

4.1.4 To ensure, in respect of systems and processes, that: -

- systems are secure, adequate internal control exist and accounting records (e.g. invoices, income documentation) are properly maintained and held securely. 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 maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa; and
- systems are documented and staff trained in operations.

4.1.5 To ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place in the event of a failure in computer systems.

4.1.6 To establish a scheme of delegation, identifying staff authorised to act on behalf of the CC, the PCC, the DoF, the CEX or the CFO in respect of, for example, income collection, placing orders, making payments and employing staff.

## **4.2 INCOME**

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

- 4.2.1 Income is vital to Derbyshire Police and effective systems are necessary to ensure that all income due is identified, collected, receipted and banked promptly.

### **Context**

- 4.2.2 The PCC and CC should adopt the NPCC national charging policies and national guidance when applying charges under section 25 of the Police Act 1996. It should keep in mind that the purpose of charging for special services is to ensure that, wherever appropriate, those using the services pay for them.
- 4.2.3 PCCs should ensure that there are arrangements in place to ensure that expected charges are clearly identified in their budgets and that costs are accurately attributed and charged. When considering budget levels PCCs should ensure that ongoing resource requirements are not dependent on a significant number of uncertain or volatile income sources and should have due regard to sustainable and future year service delivery.
- 4.2.4 When specifying resource requirements, the CC will identify the expected income from charging. The CC should adopt NPCC charging policies in respect of mutual aid.

### **Responsibilities of the CC and PCC**

- 4.2.5 To adopt the NPCC national charging policies and national guidance when applying charges under section 25 of the Police Act 1996

### **Responsibilities of the DoF and CFO**

- 4.2.6 To make arrangements for the collection of all income due to Derbyshire Police and approve the procedures, systems and documentation for its collection, including the correct charging of VAT
- 4.2.7 To agree a charging policy for the supply of goods and services, including the appropriate charging of VAT, and to review it regularly in line with corporate policies.

### **Responsibilities of the DoF**

- 4.2.8 To ensure that all income is paid fully and promptly into the Police and Crime Commissioner for Derbyshire's Bank Account. Appropriate details should be recorded on to paying-in slips to provide an audit trail.
- 4.2.9 To ensure income is not used to cash personal cheques or make other payments.
- 4.2.10 To order and supply to appropriate employees all receipt forms, books or tickets and similar items and be satisfied as to the arrangements for their control. Official receipts or other suitable documentation shall be issued for all income received.

4.2.11 To operate effective debt collection procedures.

4.2.12 To initiate, in consultation with the CEX and CFO, appropriate debt recovery procedures, including legal action where necessary.

4.2.13 To approve the write-off of bad debts up to the level shown below. Amounts for write-off above this value must be referred to the PCC for approval, supported by a written report explaining the reason(s) for the write-off.

Up to £10,000      DoF

4.2.14 To prepare detailed Financial Instructions for dealing with income, to be agreed with the CFO, and to issue them to all appropriate employees.

## **4.3 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES**

### **Why is this required?**

- 4.3.1 Derbyshire Police has a statutory duty to ensure financial probity and best value. The PCC's financial regulations and purchasing procedures help to ensure that the public can receive value for money. These procedures should be read in conjunction with the contract regulations in Section 5.

### **Responsibilities of the DoF**

- 4.3.2 To maintain a procurement policy covering the principles to be followed for the purchase of goods and services.
- 4.3.3 To issue official orders for all work, goods or services to be supplied to Derbyshire Police, except for purchases that are included on a list of exemptions agreed with the CFO. Individual cases that require waiver from the requirement for an official order which are not on the list of exemptions are to be agreed with the CFO in advance (and added to the list if expected to be repeated).
- 4.3.4 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of Derbyshire Police contracts.
- 4.3.5 Goods and services ordered must be appropriate and there must be adequate budgetary provision. Quotations or tenders must be obtained where necessary, in accordance with these regulations.
- 4.3.6 Payments are not to be made unless goods and services have been received by Derbyshire Police at the correct price, quantity and quality in accordance with any official order.
- 4.3.7 To ensure that payments are made to the correct person, for the correct amount, on time (i.e. with 28 days) and are recorded properly, regardless of the method of payment.
- 4.3.8 To ensure that VAT is recovered where appropriate
- 4.3.9 To ensure that all expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected
- 4.3.10 To ensure that all purchases made through e-procurement follow the rules, regulations and procedures, as set out in contract regulations as set out in Section 5.
- 4.3.11 To prepare, in consultation with the CFO, detailed Financial Instructions for dealing with the ordering and payment of goods and services, and to issue these to all appropriate employees.

### **Responsibilities of the Chief Officers**

- 4.3.12 To ensure that all officers/staff declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of Derbyshire Police and that such persons take no part in the selection of a supplier or contract with which they are connected.

### **Responsibilities of the PCC**

- 4.3.13 To declare on the Decision Report any links or personal interests they may have with purchasers, suppliers and contractors, at the time the decision is made.



#### **4.4 PAYMENTS TO EMPLOYEES AND POLICE OFFICERS**

##### **Why is this required?**

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

##### **Responsibilities of the CC, the DoF, the PCC, the CEX and the CFO**

- 4.4.2 To ensure the secure and reliable payment of salaries, overtime, pensions, compensation and other emoluments to existing and former employees and police officers.
- 4.4.3 To ensure that tax, pension and other deductions are made correctly and paid over at the right time to the relevant body.
- 4.4.4 To pay all valid travel and subsistence claims or financial loss allowance.
- 4.4.5 To pay salaries, wages, pensions and reimbursements by the most economical means.
- 4.4.6 To ensure that payroll transactions are processed only through the payroll system. Payments to individuals employed on a self-employed consultant or subcontract basis shall only be made in accordance with HM Revenue & Customs (HMRC) requirements. The HMRC applies a tight definition of employee status, and in cases of doubt, advice should be sought from them.
- 4.4.7 To ensure that full records are maintained of payments in kind and properly accounted for in any returns to the HMRC.
- 4.4.8 To prepare detailed Financial Instructions for dealing with payments to employees and these shall be issued to all appropriate employees.

