



COMMUNITY JUSTICE SECURITY

Scheme of Governance

December 2016

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1. Introduction

1.1 The Financial Management Code of Practice for the Police Forces of England and Wales published by the Home Office in October 2013 provides that a Scheme of Governance should be prepared by the Police and Crime Commissioner (PCC). In doing so the PCC should be advised by the Chief Finance Officer of the PCC in consultation with the Chief Executive, the Chief Constable and the Police Force Chief Finance Officer.

1.2 The Scheme should identify those powers which may be exercised by either the PCC or the Chief Constable (as applicable) but which, for the benefit of good practice, may be exercised by their staff. It should also set out any constraints on those powers, including requirements to report back or advise the PCC or the Chief Constable, and should address circumstances which will require consultation between the staff of the PCC and the Chief Constable. Key elements of a Scheme of Governance will be comprised of:

- Scheme of Consent
- Financial Regulations
- Standing Orders relating to Contracts
- Scheme of Delegation

1.3 The purpose of this Scheme is to set out the extent of, and any conditions attaching to, the PCC's consent to the Chief Constable's exercise of the powers to enter into contracts and acquire or dispose of property.

1.4 This Scheme of Governance comprises:

- Delegations and Consents – Sections 5 to 9
- Financial Regulations – Section 10
- Contract Standing Orders – Section 11
- Decision Making Framework – Section 12
- Accountability Framework – Section 13
- Commissioning Framework – Section 14

The latter three parts (Decision Making Framework, Accountability Framework, Commissioning Framework) are not explicitly set out in the Code of Practice but the Code does envisage OPCC's setting out further detail on how the relationship between the PCC and Chief Constable works in practice. This is the reason for the inclusion of these parts in this document.

1.5 The Scheme will be kept under regular review (at least annual) and amended in consultation with and on the advice of those officers identified in paragraph 1.1

2 Legislative Background

2.1 The Police Reform and Social Responsibility Act 2011 established the role of the PCC, creating both the PCC and the Chief Constable as a corporation sole.

2.2 The Act has conferred wide powers upon the PCC. A PCC may do anything that is calculated to facilitate or is conducive or incidental to, the exercise of the functions of a PCC. This includes entering into contracts and other agreements, acquiring and disposing of property (including land) and borrowing money.

2.3 The Chief Constable has similar powers within the functions of the Chief Constable including entering into contracts and agreements and to acquire or dispose of property (apart from land) provided the PCC provides this consent to the Chief Constable. The Chief Constable has the power to enter in contracts of employment for police staff.

2.4 In addition to this legislation, this Scheme also requires all other statutory and regulatory requirements and relevant professional guidance to be adhered to including:

- Policing Protocol Order 2011
- Home Office Financial Management Code of Practice
- CIPFA Statement on the role of the Chief Finance Officer of the PCC
- The broader PCC Corporate Governance Framework
- Employment legislation, policy and procedures
- The Data Protection Act 1998 and the Freedom of Information Act 2000
- Health and safety at work legislation and codes
- Equality Act 2010 and related equality and diversity regulations and guidance

2.5 This Scheme also sets out how:

- The PCC expects the funds provided to the Chief Constable for policing to be applied – Section 10 Financial Regulations
- The PCC will hold the Chief Constable to account for the day to day management of those funds – Section 14 Accountability Framework

- The Chief Constable will carry out their duty to assist in the exercise of the PCC's functions – Section 4 Key Role of the Chief Constable and Section 7 Functions delegated or consented to the Chief Constable
- The Chief Constable will exercise their power to do anything calculated to facilitate the exercise of their own functions – Section 4 Key Role of the Chief Constable
- The PCC will exercise their power to delegate the exercise of their functions to their own staff – Section 8 Functions delegated to the Chief Executive and Section 9 Functions delegated to the Chief Finance Officer.
- The terms on which the PCC will exercise any functions they retain to aid the delivery of efficient and effective policing – Section 6 Matters that will not be delegated by the PCC

2.6 The PCC may require specific reporting arrangements to be put in place regarding any delegated powers.

2.7 All delegated powers should be exercised in line with the law and all requirements set out in the Corporate Governance Framework.

3 Key Role of the Police and Crime Commissioner

3.1 The legal powers and duties of the PCC are established by legislation and summarised within the Policing Protocol Order 2011. This Scheme does not seek to list all statutory duties of the PCC.

3.2 The key roles of the PCC are:

- To hold the Chief Constable to account on behalf of the public for the performance of the Force
- To be the recipient of all funding related to policing
- Set the strategic direction and objectives of the Force through the Police and Crime Plan, having regard to the Strategic Policing Requirement
- Secure the maintenance of an efficient and effective police force for Northamptonshire
- Set the budget, determine the level of precept and allocate funds and assets (including the allocation of such assets and funds to particular functions) to the Chief Constable
- Ensure that the Chief Constable puts the appropriate measures and resources in place to secure strong financial management.
- Appoint, suspend and if necessary remove the Chief Constable
- Enter into collaboration agreements that improve the efficiency and effectiveness of policing for one or more police force, in consultation with the Chief Constable (where it relates to the functions of the police force, then it must be with the agreement of the Chief Constable)
- Enter into collaborations, partnerships and contracts with other parties other than police forces
- Hear the voice of the public
- Publish information specified by the Secretary of State and any information the PCC considers necessary to enable the people of the force area to assess performance
- Produce an annual report to the Police and Crime Panel on delivery against the Police and Crime Plan
- Monitor all complaints made against officers and staff, having responsibility for complaints against the Chief Constable
- Make Crime and Disorder Reduction Grants
- Ensure the delivery of services for victims within their area
- Have oversight of the delivery of community safety and crime reduction in the area
- Have responsibility for the enhancement of the delivery of the criminal justice system in their area

- Appoint a Chief Executive and Chief Finance Officer to ensure the appropriate management of staff and budgets on behalf of the PCC

3.3 The PCC will require access to information and officers and staff of the Chief Constable within their Force area. Such access to any information must not be unreasonably withheld or obstructed by the Chief Constable and/or fetter the Chief Constable's discretion and control of the Force

3.4 To deliver these functions, the PCC will where necessary or appropriate:

- Commission services to be provided by the Force for the public, specifying clearly what functions the Force will be required to provide as part of the allocation of assets and funds to the Chief Constable
- Commission other providers to provide any function required to deliver services to the public to discharge the PCC's statutory duties

How this operates in practice is set out in the OPCC Commissioning Framework (Section 14).