## **4.5 TAXATION**

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

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

### **Responsibilities of the DoF**

4.5.2 To ensure the timely completion and submission of all HM Revenue & Customs (HMRC) returns regarding PAYE and that due payments are made in accordance with statutory requirements

4.5.3 To ensure the timely completion and submission of VAT claims, inputs and outputs to HMRC

4.5.4 To ensure that the correct VAT liability is attached to all income due and that all VAT receivable on purchases complies with HMRC regulations

4.5.5 To provide details to the HMRC regarding the construction industry tax deduction scheme.

4.5.6 To ensure that appropriate technical staff has access to up to date guidance notes and professional advice.

## **4.6 CORPORATE CREDIT CARDS**

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

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

### **Responsibilities of the CC and CFO**

- 4.6.2 Provide Financial Instructions to all cardholders.

### **Responsibilities of the CFO**

- 4.6.3 To authorise and maintain control over the issue of cards.

### **Responsibilities of the DoF**

- 4.6.4 To reconcile the credit card purchases to the general ledger on a monthly basis.

### **Responsibilities of credit card holders**

- 4.6.5 To ensure that purchases are in accordance with approved Derbyshire Police policies.
- 4.6.6 To provide receipted details of all payments made by corporate credit card each month, to ensure that all expenditure is correctly reflected in the accounts and that VAT is recovered.

## **4.7 PURCHASING CARDS**

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

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

### **Responsibilities of the CC**

- 4.7.2 To provide detailed financial instructions to card holders.

### **Responsibilities of the CFO**

- 4.7.3 To authorise and maintain control over the issue of cards.

### **Responsibilities of the DoF**

- 4.7.4 To reconcile the purchase card account to the ledger on a monthly basis.

### **Responsibilities of Purchasing Card Holders**

- 4.7.5 To be responsible for ordering and paying for goods and services in accordance with the Force procurement policy, contract standing orders and any other relevant procedures.

## **4.8 EX GRATIA PAYMENTS Why**

### **is this important?**

- 4.8.1 An ex gratia payment is a payment made by Derbyshire Police where no legal obligation has been established. An example may be recompense to a police officer for damage to personal property in the execution of duty or to a member of the public for aiding a police officer in the execution of duty.

### **Responsibilities of the CC**

- 4.8.2 To make ex gratia payments, on a timely basis, 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 Derbyshire Police

Up to £10,000	Chief Constable
Over £10,000	PCC

- 4.8.3 To maintain details of ex gratia payments in a register maintained by the DoF and reported to the PCC and CFO on an annual basis

- 4.8.4 To make ex gratia payments, on a timely basis, up to the level shown below in any individual instance, for damage or loss of property or for personal injury to a police officer, police staff or any member of the extended police family, in the execution of duty.

Up to £10,000	Chief Constable
Over £10,000	PCC

## **5. CONTRACT REGULATIONS**

### **5.1 What is a contract?**

- 5.1.1 A contract is an agreement between two parties for the supply of goods and/or services. Employees should avoid giving verbal commitments to suppliers as this can constitute a contract.
- 5.1.2 The terms and conditions to be applied to the contract provide clarity and protection to the participants, and the specification of the requirement should be clearly understood by both parties. Their length and complexity are likely to depend on the extent of cost and complexity of the goods or services to be supplied.

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

- 5.2.1 All employees engaged in the following activities, shall make every effort to ensure that the best value for money is achieved for the acquisition and delivery of:
- goods or materials;
  - services and consultancy;
  - building works; and
  - the supply of goods or services to third parties which provide Derbyshire Police with an income.
- 5.2.2 Such efforts shall also continue throughout the lifetime of any contract to ensure that best value for money is maintained in the quality and standard of all goods, services and works supplied and in the review of proposals to change or vary any feature of any contract during its lifetime.

### **5.3 Key controls**

- 5.3.1 No contract or project shall be deliberately or artificially divided into a number of separate contracts in order to avoid the obligations set out in the Public Contract Regulations (PCR), or any statute or the EU Directive.
- 5.3.2 All procurement activities of Derbyshire Police are conducted in compliance with the PCR.
- 5.3.3 Competition shall be encouraged from potential providers to supply Derbyshire Police with goods, services, building works, etc.
- 5.3.4 Every contract concluded on behalf of the PCC shall comply with:
- the EU Treaty;
  - any relevant Directives of the EU for the time being in force in the United Kingdom including any requirement for aggregation;
  - the Public Contract Regulations
  - any laws of the United Kingdom including any Act of Parliament requiring the letting of contracts by competitive tendering or relating to Best Value; and
  - the requirement of the Police Reform and Social Responsibility Act 2011 to publish copies of contracts and tenders to businesses and to the voluntary community and social enterprise sector on the website.

5.3.5 Subject to compliance with 5.3.3 exemption from any of the following provisions of these Contract Regulations may only be made:

- by direction of the CC; or
- by the CEX
- by a chief officer in an emergency.

5.3.6 The CFO and DoF shall be informed of the circumstances of every exemption made under 5.3.4 at the earliest opportunity.

5.3.7 In addition to adhering to the above, any employee who is engaged in any activities or processes leading to the award of a contract or in its subsequent delivery, shall:

- show no undue favour to or discriminate against any contractor or potential contractor;
- be appropriately qualified for the role (e.g. a qualified Member of the Chartered Institute of Procurement and Supply (MCIPS) Corporation ) or supervised by such an individual where delegation of duties is considered appropriate;
- carry out their work in accordance with the highest standards of propriety and proper practice (including respecting the confidentiality of commercial information); and
- not breach the requirements of the Derbyshire Police Policy for Gifts and Gratuities, Hospitality, Discounts, Travel and other Potential Conflicts of Interest.

5.3.8 During the tendering period for a contract, staff and officers may not accept from organisations involved in the tendering process, any gifts or any hospitality other than hospitality which is of a: -

- de minimus value (less than approximately £15 worth); and
- nature which could reasonably be considered to be associated with normal daily business such as the provision of a light refreshment or meal or the provision of parking facilities for a business visit. Where such hospitality is accepted it must be recorded. The tendering period will start when the contract is first drafted and will end after the contract is awarded and will apply to staff or officers involved in any way in the drafting or awarding of the contract.

5.3.9 These Contract Regulations shall apply, irrespective of whether the contract is financed with monies provided by the PCC or any other person or body e.g. grants from local councils and other partnership monies.

## **5.4 Responsibilities**

### **General**

5.4.1 These Standing Orders are made pursuant to the Local Government Act 1972 Section 135 and shall come into force on 28 January 2019 but nothing in these Standing Orders shall prejudice the validity of any actions taken before that date under any previous Standing Orders.

5.4.2 These Standing Orders shall not apply or may be varied where or to the extent that: -

- the PCC so resolves; or
- where the DoF acting pursuant to Appendix A of these Standing Orders so decides; or
- statute or subordinate legislation prescribes otherwise; or
- purchases are proposed against a contract or framework (identified by the Procurement Department) with a single supplier awarded by a statutory body, local authority, consortium, local policing bodies or other similar bodies, and the contract or framework has been awarded by the method prescribed by such body. (For the avoidance of doubt, where an approved Framework Agreement is in place with multiple suppliers, Standing Orders will apply and further competition will normally take place).

5.4.3 The estimated value for the purposes of these Standing Orders of a contract shall be the value of the consideration which Derbyshire Police expects to give under the contract calculated as follows:

- Where Derbyshire Police has a requirement for a single contract comprising services, supplies or works in combination, then the value of the contract shall be the aggregate value, and the rules to be applied are those which apply to the largest element by consideration.
- In determining the value of the consideration which Derbyshire Police expects to give under a contract it shall, where appropriate, take account of:
  - insurance services - the premium payable;
  - banking and other financial services - the fees, commissions or other remuneration payable for banking and financial services;
  - design contracts - the fees or commissions payable;
  - where Derbyshire Police has a single requirement for services and a number of services contracts have been entered or are to be entered into to fulfil that requirement the estimated value for the purposes of these Standing Orders shall be the aggregate of the value of the consideration which the Derbyshire Police expects to give under each of those contracts.
  - Where Derbyshire Police has a single requirement for goods and a number of supplies contracts has been entered or is to be entered into to fulfil that requirement, the estimated value for the purposes of these Standing Orders above shall be the aggregate of the value of the consideration which Derbyshire Police expects to give under each of those contracts.
  - The estimated value for the purposes of these Standing Orders above of a works contract which is one of a number of contracts entered into or to be entered into for the carrying out of works shall be the aggregate of the value of the consideration which Derbyshire Police has paid or expects to give under all the contracts for the carrying out of the work.



- The estimated value for the purposes of these Standing Orders above of a services contract, which does not indicate a total price, under which services are to be provided over a period exceeding four years or over an indefinite period shall be the value of the consideration which Derbyshire Police expects to give in respect of each month of the period multiplied by 48.
- The estimated value for the purposes of these Standing Orders above of a supplies contract for the hire of goods for an indefinite period, or for a period which is uncertain at the time the contract is entered into, shall be the value of the consideration which Derbyshire Police expects to give in respect of each month of the hire multiplied by 48.
- Where a service contract includes one or more options the estimated value of the contract for the purposes of these Standing Orders above shall be determined by calculating the highest possible consideration which could be given under the contract.
- Derbyshire Police shall not enter into separate contracts nor select nor exercise a choice under a valuation method with the intention of avoiding the application of these Standing Orders to those contracts.
- The relevant time for the purposes of calculating the estimated value means the date on which a notice seeking expressions of interest is first published.

5.4.4 Electronic methods of seeking expressions of interest, inviting tenders and/or receiving tenders will be utilised.

5.4.5 These Standing Orders apply to the entering into of any commitments of a contractual nature for the purchase of goods, services or works. While they refer to 'contracts' they are equally applicable to 'orders' for purchase (in so far as they can be applied).

#### **Power to Delegate**

5.4.6 The Deputy Police & Crime Commissioner (DPCC), the CFO and the CEX shall have power to enter into contracts on behalf of the PCC. The contract is to be awarded on the basis of an offer that offers the most economically advantageous outcome to Derbyshire Police: -

5.4.7 The request for authority to accept tenders/quotes and/or enter into contracts with a value in excess of £25,000 pursuant to paragraph 5.1.18 or 5.1.19 shall be documented by the Procurement Department in a report to PCC through the CFO or the CEX.

## **5.5 PURCHASING PROCEDURES AND THRESHOLDS**

### **Small contracts of £25,000 or less**

- 5.5.1 Tenders need not be invited for contracts estimated to have a value of £25,000 or less but written quotations shall be obtained wherever possible. For contracts estimated to have a value of more than £5,000 but not exceeding £25,000 three written quotations shall be obtained unless paragraphs 5.5.2 to 5.5.5 apply.
- 5.5.2 For contracts estimated to have a value of more than £5,000 but not exceeding £10,000 the requirement for a minimum of 3 written quotations shall not apply where a justification to waive this requirement has been made to and agreed by the Head of Procurement. Instances where such waiver has been granted will be reported to the DoF and the CFO.
- 5.5.3 The requirement for written quotations shall not apply where the services comprise the: -
- seeking the advice of counsel;
  - services of counsel by way of representation;
  - services of an expert witness; or
  - engagement of temporary locum staff.
- 5.5.4 The requirement for written quotations shall not apply where a current and relevant framework agreement awarded in compliance with EU regulations is in existence. Provided that the rules governing such framework agreement allow the use by the PCC and do not require a further competition to take place or quotations to be obtained.
- 5.5.5 The requirement for three written quotations shall not apply where the CFO or the CEX authorises a single written quotation, in accordance with the procedure set out in Appendix A.
- 5.5.6 Contracts having a value of £25,000 or less shall be evidenced in writing but may be on Derbyshire Police's purchase order form unless the DoF or the CFO considers that a different form of contract is appropriate.