4 Key Role of the Chief Constable

4.1 The Chief Constable is responsible for maintaining the Queen's Peace and has direction and control over the Force's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC.

4.2 The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of an efficient and effective police force, including for the management of resources and expenditure by the Force. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the communities they serve.

4.3 The key statutory roles, as defined by the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2012 of the Chief Constable are:

- To lead the Force in a way that is consistent with the attestation made by all constables on appointment and ensuring that it acts impartially
- To appoint the Force's officers and staff (after consultation with the PCC in the case of officers above the rank of Chief Superintendent and police staff equivalents)
- To support the PCC in the delivery of the strategy and objectives set out in the Police and Crime Plan
- To provide the PCC with access to information, officers and staff as required
- To have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of the Force's national and international policing responsibilities
- Notifying and briefing the PCC of any matter or investigation which they may need to provide public assurance either alone or with the PCC
- To be the operational voice of policing in the Force area, and to regularly explain to the public the operational actions of officers and staff under their command
- To enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency and effectiveness of policing, subject to the agreement of the PCC
- To remain politically independent of the PCC
- To manage all complaints against the Force, its officers and staff, except in relation to the Chief Constable, and to ensure that the PCC is kept informed to enable them to discharge their statutory obligations in relation to complaints in a regular, meaningful and timely fashion.

Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission (IPCC)

- To exercise the power of direction and control in such a way as is reasonable to enable the PCC to have access to all necessary information and staff within the Force
- To oversee and be accountable for the financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC

5 Scheme of Delegations and Consents

- 5.1 Delegations are those matters that the PCC allows others to undertake but in the PCC's name. Consents are those matters that the PCC allows the Chief Constable to undertake in their own name and as a separate legal entity.
- 5.2 This Scheme of Delegations and Consents is a record of the formal consents and delegations as required by the Home Office Financial Management Code of Practice (2013). With the exception of those matters listed in paragraph 6.3 below, the Scheme allows any person, with appropriate authority, to delegate that power further. Any such sub-delegation does not relieve the person who has sub-delegated a power from due responsibility for any decision taken by a person they have authorised to act on their behalf.
- 5.3 The PCC has the discretion to limit and/or withdraw the powers consented or delegated by them at any time, provided that the reasons for doing so are documented in writing.
- 5.4 The PCC may ask that a specific matter is referred to them for a decision and not dealt with under powers of delegation.
- 5.5 The PCC must be advised of any policing and crime matter which may have a significant impact, as defined within the decision making framework in Section 13 within this Scheme, on the people of Northamptonshire
- 5.6 The Scheme does not prevent an individual from referring a matter to the PCC for a decision if the individual thinks this is appropriate. For example, this may be because it is of a sensitive nature.
- 5.7 The PCC expects anyone exercising consented or delegated powers under this Scheme to draw their attention to any issue which is likely to be regarded by them as novel, contentious or repercussive before exercising such powers. This includes any potential financial liability.
- 5.8 In this document, all references to specific roles include those authorised by them to act on their behalf.
- 5.9 The Chief Executive (who is the Monitoring Officer and Head of Paid Service) and the Chief Finance Officer of the PCC have statutory powers and duties relating to their positions, and therefore do not rely on matters being delegated to them to discharge those responsibilities.

- 5.10 Individuals are responsible for making sure that members of staff they supervise are aware of and understand provisions and obligations of this Scheme
- 5.11 This Scheme provides an officer with the legal power to carry out duties of the PCC. In carrying out these duties, the officer must comply with all other statutory and regulatory requirements and relevant professional guidance, including those listed at paragraph 2.4.
- 5.12 When carrying out any duties, the PCC and any officers named in this Scheme must have regard to:
- The Police and Crime Plan
 - Any report or recommendations made by the Police and Crime Panel on the annual report for the previous financial year
- 5.13 The following sections set out further detail on delegations and consents including those matters not to be delegated, those matters delegated or consented to the Chief Constable, to the OPCC Chief Executive and to the OPCC Chief Finance Officer.

6 Matters that will not be delegated by the PCC

6.1 The Police Reform and Social Responsibility Act 2011 makes provisions for the PCC to appoint a deputy to undertake any functions of the PCC with the exception of:

- Approving and issuing the Police and Crime Plan
- Appointing, suspending and removing the Chief Constable
- Approving the budget requirement for the purpose of issuing a precept

6.2 There is no deputy PCC at the date of this Scheme and therefore there are no delegations included within this Scheme.

6.3 The Police Reform and Social Responsibility Act 2011 makes provision for the PCC to appoint other staff to carry out their functions. In addition to those functions listed at 6.1 which cannot be delegated to staff, the following are also defined in the Act as being matters that cannot be delegated:

- Determining the police and crime objectives in the Police and Crime Plan
- Attendance at the Police and Crime Panel for specified duties
- Approving the annual report to the Police and Crime Panel

6.4 In addition, the PCC, except in exceptional and urgent circumstances, will not delegate decisions of Significant Public Interest. A full definition of decisions of Significant Public Interest is included in the Decision Making Framework in Section 13 of this Scheme.

6.5 Should the PCC be unable to act for any reason, the Police Reform and Social Responsibility Act 2011 makes provisions for the Police and Crime Panel to appoint an Acting PCC and subsequently, should the PCC be unable to return to their duties a by-election would be triggered.

6.6 Should any decision be required of the PCC whilst unable to act and prior to the Police and Crime Panel meeting to appoint an Acting PCC, the delegated powers to the Chief Executive and Chief Finance Officer within this Scheme (at 8.2.24 and 9.4 respectively) are enacted.