### **Requirement for tenders: contracts above £25,000**

- 5.5.7 Subject to 5.5.7 and 5.5.9 tenders shall be invited where the contract sum is estimated to exceed £25,000.
- 5.5.8 Tenders need not be invited where:
- 5.5.2 or 5.5.3 apply;
  - the PCC, DPCC, CFO or the CEX authorises the procedure for a single tender, in accordance with the procedure set out in Appendix A.; or

- the PCC, DPCC, CFO or the CEX authorises a contract under a single supplier Framework Agreement; or
- the PCC proposes to procure services, supplies or works through a contract entered into by another contracting authority (within the meaning of the Public Contracts Regulations 2015) having followed procurement procedures similar to those set out in these Standing Orders; or
- the services comprise:
  - seeking the advice of counsel;
  - the services of counsel by way of representation;
  - the services of an expert witness;
  - the engagement of temporary or locum staff.

5.5.9 Where tenders are required to be invited, an open competitive tender shall be employed: in accordance with 5.5.10 to ensure value for money and that there is genuine and fair competition

#### **Open competitive tenders**

5.5.10 Tenders shall be invited using the Derbyshire Police electronic tendering system in accordance with 5.4.4

- The tender will be advertised using the Derbyshire electronic tendering system and using appropriate web portals including, for example, Contracts Finder and Source Derbyshire or other electronic media; and In the Official Journal (OJEU) where required by the Public Contract Regulations 2015
- The invitation to tender shall be issued and received electronically using the Derbyshire adopted e-tendering system. A written (hard copy or copies) of the tender submission may also be requested where required.

#### **Selection and Award Criteria**

5.5.11 The selection and award criteria will be published within the tender documentation in accordance with the principles of the EU directives.

#### **Form of invitation to tender and submission of tenders**

5.5.12 All tenders shall be required to be submitted on a form of tender prepared by the CC's Procurement team, which shall include a certificate against collusion statement and shall specify that the PCC will not be bound to accept any tender and shall include a statement that any tender or contract may be inspected by any regulator.

5.5.13 In cases where hard copy tender submissions have been requested, the invitations to tender shall state that no tender will be considered unless it is contained in a plain sealed envelope and endorsed 'Tender' followed by the subject to which it relates. Every such envelope shall bear no name or mark indicating the sender.

5.5.14 Every written (hard copy) tender shall be addressed to the DoF and the tender shall remain unopened in the custody of the DoF or the CFO until the electronic tender has been opened.

#### **Opening of tenders**

5.5.15 Tenders shall be kept within the secure area of Derbyshire Police's e-tendering system until the time and date specified for their opening, or for Hard Copy tenders in the custody of the DoF

5.5.16 Under normal circumstances an electronic tendering system will be used. Where only written (hard copy) tenders are received the tenders shall be opened at one time, which shall be as soon as possible after the closing time and date, and only in the presence of three officers appointed by the DoF or the CFO. Those officers shall certify a list of tenders received.

5.5.17 Where tenders are received solely through Derbyshire Police's approved E- Tendering System, they are subject to the electronic security protocols within that system which require tenders to be opened electronically by a designated group of officers.

5.5.18 Where both electronic and hard copy tenders are submitted for the same contract, i.e. some hard copy and some electronic, all tenders received by both means must be brought together for formal tender opening at one time, and all tenders received must be recorded on a list certified by the tender opening panel members.

5.5.19 Where all the tenders are received electronically any supplementary hard copies of the tender must only be opened after the electronic tenders have been opened.

5.5.20 The DoF or the CFO may nominate another officer to discharge his/her responsibilities under this Standing Order.

5.5.21 The DoF, the CFO or their nominee shall prepare and maintain a register of hard copy tenders received and shall record in that register the following particulars: -

- last date and time for the receipt of tenders;
- date and time upon which the tender was actually received;
- estimated tender price;
- name of the tenderer and the amount of the tender;
- date upon which they were opened;
- number of tenders; and
- signature of the officer to whom the tenders were handed after opening.

5.5.22 All persons required to be present at the opening of hard copy tenders shall immediately thereafter sign against the relevant particulars in the register as evidence of such tenders having been opened by them or in their presence and shall initial each of the tender documents.

- 5.5.23 The record of the persons opening an electronic tender will be maintained within the approved E-Tendering System.
- 5.5.24 Unless 5.5.25 applies, no tender received after the specified closing date and time shall be considered. Any such tender will be either rejected via Derbyshire Police's e-tendering system or promptly returned to the tenderer by the DoF, the CFO or nominee. The tender may be opened to ascertain the name and address of the tenderer but no details of the tender shall be disclosed.
- 5.5.25 In exceptional circumstances, or where the tender is the only one received and is within the budgeted estimate previously determined, the PCC, the CFO or the CEX may accept a late tender, notifying the Monitoring Officer (CEX) at the time.

#### **Alterations to and clarification of tenders**

- 5.5.26 If an error is identified, in the specified requirements or tender documentation, before the closing date for the return of tenders, all tenderers shall be appraised of the error and invited to adjust their tenders.
- 5.5.27 If an error is identified in the specified requirements or tender documentation after the closing date for the return of tenders all tenderers shall be given details of the error and afforded the opportunity of withdrawing the offer or submitting an amended tender.
- 5.5.28 Where examination of tenders reveals errors, discrepancies or a lack of clarity which would affect the tender figure in an otherwise successful tender the tenderer shall be given details of such errors, discrepancies or lack of clarity by the Procurement Team and afforded an opportunity of confirming, correcting or withdrawing his/her offer. The tenderer shall be given no information about other tenders or the likelihood of his/her tender being accepted. If the tenderer withdraws, the next tender in competitive order is to be examined and dealt with in the same way.
- 5.5.29 Where a tenderer is invited to adjust, amend, confirm, correct or withdraw a tender, any submission shall be made in accordance with and subjected to the same safeguards as the original offer.

#### **Evaluation of Tenders**

- 5.5.30 Assessment criteria may be made on appropriate technical, qualitative and financial grounds which are appropriate to the contract concerned. These should be published within the tender agreed in consultation with an appropriate stakeholder group and agreed with the Procurement Team, which should include financial and technical/practitioner representation.

- 5.5.31 Evaluations of the Tender submissions are to be carried out by the stakeholder group based on the agreed criteria which shall be applied to all tenderers fairly, transparently and consistently.
- 5.5.32 Additional interviews, presentations and site visits for larger contracts may be included. Such decisions should be made prior to the invitation of tenders, not when adjudicating received offers.
- 5.5.33 Those members of staff involved in the evaluation process should be mindful of the policy on gifts, loans and sponsorship – see 3.9

#### **Acceptance of tenders/quotations**

- Prior to issue of tenders/quotations, award criteria appropriate to the purchase must be defined to ensure an outcome giving best value for money for Derbyshire Police. The basic criterion shall be the 'most economically advantageous' offer.

- 5.5.34 Award criteria will be in accordance with the Public Contract Regulations 2015
- 5.5.35 Contracts must be evaluated and awarded in accordance with the agreed and recorded award criteria, established and published prior to receipt of completed tenders/quotations.
- 5.5.36 In exceptional circumstances where the urgency of the situation dictates that a contract is awarded prior to formal signature the CFO is to be advised by telephone as soon as practicable before or (in exceptional circumstances) after the award. This is to be followed up in writing to the CFO by email.

#### **Contracts to be in writing**

- 5.5.37 Every contract, except where the contract is awarded pursuant to paragraph 5.5.36 , shall: -
- be in writing in a form approved by the DoF or the CFO;
  - be executed under seal by the CEX or his/her nominee where its value exceeds £200,000 if required; or
  - be signed by the CEX or the CFO where its value does not exceed £200,000;
  - where the value of the contract exceeds £200,000, (or all contracts should the PCC deem it necessary) it shall be awarded and signed by the PCC or the DPCC.
- 5.5.38 Every contract above £25,000 shall specify amongst other things: -
- services, supplies or works to be provided;
  - the price to be paid with a statement of discount or other deductions;
  - where applicable, the time or times within which the contract is to be performed;

- where appropriate, provision for the payment of liquidated damages where the contractor fails to complete the contract within the specified timescales and/or be supported by sufficient security for due performance;
- a clause to the following effect:-

The Supplier agrees with the Customer that it shall, and that it shall procure that its Personnel and any other person who performs services for the Supplier in relation to the Contract shall:

- comply with all applicable laws, statutes, regulations and codes relating to bribery and other corruption (“Anti-Corruption Requirements”) including the Bribery Act 2010;
- not take or knowingly permit any action to be taken that would or might cause or lead the Customer to be in violation of any Anti-Corruption Requirements;
- not bribe or attempt to bribe (which shall include any offer or form of payment, gift or other inducement, reward or advantage, whether of money or anything of value) the Customer or any of the Customer’s employees, officers, agents, representatives, affiliates or persons acting on the Customer’s behalf; and
- at the Customer’s request and cost, provide the Customer with any reasonable assistance to enable it to perform any activity required by any relevant government or agency for the purpose of complying with Anti- Corruption Requirements.

The Supplier represents and warrants to the Customer that neither it nor any person described in Condition [enter reference] has bribed or attempted to bribe any person in order to obtain and/or retain any business, or advantage in the conduct of business, from the Customer and nor has it bribed or attempted to bribe any person described in Condition [enter reference]

The Supplier agrees that in addition to the Customer’s termination rights set out elsewhere in these Conditions, the Customer may (without prejudice to any other right available to it) immediately terminate the Contract in the event of any breach of this Condition [enter reference] by the Supplier in which case the Supplier shall not be entitled to any compensation or to any further payments or remuneration.

The Customer shall not be required to make any payment to the Supplier that might otherwise be due from the Customer in respect of the Contract if the Supplier has breached this Condition [enter reference].

The Supplier shall indemnify and keep indemnified the Customer in full and hold it harmless on demand from and against any Losses suffered or incurred by the Customer or for which the Customer may become liable arising out of or in connection with any breach of this Condition [enter reference], whether or not the Contract has been terminated

- a clause to the following effect:-

The Contractor shall not (and shall ensure that the Staff and the Contractor’s professional advisers shall not) make any press announcement or publicise the Contract or any part thereof in any way, without prior Approval.

- a requirement for an indemnity for the PCC for Derbyshire, or the CC of Derbyshire against any claim which may be made in respect of personal injury to any person unless due to the negligence of Derbyshire Police and against any claim for damage to property due to negligence of the contractor.
- a requirement for compliance with current legislation relating to health and safety at work;
- a requirement that all contractors carrying out functions of a public nature on behalf of the PCC for Derbyshire, or the CC of Derbyshire will comply and promote all current race and equality legislation when carrying out those functions for the duration of the contract;
- a clause requiring appropriate insurance cover;
- a clause which reflects the PCC for Derbyshire, or the CC of Derbyshire environmental and sustainability policies;
- a clause permitting the use of information for preventing and detecting fraud;
- a clause requiring the contractor to supply sufficient information in a timely manner to enable the PCC for Derbyshire, or the CC of Derbyshire to properly comply with requests for information under the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR) and the Environmental Information Regulations 2004;
- a clause requiring the contractor to keep details of the contractual arrangements confidential and not to disclose the same without the consent of the PCC for Derbyshire, or the CC of Derbyshire a clause requiring contractors to co-operate with enquiries by overview and standards committees, Ombudsmen, the Standards Board for England, the Independent office for Police Conduct , Derbyshire Police’s internal and external auditors, Government departments and the European Commission and other legally-empowered persons;
- a clause detailing the liabilities and responsibilities relating to workforce matters where the Transfer of Undertakings (Protection of Employment) Regulations 2006 apply; and
- in the case of the engagement of professional advisers, a requirement that the adviser shall at all times be fully covered by professional indemnity insurance and that, in relation to that contract, he or she shall conform to the requirements of these Standing Orders, Derbyshire Police’s financial regulations and any direction from the PCC, CC or duly authorised officer.