7 Functions consented or delegated to the Chief Constable

7.1 In addition to the statutory duties of the Chief Constable (as outlined in the Police Reform and Social Responsibility Act 2011 and Policing Protocol Order 2011), the PCC can give consent to functions being undertaken by the Chief Constable in their own name and as a separate legal entity.

7.2 Consents

7.2.1 The PCC consents that the Chief Constable may enter into contracts for supplies or services for any matter required to facilitate the running of the Police Force and provided such contracts falls within the overall cash limit of Chief Constable, with the exceptions of:

- Buildings over £100,000 which must be entered into by the PCC
- Collaboration Agreements which must be agreed by both the Chief Constable and the PCC

7.2.2 To provide financial assistance to police officers, staff or volunteers (including special constables) in legal proceedings taken by or against them as a result of performing their duties. This action must be taken in line with Home Office advice.

7.2.3 To undertake the day to day management of the facilities and asset management function subject to any provisions in the Financial Regulations.

7.2.4 To approve the retirement, in the interests of the efficiency of the service, of employees and to report to the PCC on this issue each year

7.2.5 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that any issues which are sensitive or have major financial implications will be referred to the PCC for a decision

7.2.6 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. Any significant agreements must be reported to the PCC.

7.3 Delegations

7.3.1 To provide the functions detailed by the PCC as part of the annual budget settlement for the Force, delivering them within cash limits and meeting any conditions of the funding imposed by the PCC.

7.3.2 The numbers and locations of officers and staff to deliver the requirements set out by the PCC in the Police and Crime Plan and specific objectives for the Force, subject to any conditions attached to the cash limit set for the Force by the PCC.

7.3.3 Detailed financial management delegations are set out in Financial Regulations within this Scheme in Section 10.

8 Functions delegated to the Chief Executive of the Office of the PCC

8.1 The Chief Executive is the most senior officer of the OPCC and is the Head of Paid Service. This statutory appointment is made under Schedule 1 to the Police Reform and Social Responsibility Act 2011. For the purposes of section 5(1) of the Local Government and Housing Act 1989 (as amended by Reform and Social Responsibility Act 2011) the Chief Executive is designated as the body's monitoring officer with responsibility for ensuring the legality of the actions of the policing body and its officers.

8.2 The formal delegations are as follows:

8.2.1 Take day to day action to ensure the efficient and effective management of the Office of the PCC, including the appointment or dismissal of all staff and volunteers with the exception of the Deputy PCC

8.2.2 Ensure the discharge of the PCC's functions, with the exception of those matters within Section 6 of this Scheme, giving effect to the decisions and direction of the PCC

8.2.3 Prepare the Police and Crime Plan, consulting with the Chief Constable, for submission to the PCC

8.2.4 Prepare an Annual Report for submission to the Commissioner for the Commissioner to fulfil his statutory duty to report annually on progress against the Police and Crime Plan to the Police and Crime Panel.

8.2.5 Provide information to the Police and Crime Panel as lawfully and reasonably required to enable the Panel to carry out its functions

8.2.6 To approve arrangements for the signing of all contracts on behalf of the PCC taking into account any requirements specified in the Contract Standing Orders within this Scheme.

8.2.7 To affix the common seal of the Northamptonshire Police and Crime Commissioner to all contracts, were any of the following applies:

- Agreements or transactions in respect of which there is no consideration
- That relate to the provision of goods and services by the PCC to another body and which are £300,000 or above in value over the life of the contract

- That are £300,000 or above in value over the life of the contract
- Which grant or convey an interest in land
- Which are grants that are £100,000 or above
- When it is determined by the PCC that there is a particular need for the seal to be attached
- Where any of the contracting parties require it

8.2.8 To consider, in consultation with the Chief Finance Officer, whether to provide indemnity to the PCC and to deal with or make provision to deal with other matters arising from any proceedings relating to them.

8.2.9 To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the PCC in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.

8.2.10 To make financial and contractual decisions as outlined in the Financial Regulations and Contract Standing Orders.

8.2.11 To oversee the way that complaints against officers and staff within Northamptonshire Police are managed so this is efficient and effective and to advise the PCC on this basis.

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

8.2.13 To fix fees for copies of documents and extracts of documents requested under the Freedom of information Act 2000, or the Data Protection Act 1998, or otherwise

8.2.14 To make recommendations to the PCC with regard to staff terms and conditions of service in respect of the PCC's staff in consultation with the Chief Finance Officer.

8.2.15 To administer the Independent Custody Visitors (ICV) Scheme and any other volunteer schemes including the appointment, suspension and removal of custody visitors and other volunteers.

8.2.16 To obtain legal or other expert advice.

8.2.17 To commence, defend, withdraw or settle any claim or legal proceedings where required, on the PCC's behalf in consultation with the Chief Finance Officer.

- 8.2.18 To facilitate the management of appeals made by police officers against the Chief Constable's decision to require retirement due to ill health and to implement the subsequent awards made, in line with the provisions of the Police and Pensions Regulations.
- 8.2.19 To consider, with the PCC, any complaint made against the Chief Constable, and where appropriate, to make arrangements for appointing an officer to investigate the complaint.
- 8.2.20 To respond to consultations on proposals affecting the PCC.
- 8.2.21 To ensure that appropriate arrangements are in place to gather community's views on policing and crime in Northamptonshire.
- 8.2.22 To ensure compliance with the requirements for publication of all aspects of the Local Policing Bodies (Specified Information Order 2011).
- 8.2.23 To decide on whether any information to support a decision taken by the PCC and published by Executive Order should be exempt from being published under the exemptions contained within the Local Government Act 1972 – Schedule 12A.
- 8.2.24 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC, to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. Where decisions are taken under this provision, the Chief Executive will inform the PCC at the earliest opportunity. See also paragraphs 13.5.1 and 13.5.2
- 8.2.25 To ensure compliance with the responsibilities of the PCC as the Pension Supervising Authority for the Chief Constable Pension

9 Functions delegated to the Chief Finance Officer of the PCC

9.1 The Chief Finance Officer is the financial advisor to the PCC and has statutory responsibilities as set out in Section 151 of the Local Government Act 1972, sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011.