5.5.39 Every contract required or intended to be made under seal shall be sealed on behalf of the PCC for Derbyshire by the CEX or the CFO and the details recorded in the seal register held by the CFO.

5.5.40 Every contract document shall bear its original date and not that ascribed by automatic updating means.

5.5.41 Every contract shall contain the following provisions relating to the disclosure of and requests for information under the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR) and the Environmental Information Regulations 2004: -



- Notwithstanding anything to the contrary contained or implied in any documents or negotiations leading to the formation of this contract:
- the PCC for Derbyshire, or the CC of Derbyshire shall be entitled to publish and/or release any and all terms or conditions of this contract, the contents of any documentations and/or information relating to the formation of this contract under the provisions of the Environmental Information Regulations 2004, Freedom of Information Act 2000, Data Protection Act 2018, General Data Protection Regulations (GDPR) and/or the Local Policing Bodies (Specified Information) Orders 2012 as it sees fit;
  - nothing contained in this contract shall prevent the PCC for Derbyshire, or the CC of Derbyshire from disclosing and/or publishing under the provisions of the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR), Environmental Information Regulations 2004 and/or the Local Policing Bodies (Specified Information) Orders 2012 any term or condition or information contained in or relating to the formation of this contract.
  - The Contractor shall:
    - co-operate with the PCC for Derbyshire, or the CC of Derbyshire and supply to it all necessary information and documentation required in connection with any request received by the PCC for Derbyshire, or the CC of Derbyshire under the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR), Environmental Information Regulations 2004 and/or the Local Policing Bodies (Specified Information) Orders 2012
    - supply all such information and documentation at no cost to Derbyshire Police and within seven days of receipt of any request;
    - The Contractor shall not publish or otherwise disclose any information contained in this contract or in any negotiations leading to it without Derbyshire Police's previous written consent unless the contractor is bound to publish and/or disclose such information under the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR), Environmental Information Regulations 2004 and/or the Local Policing Bodies (Specified Information) Orders 2012 and such information is not exempt from such disclosure and/or publication under the provisions of the Data Protection Act 2018, Freedom of Information Act 2000, General Data Protection Regulations (GDPR), and/or Environmental Information Regulations 2004.

### **Specifications and standards**

- 5.5.42 All contracts where a specification issued by the British Standards Institution or a European Standard is current at the date of the tender and is relevant shall require as a minimum that services, supplies or works shall be in accordance with that specification.

5.5.43 Specifications shall not refer to supplies of a particular make or source unless:-

- it is justified by the contract - equipment, and;
- the contract requirement cannot otherwise be described precisely and intelligibly, provided references are accompanied by the words 'or equivalent'.

5.5.44 Specifications should wherever possible be output/performance based and not conformance based, i.e. the outcomes or results of the goods/service delivery should be stated and not the means by which they are achieved.

5.5.45 The EU Public Procurement directives must be adhered to in relation to standards specified within contracts with a value which exceed the EU Public Procurement thresholds.

5.5.46 All procurement activity must observe and promote equality at all stages of the procurement process. This includes advertisement, specification, selection of contractors, evaluation of contractors and managing the contract.

#### **Nominated sub-contractors**

5.5.47 Where a sub-contractor or supplier is to be nominated to a main contractor, the nomination shall be invited and dealt with in accordance with these Standing Orders as if they were for a contract with the PCC for Derbyshire,

5.5.48 The terms of an invitation for nomination in accordance with 5.5.47 shall require an undertaking by the person seeking the nomination that if he is selected he will be willing to enter into a contract with the main contractor on terms which indemnify the main contractor against his/her own obligations under the main contract in relation to the work or goods included in the sub-contract.

#### **Retention of documents**

5.5.49 Contract documents including expressions of interest, invitations to tender, tender documents and contracts shall be retained for the following minimum periods, unless the DoF or the CFO determines otherwise: -

- for contracts under hand not less than 6 years from the completion of the services, supply or works;
- for contracts under seal not less than 12 years from the completion of the services, supply or works.

#### **Review of financial limits**

5.5.50 The financial limits shall be reviewed by the CFO in consultation with the DoF for approval by the PCC annually.

## **Interpretation**

5.5.51 In these Standing Orders the meaning of the following terms is as set out:-

"Contract"	Means a contract for the execution of works or the supply of goods, materials or services.
"Firm"	Includes any company, partnership, co-operative or other business entity or person.
"Public Notice"	Means a notice published on a web portal and, where appropriate, other electronic media, except in the case of contracts requiring to be advertised in the Official Journal (OJEU), in accordance with the Public Contract Regulations 2015.

## **6.1 JOINT WORKING ARRANGEMENTS**

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

- 6.1.1 Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private service providers.
- 6.1.2 Joint working arrangements can take a number of different forms, each with its own governance arrangements. In Derbyshire Police these are grouped under the following headings:
- Partnerships.
  - Consortia.
  - Collaboration.
- 6.1.3 Partners engaged in joint working arrangements have common responsibilities:
- to act in good faith at all times and in the best interests of the partnership's aims and objectives;
  - to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation;
  - to be open about any conflicts that might arise;
  - to encourage joint working and promote the sharing of information, resources and skills;
  - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature; and
  - to promote the project.
- 6.1.4 In all joint working arrangements the following key principles must apply:
- before entering into the agreement, a risk assessment has been prepared;
  - such agreements do not impact adversely upon the services provided by Derbyshire Police;
  - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise;
  - all arrangements are properly documented (including a partnership agreement if required);
  - regular communication is held with other partners throughout the project in order to achieve the most successful outcome;
  - audit and control requirements are satisfied;
  - accounting and taxation requirements, particularly VAT, are understood fully and complied with; and
  - an appropriate exit strategy has been produced.
- 6.1.5 The Derbyshire Police element of all joint working arrangements must comply with these Financial Regulations.

## **PARTNERSHIPS**

6.2.1 The term partnership refers to groups where members work together as equal partners with a shared vision for a geographic or themed policy area, and agree a strategy in which each partner contributes towards its delivery. A useful working definition of such a partnership is where the partners:

- are otherwise independent bodies;
- agree to co-operate to achieve a common goal; and
- achieve it to create an organisational structure or process and agreed programme, and share information, risks and rewards

6.2.2 The number of partnerships, both locally and nationally, is expanding in response to central government requirements and local initiatives. This is in recognition of the fact that partnership working has the potential to:

- deliver strategic objectives;
- improve service quality and cost effectiveness;
- ensure the best use of scarce resources; and
- deal with issues which cut across agency and geographic boundaries, and where mainstream programmes alone cannot address the need.

6.2.3 Partnerships typically fall into three main categories i.e. statutory based, strategic, and ad-hoc.

### Statutory based

6.2.4 These are partnerships that are governed by statute. They include, for example, Community Safety Partnerships

### Strategic

6.2.5 These are partnerships set up to deliver core policing objectives and/or the PCC's own strategic objectives as set out in the Police & Crime Plan and supporting strategies (e.g. the Commissioning Strategy). They can either be force-wide or local.

### Ad-hoc

6.2.6 These are typically locally based informal arrangements agreed by the relevant individual according to the authority delegated to them.

## **Context**

6.2.7 As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the PCC, in exercising his/her functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, PCCs are free to pool funding as they and their local partners see fit. PCCs can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.

- 6.2.8 When the PCC acts as a commissioner of services, he will need to agree the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. The PCC is able to make crime and disorder grants in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

#### **Responsibilities of the PCC**

- 6.2.9 To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan
- 6.2.10 To make appropriate arrangements to commission services from either the force or external providers

#### **Responsibilities of Chief Officers**

- 6.2.11 To consult, as early as possible, the DoF and the CFO to ensure the correct treatment of taxation and other accounting arrangements
- 6.2.12 To produce a Memorandum of Understanding (MOU) and/or Partnership Agreement setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive.

#### **Responsibilities of the CFO**

- 6.2.13 To oversee all commissioning arrangements to ensure proper practices and key strategic controls are adhered to.

### **CONSORTIUM ARRANGEMENTS**

- 6.3.1 A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC. The provision of mutual aid between Forces under the Police Act 1996 is excluded from the definition of Consortium Arrangements. Mutual aid will be provided at the discretion of the CC

#### **Responsibilities of Chief Officers**

- 6.3.2 To contact the CEX before entering into a formal consortium agreement, to establish the correct legal framework.
- 6.3.3 To consult, as early as possible, the DoF and the CFO to ensure the correct treatment of taxation and other accounting arrangements
- 6.3.4 To produce a business case to show the full economic benefits to be obtained from participation in the consortium.

- 6.3.5 To produce a Memorandum of Understanding (MOU) and/or Partnership Agreement setting out the appropriate governance arrangements for the project. This document should be signed by the Chief Executive

#### **Responsibilities of the PCC**

- 6.3.6 To approve Derbyshire Police's participation in the consortium arrangement.

#### **COLLABORATION**

- 6.4.1 Under sections 22A to 22C of the Police Act 1996 as inserted by section 89 of the Police Reform and Social Responsibility Act 2011, CCs and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police force or PCCs. Any collaboration which relates to the functions of a police force must first be agreed with the CC of the force concerned.
- 6.4.2 The PCCs shall jointly, and severally, hold their CCs to account for any collaboration in which their force is involved.
- 6.4.3 Any such proposal must be discussed with the CFO and DoF in the first instance.

#### **COMMISSIONING OF SERVICES**

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

- 6.5.1 Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. Within the constraints of the relevant funding streams, this allows the PCC to pool funding as they and their local partners deem appropriate. The PCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with the Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The PCC must have regard to the relevant priorities of each responsible authority.
- 6.5.2 When the PCC commissions services, agreement is required on the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. Ring-fenced provision of crime and disorder grants is allowed in support of local priorities. The inclusion of detailed grant conditions directing recipients how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.
- 6.5.3 It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

### **Responsibility of the PCC**

- 6.5.4 To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.
- 6.5.5 To work effectively with other local leaders in Derbyshire who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.
- 6.5.6 To consult with victims of crime about policing and the proposed Police and Crime Plan. To commission victim support services in Derbyshire.
- 6.5.7 To make appropriate robust arrangements to commission services from the Constabulary or external providers.
- 6.5.8 To award crime and disorder grants

### **Responsibilities of the CEX**

- 6.5.9 To develop (in conjunction with the CFO) a commissioning framework that will support the objectives as set out in the Police and Crime Plan. The framework should encourage a mixed economy of provider options and where necessary develop a specific PCC Compact Agreement with the Voluntary Sector.
- 6.5.10 In consultation with the CFO, agree awards of up to £25,000 for initiatives in line with the PCC's aims and objectives. For awards in excess of £25,000 PCC approval is required.

### **Responsibility of the CFO**

- 6.5.11 In addition to developing a commissioning framework with the CEX, to develop a financial framework as part of the wider Commissioning framework with approved authorisation levels.
- 6.5.12 To keep under review the performance and outcomes of any investments agreed by the PCC in respect of partnership activity.
- 6.5.13 Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan where services are commissioned within community initiatives.
- 6.5.14 To assist the CEX to carry out the financial aspects of his/her responsibilities and in particular to budget and account for incoming funding and outgoing expenditure in accordance with accounting requirements.



## **6.2 EXTERNAL FUNDING**

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

- 6.2.1 External funding can be a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of Derbyshire Police. Funds from external agencies provide additional resources to enable Derbyshire Police to deliver its policing objectives. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the Derbyshire Police overall plan.
- 6.2.2 The main source of such funding for Derbyshire Police will tend to be government grants, additional contributions from local authorities.

### **Responsibilities of Chief Officers**

- 6.2.3 To pursue actively any opportunities for additional funding where this is considered to be in the interests of Derbyshire Police.