9.2 The Financial Regulations at Section 10 in this Scheme set out the responsibilities of the Chief Finance Officer.

9.3 The Chief Finance Officer must:

- Be a key member of the PCC's Leadership Team, working closely with the Chief Executive
- Be actively involved in and able to bring influence to bear on, all strategic business decisions of the PCC
- Lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately
- Ensure that the finance function is fit for purpose

9.4 In the event of the PCC being unable to act for any reason, and before the Police and Crime Panel are able to meet to appoint an Acting PCC to take urgent decisions of significant public interest, other than those precluded under paragraph 6.3 of this Scheme. This will be undertaken normally following consultation with the Chief Executive. Where decisions are taken under this provision, the Chief Finance Officer will inform the PCC at the earliest opportunity.

10 Financial Regulations

10.1 The Financial Regulations govern the relationship between the PCC, OPCC and Force in relation to financial matters. The Financial Regulations are part of this Scheme and included at Appendix 1.

11 Contract Standing Orders

11.1 Contract Standing Orders relate to how the PCC enters in to contracts. The Contract Standing Orders are part of this Scheme and included at Appendix 2.

12 Commissioning Framework

12.1 The Commissioning Framework explains how the PCC determines the provision of services. The Commissioning Framework is included in Appendix 3.

13 Decision Making Framework

13.1 The statutory framework for decision making is outlined in Section 2 of this Scheme.

13.2 Approach to Decision Making

13.2.1 Decisions taken by the PCC will arise from the discharge of their statutory functions. The PCC will demonstrate probity and regularity in their decision making and will therefore take decisions in accordance with the Good Governance Standards for Public Service (the Nolan Principles).

13.2.2 The PCC and the Office of the PCC will apply good governance principles to all decisions regardless of significance and impact.

13.3 Principles of Decision Making

13.3.1 Decision-making will be transparent and well informed.

- The PCC will give proper consideration to all relevant parties. Arrangements will be made for obtaining the views of people in the local area about matters related to policing, community safety and criminal justice. These views will be used to inform all decisions.
- The principle means of public consultation will be on the Police and Crime Plan. This is a statutory requirement as defined in the Police Reform and Social Responsibility Act 2011. The Plan will seek to include all key policy initiatives that the PCC will seek to execute.
- The OPCC will also consider specific consultation where the Police and Crime Plan is insufficient consultation on specific decisions. The OPCC Chief Executive will be responsible for deciding when additional consultation is required on a decision.
- Consultation will take a variety of forms to ensure the most appropriate method and audience (e.g. the public, the Chief Constable or other stakeholders including the Police and Crime Panel) is sought for each decision.
- A Forward Plan of Significant Public Decisions will be maintained and published on the OPCC website to enable public awareness of likely dates for decision making.

- At times, some information will not be appropriate to be published due to confidentiality reasons. The potential reasons (as described in Local Government Act 1972 – Schedule 12A) are:
 - Information relating to any individual
 - Information which is likely to reveal the identity of an individual
 - Information relating to the financial or business affairs of any particular person (including the authority holding that information)
 - Information relating to any consultations or negotiations, or contemplated consultations or negotiations, in connection with any labour relations matter arising between the PCC or a Minister of the Crown and employees of, or office holders under, the authority
 - Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings
 - Information which reveals that the authority proposes
 - a) to give under any enactment a notice under or by virtue of which requirements are imposed on a person; b) to make an order or direction under any enactment
 - Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime

13.3.2 Decisions will make use of good quality information, advice and support.

- Decisions will be taken based on quality information and clear advice in order to reduce the risk of taking decisions that fail to achieve the PCC's objectives or have unintended consequences.
- Advice will include that taken from the Chief Constable as well as statutory and other officers of the PCC.
- Any decisions taken will be accompanied by an officer report detailing material information relied upon in making the decision. The report will be provided in the format specified at Appendix 4 of this Scheme. Such reports will be published in conjunction with the final decision.

13.3.3 Decisions will make use of risk management information.

- Risk registers of the PCC will be regularly reviewed by the officers and the Audit Committee to inform decision making.
- Risks specific to the decision will be identified, together with any mitigation that is in place.

13.3.4 Decisions will be lawful, reasonable, fair and proportionate.

- The PCC will make use of their professional advisers in decision making and will take into consideration the impact of any decisions of all those who live and work in Northamptonshire.
- The PCC will take decisions with a view to achieving value for money.
- The PCC will consider equality and human rights issues when taking decisions, as required by the Equality Act 2010. Decisions of significant public interest will be accompanied by an Equality Impact Assessment which will be used to inform the decision making.

13.3.5 Decisions will be recorded and published.

- The PCC has a statutory duty under the Police Reform and Social Responsibility Act 2011 to publish decisions of 'significant public interest'. These will be published as Executive Orders on the PCC website.
- The PCC will inform the Host Authority (Northamptonshire County Council) of the Police and Crime Panel once each Executive Order is agreed and published. Upon receiving this, the Host Authority will disseminate the Executive Order to all members of the Police and Crime Panel. Should the Host Authority receive any questions or requests for further information from members of the Panel, they will liaise with the PCC to ensure such enquiries are responded to as appropriate.
- The PCC will provide each meeting of the Police and Crime Panel with a summary of the decisions that have been taken and published in the period since the previous meeting.
- Other decisions taken by the PCC or by statutory officers under the delegations outlined in this Scheme will also be recorded on a decision record that will be available for inspection as required.

13.4 Decisions of Significant Public Interest

13.4.1 The following will be considered Decisions of Significant Public Interest:

- Decisions that result in expenditure or savings of £300,000 or more
- Any decision to issue or vary the Police and Crime Plan
- Any decision to consult the public on specific matters
- Any decision to appoint, remove or suspend a Chief Constable
- Any decision to appoint a Deputy Police and Crime Commissioner, Chief Executive or Chief Finance Officer
- Any decision to approve or amend the Corporate Governance Framework of the OPCC

13.4.2 All decisions of Significant Public Interest will require the PCC to sign an Executive Order, which will be published on the PCC website within 5 working days of the decision. Alongside the publication of the Executive Order all material information used to make the decisions will be published, including an officer report to the PCC in the format specified in Appendix 4 of this Scheme

13.4.3 The PCC will take other decisions that are not classed as being of significant public interest. These will typically be decisions that have been referred by the Chief Executive on grounds that further decisions that would be of significant public interest will be required or where the delegated officer considers it to be sufficiently novel, contentious or repercussive to require the PCC to decide. These decisions will be taken following written advice from officers and a decision record will be recorded and held for inspection if required.