### **Responsibilities of the CC and the PCC**

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

### **Responsibilities of the CFO and DoF**

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

### **Responsibilities of the CC**

- 6.2.6 To ensure that funds are acquired only to meet policing needs and objectives
- 6.2.7 To ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood
- 6.2.8 To ensure that any conditions placed on Derbyshire Police in relation to external funding are in accordance with the approved policies of the PCC. If there is a conflict, this needs to be taken to the PCC for resolution.

### **6.3 WORK FOR EXTERNAL BODIES**

#### **Why is this required?**

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

#### **Responsibilities of the CC and the DoF**

- 6.3.2 To ensure that proposals for assistance are costed, that no contract is subsidised by Derbyshire Police and that, where possible, payment is received in advance of the delivery of the service so that Derbyshire Police is not put at risk from any liabilities such as bad debts.
- 6.3.3 To ensure that appropriate insurance arrangements are in place.
- 6.3.4 To ensure that all contracts are properly documented
- 6.3.5 To ensure that such contracts do not impact adversely on the services provided by Derbyshire Police
- 6.3.6 The submission of tenders for the supply of goods and/or services by Derbyshire Police should be approved in line with section 5 of this Financial Handbook

## **APPENDIX A**

### **PROCEDURE FOR SINGLE TENDER OR QUOTATION**

1. A Single tender or quotation means the selection of a supplier without competition.
2. A single tender or quotation can make it difficult to demonstrate adherence to the principle of objectivity and can reduce the opportunity for obtaining best value. It should only be used in very exceptional circumstances and shall only be authorised after taking account of the comments provided by the DoF and the Procurement Team.
3. A written record will be maintained of the reasons for approval of a single tender or quotation.
4. In the case of contracts with a value which exceeds the EU threshold, then the EU Public Procurement Directives shall be observed.
5. The Procedure for single tender or quotation must not be adopted merely for the sake of convenience or because a firm has rendered satisfactory service in the past, or on occasion has been the only one to make an offer.
6. The tenderer/firm should not be advised that the Procedure for a single tender or quotation is being followed.
7. The invitation of a single tender/quotation may only be considered when one or more of the following circumstances applies:-
  - a) the items are or relate to proprietary articles or those sold only at fixed prices, or the work to be executed consists of repairs to existing proprietary articles and there is no reasonable satisfactory alternative available from any other source;
  - b) the contract is required so urgently that competition is impracticable, e.g. a genuine unforeseeable operational need arises;
  - c) genuine security considerations make the use of a particular firm essential;
  - d) there is a genuinely justifiable case to use an existing contractor/supplier to maintain continuity of supply or site experience, where a change of contractor/ supplier would cause:-
    - i. disproportionate technical difficulties;
    - ii. diseconomies, or;
    - iii. significant disruption to operational requirements.
  - e) there are other reasons why there would be no genuine competition.
8. The CFO or the CEX may approve the procedure for a single quotation, for contracts not exceeding £25,000, in accordance with paragraph 7 above.

9. The CFO or the CEX may approve the procedure for a single tender, for contracts exceeding £25,000, only when the contract is required so urgently that competition is impracticable, e.g. a genuine unforeseeable operational need arises, which must be reported to the PCC at the time the approval is given.
10. All other requests to use the procedure for a single tender will be subject to approval of the PCC.
11. The award of a contract to a single supplier under an approved framework agreement does not constitute single tender action.

## **APPENDIX B**

Clause 4.3.3 of these Financial Regulations states that 'official' orders will be raised for all work, goods or services to be supplied to Derbyshire Police, except for purchases that are included on a list of exemptions agreed with the Chief Finance Officer.

Items may be included on the list of exemptions if:

- The amount of usage of the service cannot be predicted for example Telecoms and Utilities
- The time of the requirement cannot be predicted, for example Tyres, Boarding Up, medical and Appropriate Adult services are needed in response to unplanned incidents.
- The requirement is planned but the actual costs are variable or cannot be quantified at the start, for example an agency staff member working variable hours each week, or Postage.

Official orders are:

- Orders generated by the Agresso order system
- Orders generated by the Property defect reporting system
- The contracted supplier on-line order systems utilised by the Ordering or other authorised team.

The following is the list of exemptions:

1. Grant Payments
2. Government departments e.g. other Local Authorities, Police Forces, Home Office and HMRC.
3. Purchases made using Force approved credit, payment and fuel cards.
4. Purchases made using Petty Cash
5. Memberships and subscriptions
6. Medical services – Doctors, Dentists, Vet
7. Legal services
8. Postage and Couriers
9. Rent
10. TV Licences
11. Paypoint service
12. Copyright performance licenses

The following exemptions apply **only** when the expenditure is with a Supplier who holds a current Contract for the Supply of Goods and or Services with the PCC or Constabulary. The Procurement team will provide details of contracted suppliers upon request to **procurement@derbyshire.pnn.police.uk**

1. Telephone charges and mobile devices
2. Utilities, Gas, electricity and water supplies.
3. Insurance premiums
4. Temporary Agency staff
5. MFD (photocopier) rental and usage charges

6. Interpreter / Translation services
  7. Cleaning services
  8. Private Finance Initiative (PFI) contract payments
  9. Waste Disposal including destruction and disposal of drug cultivation equipment
  10. Kennelling / Horse transport and stabling
  11. Boarding Up Services
  12. Media and Communications Services- PCC Better Times Contract
  13. Eyesight tests
  14. Vehicle Recovery Services
  15. Capital works e.g. Construction contracts. Where the payments are managed by an application and certification process.
  16. Vehicle Maintenance
  17. Vehicle Tyres
  18. Laundry Services
  19. Grounds Maintenance
  20. Financial Vetting Services
  21. Off-site Document storage
  22. Hotel bookings
  23. Appropriate Adult services
- Estates Professional services (Purchase, Disposal, Income generation, FM advice)

Hardyal Dhindsa  
Police and Crime Commissioner for Derbyshire

Rachel Swann  
Chief Constable of Derbyshire

Effective from: **1<sup>st</sup> April 2021**