13.5 Decisions of an Urgent Nature

13.5.1 Should the PCC be unable to act and an urgent decision is required, the Chief Executive and/or the Chief Finance Officer is able to take decisions on the PCC's behalf. In these circumstances it would be normally the case that the two statutory officers would confer and agree on the action proposed. Such decisions would only be taken in circumstances where paragraph 6.5 had been invoked as noted in paragraph 6.6.

13.5.2 Where either statutory officer takes an urgent decision that would otherwise require the approval from the PCC, the reason for the decision, including the reasons precluding the PCC taking the decision, and the decision itself should be recorded and the PCC informed of the decision at the earliest opportunity. If an Executive Order would normally have been required, the PCC will be asked to retrospectively agree an appropriate Executive Order to ensure that all significant public decisions are published as required.

14 Accountability Framework

14.1 The PCC has a statutory duty to hold the Chief Constable to account for the performance of Northamptonshire Police on behalf of the public.

14.2 Principles for Accountability

14.2.1 A focus on where we are going rather than where we have come from. This is not to say that understanding reasons for current and previous performance is not important. Understanding reasons for the current and previous performance is vital to help make strategic decisions. However performance success is not about 'distance travelled' but is about 'distance to target'. The emphasis is placed therefore on looking forward to improve performance rather than looking backwards.

14.2.2 Reflecting victims' and the wider community's priorities and concerns. The PCC's chief role is to be the 'voice of the public' within conversations on performance. This should usually be reflected in the outcomes of the Police and Crime Plan.

14.2.3 Adopting a long term strategic perspective. The focus is not on month to month or even year to year comparisons. The focus is on long term trends to improve performance systematically rather than superficially. Long term sustainable improvements are required rather than achieving short term targets by any means necessary.

14.2.4 Being 'intrusive' when it needs to be and 'light touch' when it does not. The focus will be on areas of risks to performance, and where there are risks it is right that the PCC is challenging and sets high expectations for improvement. This must be balanced with avoiding placing an unnecessary burden on the Force that distracts from delivery.

14.2.5 Open, honest and transparent. Poor performance should not be hidden. There should be discussion on issues to enable solutions to be sought in an environment without fear of being seen as a failure.

14.3 Process for Holding the Chief Constable to Account

14.3.1 The current process employed by the PCC to hold the Chief Constable to account is included in Appendix 5.

14.4 Holding the PCC to Account

14.4.1 The Police Reform and Social Responsibility Act 2011 includes provisions for a Police and Crime Panel to scrutinise the PCC.

14.4.2 The Police and Crime Panel (PCP) holds the Police and Crime Commissioner to account. The Police and Crime Panel is a body made up of local elected councillors and independent members with the responsibility to scrutinise and support the work of the Police and Crime Commissioner. The PCP is not a local government committee however it is obliged to meet in public, to publish agendas and minutes, and to fulfil the following responsibilities:

- To consider the Police and Crime Commissioner's Police and Crime Plan – a document setting out the PCC's priorities for a five year period and how those priorities will be delivered.
- To consider the draft policing budget and draft policing precept. The precept is the amount of money that the PCC proposes to levy on council taxpayers for the local force. The budget will set out how both the money raised from the precept will be spent, and also how other funds will be spent for which the PCC has overall responsibility.
- To consider the PCC's annual report, setting out their activities in the previous year.
- To carry out hearings when the PCC proposes to appoint a new chief constable, a deputy PCC, a chief of staff, chief executive or a chief finance officer.
- To work to resolve (but not investigate) non-criminal complaints made about the PCC.

14.4.3 The panel is made up of councillors drawn from each of the local authorities in Northamptonshire according to a set allocation of places, and three independent co-opted members drawn from the local community.

14.4.4 The agenda papers for meetings are published five working days in advance and are available to download from the Northamptonshire County Council website. The panel meetings are normally held in public and members of the public can attend. and address the Police and Crime Panel or ask a question on any item on the agenda for a particular meeting.

Appendix 1 – Financial Regulations



OFFICE OF NORTHAMPTONSHIRE POLICE AND CRIME COMMISSIONER

FINANCIAL REGULATIONS

Issued: April 2017

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INTRODUCTION

OVERVIEW

1. Public sector accounting is covered by a range of government legislation and accounting standards that are designed to ensure proper accountability for public funds, including:

- The Local Government Act 1972
- The Local Government Finance Act 1988
- The Accounts and Audit Regulations 2003, 2006 and 2011

In addition, the Home Office has issued a Financial Management Code of Practice (FMCOP) 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 (Commissioner) and Chief Constables.

2. The Police Reform and Social Responsibility Act 2011 defined arrangements for separate corporations sole for the Police and Crime Commissioner (PCC) and Chief Constable (CC), each of which is required to appoint a Chief Finance Officer (CFO). The FMCOP deals specifically with the financial management of the corporations sole of the PCC and CC. The professional responsibilities of the PCC and CC CFOs are defined in the FMCOP and in a CIPFA Statement issued in September 2012, "Responsibilities of the CFO to the PCC and the CFO to the CC".
3. As separate corporations sole, 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. The staff of the Commissioner are accountable to the directly elected holder of that office.
4. The public accountability for the delivery and performance of the police service is placed into the hands of the Commissioner on behalf of their electorate. The Commissioner draws on their mandate to set and shape the strategic objectives of their force area in consultation with the Chief Constable. The Commissioner is accountable to the electorate; the Chief Constable is accountable to their Commissioner. The Police and Crime Panel is empowered to maintain a regular check on the performance of the Commissioner in that context.
5. The Commissioner within each force area has a statutory duty and electoral mandate to hold the police to account on behalf of the public.

6. The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.
7. The Commissioner is the recipient of all funding, including the government grant and precept and other sources of funding, related to policing and crime reduction and all funding for a force must come via the Commissioner. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The Chief Constable will provide professional advice and recommendations.
8. To conduct its business effectively, any organisation needs to ensure that sound financial management policies are in place and that they are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. These Regulations have been drawn up in such a way as to ensure that the financial matters are conducted properly and in compliance with necessary requirements.
9. The Regulations are designed to establish overarching financial responsibilities, to confer duties, rights and powers upon the Commissioner and those for whom they are responsible 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 that includes the policing protocol, codes of governance, codes of conduct, scheme of consent, scheme of delegation and Contract Standing Orders
12. The Commissioner 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.

13. Financial Regulations explain the working financial relationship between the Commissioner and the Chief Constable and their respective Chief Financial Officers, having regard also to the role played by the Commissioner's Chief Executive.
14. These regulations include responsibilities for Statutory Officers and it is the responsibility for each of the Statutory Officers to fulfil these requirements individually and by working together.
15. The Commissioner is responsible for approving or amending Financial Regulations for the Commission. The CFO to the Commissioner is responsible for maintaining a review of Financial Regulations and submitting any additions or amendments to the Commissioner, after consulting with the Chief Constable, the Force CFO and the Chief Executive.
16. Senior 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. An adequate number of copies must be available for reference.
17. Any case of potential non-compliance with these regulations or Standing Orders should be reported immediately and directly to the CFO to the Commissioner. Breaches of Financial Regulations of a serious nature may result in disciplinary proceedings and, potentially, criminal action.
18. The Commissioner 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 AND DELEGATED LIMITS

19. 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. These are also summarised in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are made. Section F contains the appropriate cross-reference to the regulation in question
 - Section A - Financial management framework
 - Section B - Financial planning and Control

- Section C - Management of risk and resources
- Section D - Systems and procedures
- Section E - External arrangements
- Section F - Summary of delegated limits

DEFINITIONS WITHIN THE REGULATIONS

20. The 'Office of the Police and Crime Commissioner for Northamptonshire (OPCCN) when used as a generic term shall refer to the PCC, the PCC CFO, and staff under the PCC direction.
21. The 'Force' shall refer to the CC, CC CFO, police officers, the special constabulary, and police staff under his/her direction.
22. Within these Regulations, references have been made to the responsibilities of the CC since the responsibility for day to day financial management of the funds the PCC delegates to the Force is delegated to the CC and is vested with the CC post of Force's Chief Finance Officer (S.151) who is the CC CFO acting on behalf of the CC. Where responsibility for day to day financial management has not been delegated to the CC and is vested with the PCC or PCC CFO (the Director for Resources, Governance and Transformation), the duties, rights and powers as detailed for the CC shall apply equally to the PCC CFO.
23. The terms CC, CC CFO, PCC, PCC Monitoring Officer and PCC CFO include any member of staff, contractors or agents to whom particular responsibilities may be delegated. However, the level of such delegated responsibility must be evidenced clearly, made to an appropriate level, and the member of staff given sufficient authority, training and resources to undertake the duty in hand.
24. The Statutory Officers referred to relate to the Chief Constable, the Chief Executive and the two Chief Financial Officers.
25. The Chief Executive also fulfils the monitoring officer role of the OPCC.
26. "Senior officers" is a generic term relating to all officers with managerial responsibility for resources and their use.
27. 'Employees' when referred to as a generic term shall refer to police officers, police staff and other members of the wider police family.

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 or building works made on behalf of the Commissioner, the Force or their affiliated bodies.
30. The expression 'best value for money' shall mean the most economic, efficient and effective means of meeting the need and takes account of whole life costs.
31. The expression 'he' shall refer to both male and female.
32. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure

SECTION A

FINANCIAL MANAGEMENT FRAMEWORK

A1 INTRODUCTION

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

A2 THE ROLE OF THE PCC

- 2.1 The role and responsibilities of the PCC include to:
- Ensure an efficient and effective Police Service and to hold the Police to account on behalf of the public. The Commissioner is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. How this money is allocated is a matter for the Commissioner in consultation with the Chief Constable, or in accordance with any grant terms. The statutory officers of the Chief Constable and the Commissioner will provide professional advice and recommendations.
 - Prepare revise and update a Police and Crime Plan
 - Appoint a Chief Financial Officer to be responsible for the proper administration of the Commissioner's financial affairs. The Commissioner shall provide his Chief Finance Officer with such staff, accommodation and

other resources that are sufficient to allow the duties under this section to be performed. He shall also appoint a Chief Executive who will act as the Commissioner's monitoring officer.

- Agree a budget requirement and capital programme and set the precept following advice from the PCC CFO in liaison with the CC CFO and in consultation with the Police and Crime Panel (PCP).
- Rigorously scrutinise, challenge and monitor aspects of financial performance and, if required, agree action taken to contain spending within approved plans. The Commissioner is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.
- Identify and agree the medium term financial strategy of the PCC and any long term spending commitments.
- Agree the Treasury Management Strategy and policies, including the annual investment strategy
- Participate in inspections and audits of the Force and the PCC.
- Comply with all relevant codes of conduct and maintain the highest standards of conduct and ethics.
- Approve Financial Regulations and any amendments to them, as drawn up between the PCC Monitoring Officer, the CC, the PCC CFO and the CC CFO.
- Ensure that the internal control environment meets proper requirements including a Risk Management Strategy and recommendations from internal and external audit are actioned.
- Be responsible for the ownership of property including the Asset Management Strategy
- Delegate financial management of the Force budget to the CC and CC CFO so that the CC CFO has as much day to day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.
- Be responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions.

- Where appropriate draw up financial procedures (subject to these Financial Regulations) to apply specifically to the Office of the Police and Crime Commissioner.
- The Commissioner may appoint a Deputy Police & Crime Commissioner who may exercise some of the functions of the Commissioner as determined by the Scheme of Governance.

A3 THE ROLE OF THE CC

3.1 The role and responsibilities of the CC in relation to financial management include to:

- The Chief Constable shall appoint a Chief Finance Officer to be responsible for the proper administration of the Chief Constable's financial affairs.
- Ensure overall financial management of the Force and report financial management issues and implications to the PCC.
- The CC shall prepare Financial Regulations for the Force, in consultation with CC CFO (in liaison with the PCC CFO). 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.
- Comply with financial policies and procedures for use by the Force including the Scheme of Delegation, ensuring that officers and staff comply with them and with the Force's own Financial Regulations.
- Draw up financial policies and financial instructions in consultation with the CC CFO (in liaison with the PCC CFO), who must be satisfied that they provide for effective managerial control and review.
- Exercise delegated financial responsibilities and assume, with his staff, as much day-to-day responsibility for financial management of the Force as possible within the framework of the agreed budget and rules of virement.
- Seek approval from the Commissioner when he intends to make significant change of policy or seeks to move significant sums, in accordance with agreed virement rules, of their budget
- Ensure the provision of professional advice to the PCC.

- Ensure proper financial management of resources allocated to him/her through the budget or arising from income generated by activities within the operational area, including control of officers, staff, security, custody and the management and safeguarding of assets. Ensure all resources are used efficiently and effectively.
- Where delegated by the PCC administer property and contracts.
- Advise the PCC on financial propriety for areas under his/her control.

A4 THE ROLE OF THE AUDIT COMMITTEE

- 4.1. The Home Office Financial Management Code of Practice states that the Commissioner and Chief Constable should establish an independent audit committee. The code recommends this be a combined body which will consider the internal and external audit reports of both the Commissioner and the Chief Constable. This committee will advise the Commissioner and the Chief Constable according to good governance principles and will embrace appropriate risk management arrangements in accordance with proper practices. In establishing the Audit Panel the Commissioner and Chief Constable shall have regard to CIPFA Guidance on Audit Committees.
- 4.2. The Audit Committee shall comprise of no fewer than three and no more than five members who are independent of the Commissioner and the Force.
- 4.3. The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and reviewed on an annual basis
- 4.4. The Commissioner and Chief Constable shall be represented at all meetings of the Audit Committee.
- 4.5. The terms of reference for the Audit Committee cover requirements in relation to Internal and External Audit appointments, plans and reports, HMIC reports, risk management, VFM, governance, annual accounts and related reports.

A5 THE ROLE OF STATUTORY OFFICERS

PCC CFO

5.1. The PCC CFO has responsibility for proper financial administration and stewardship, which includes a personal fiduciary responsibility to the local council taxpayers.

5.2. These roles have statutory responsibilities specified by:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011. (PCC CFO)
- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011 (CC CFO)
- Section 151 of the Local Government Act 1972 which requires arrangements to be made for the proper administration of the PCC's and CC's financial affairs.
- Section 114 of the Local Government Finance Act 1988 which requires the Statutory Finance Officer to report to the PCC and the CC if the PCC or the CC or one of their staff:
 - has made, or is about to make, a decision which involves incurring unlawful expenditure,
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency,
 - is about to make an unlawful entry in the PCC or CC's accounts.
- The Accounts and Audit Regulations 2015.

5.3. The PCC CFO is the principal professional adviser on financial matters to the PCC. To enable him/her to fulfil these duties and to ensure the PCC is provided with adequate financial advice the PCC CFO:

- Must be a key member of the respective organisation's Leadership Team, (working closely with the Chief Executive), helping the team to develop and implement strategy and to resource and deliver the Commissioner's strategic objectives sustainably and in the public interest;
- Must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategies;
- 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.

5.4. It must be recognised that Financial Regulations cannot foresee every eventuality. The PCC CFO shall be responsible for interpreting these regulations so as to ensure the efficient and effective operation of services.

5.5. The role and responsibilities of the PCC CFO, which are undertaken in consultation with the PCC Monitoring Officer, are to:

- Ensure that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date and accounting standards applied consistently.
- Ensure regularity, propriety and Value for Money (VfM) in the use of public funds.
- Ensure that the funding required to finance agreed programmes is available from Central Government funding, precept, other contributions and recharges.
- Report to the PCC, the PCP and to the external auditor:
 - Any unlawful, or potentially unlawful, expenditure by the PCC or staff of the PCC.
 - When it appears that expenditure is likely to exceed the resources available to meet that expenditure.
- Advise the PCC on a budget requirement and capital programme and the robustness of the budget and adequacy of financial reserves.
- Advise the PCC in respect of the Treasury Management Strategy and policies prepared by the CC CFO
- Ensure production of the statements of accounts of the PCC.
- Ensure receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts.
- Liaise with the external auditor.
- Advise the PCC on the application of Value for Money principles by the Force to support the PCC in holding the Chief Constable to account for efficient and effective financial management.
- Advise, in consultation with the PCC Monitoring Officer, on the safeguarding of assets, including risk management and insurance.
- Ensure that accurate, complete and timely financial management information is provided to the PCC.
- Arrange for the determination, issue and payment of the precept.
- Assist the PCC to monitor the revenue and capital budgets.
- Secure, in liaison with the CC CFO, the provision of an effective internal audit service. Ensure there is a safe and efficient financial arrangements including a system of effective internal control.
- Be responsible for all banking arrangements and authorise the creation and closure of any account

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

In the absence of the PCC CFO his roles and responsibilities may be fully exercised by the Deputy PCC CFO (the Strategic Resources Officer), except for certain statutory duties which cannot be delegated.

5.6. The PCC CFO, in consultation with the PCC Monitoring Officer, shall be given powers to institute any proceedings or take any action necessary to safeguard the finances of the OPCCN .

PCC MONITORING OFFICER

5.7. The Chief Executive is also the Commissioner's designated monitoring officer, appointed under the Police Reform and Social Responsibility Act 2011, and is responsible for the leadership and general administration of the Commissioner's office.

5.8. The role and responsibilities of the PCC Monitoring Officer in relation to financial management are to;

- Enable the PCC to fulfil his/her statutory responsibilities.
- Ensure the legality of the actions of the PCC and his officers.
- Ensure that procedures for recording and reporting PCC decisions are operating effectively.
- Advise the PCC and CC about who has authority to take a particular decision.
- Advise the PCC and CC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework.
- Ensure the provision of information and reports required by the PCP.
- Ensure the PCC meets his obligations in relation to statutory publications including the Police and Crime Plan, Annual Report and Council Tax Leaflet.
- Develop a strong partnership with the PCC and CC ensuring the provision of effective and efficient policing is fulfilled.
- Undertake the role of designated Monitoring Officer to detect and report any illegality or maladministration.
- Advising the Commissioner on matters relating to standards of conduct.

A6 FINANCIAL MANAGEMENT STANDARDS

Overview & Control

6.1. The PCC and all 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.

6.2. The PCC shall receive updates on the financial performance by way of ongoing budget monitoring and outturn reports, reports by Internal Audit, HMIC and External Audit.

Key Controls

6.3. The key controls and objectives for financial management standards are:

- Their promotion throughout the organisation. The PCC shall ensure that all officers and staff are aware of, and comply with, proper financial management standards, including these Financial Regulations.
- A monitoring system to review compliance with financial standards, and regular comparisons of performance indicators with benchmark standards that are reported to the Audit Committee.
- All staff are to be properly managed, developed, trained and have adequate support to carry out their financial duties effectively. The PCC shall ensure that specific duties and responsibilities in financial matters are made clear to individual members of staff and that these are properly recorded.
- Systems of internal control are in place that ensures financial transactions are lawful.
- Suitable accounting policies are selected and applied.
- Proper accounting records are maintained.
- Financial statements are prepared, which present fairly the financial position of the PCC, including expenditure and income.

Responsibilities of the Statutory Officers

6.4. The responsibilities of Statutory Officers for financial management are:

- To ensure the proper administration of the financial affairs of both legal entities.
- To ensure that proper practices are adhered to.
- To ensure financial information is available to enable accurate and timely monitoring and reporting of comparisons of national and local financial performance indicators.
- To advise on the key strategic controls necessary to secure sound financial management.
- To ensure that all staff are aware of, and comply with, proper financial management standards including these Financial Regulations.
- To ensure that all staff are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- To report any actual or potential breaches of the law or maladministration to the PCC CFO or the Monitoring Officer.

A7 ACCOUNTING RECORDS AND RETURNS

Overview and Control

7.1. Maintaining proper accounting records is one of the ways in which the Commissioner will discharge his/her responsibilities for stewardship of public resources. The Commissioner has a responsibility to prepare annual accounts that 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 resources.

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

7.3. Financial systems are used to record the financial transactions of the PCC and CC. With possible minor exceptions, these are electronic systems.

Key Controls

7.4. The key controls for accounting records and returns are:

- Finance staff and those authorised to make expenditure operate within the required accounting standards and timetables.
- All of the organisation's transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.
- Procedures are in place to enable accounting records to be reconstituted in the event of systems failure.
- Reconciliation procedures are carried out to ensure transactions are correctly recorded.
- Prime documents are retained in accordance with legislative and other requirements.
- Proper system of internal control such that:
 - staff with the duty of examining or checking the accounts of cash transactions must not themselves be originators or approvers of these transactions
 - the duties of providing information about sums due to or from the PCC and calculating, checking and recording these sums, are to be separated from the duties of collecting or disbursing them

Responsibilities of the Statutory Officers

7.5. The PCC CFO shall:

- To determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures in place.
- Ensure that there is agreement with the CC CFO before making any fundamental changes to accounting records and procedures or accounting systems.
- Ensure that all employees operate within the required accounting policies and timetables.
- Make proper arrangements for the audit of the Commissioner's and Force's accounts in accordance with the Accounts and Audit Regulations 2015.
- Ensure that all claims for funds, including grants are made by the due date.
- Prepare and publish the audited accounts in accordance with the statutory timetable.
- Ensure that all transactions, material commitments and contracts and other essential accounting information are recorded completely, accurately and on a timely basis.

- Maintain adequate records to provide a management trail leading from the source of income and expenditure through to the accounting statements.
- Ensure that reconciliation procedures are carried out on recognised control accounts on an agreed timetable to ensure transactions are correctly recorded.
- Ensure that Financial Instructions provide details of retention periods. The format of such documents shall satisfy the requirements of internal and external audit, and appropriate staff are provided with a detailed schedule of requirements.

A8 THE ANNUAL STATEMENT OF ACCOUNTS

Overview and Control

8.1. The PCC and CC have a statutory responsibility to prepare accounts to present fairly their operations during the year. The PCC CFO and CC CFO are responsible for the preparation of the accounts in accordance with proper practices as set out in *the Code of Practice on Local Authority Accounting in the United Kingdom: (The CODE)* and with the Accounts and Audit Regulations 2003, 2006, 2011 and 2015.

The Commissioner has a statutory responsibility to prepare the accounts relating to the Office of the Police & Crime Commissioner and also the Group Accounts for both entities. These must present fairly the financial position of organisation's and be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

The Commissioner is responsible for approving these annual accounts.

Key Controls

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

8.3. The PCC is required to make arrangements for the proper administration of its financial affairs.

8.4. The PCC statement of accounts must be prepared in accordance with proper practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom.

Responsibilities of the Statutory Officers

8.5. The PCC CFO and CC CFO shall:

- Ensure that there is a timetable for final accounts preparation, in consultation with the PCC, CC, JIAC and external auditor.
- Select suitable accounting policies within the overall agreed approach and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Comply with the Code.
- Prepare, sign and date the statement of accounts, stating that it presents truthfully and fairly the financial position at the accounting date and its income and expenditure.
- Publish the approved and audited accounts each year, in accordance with the statutory timetable and to produce summary accounts for publication on the website.

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

SECTION B

FINANCIAL PLANNING AND CONTROL

B1 FINANCIAL PLANNING

Overview and Control

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

Medium Term Financial Planning

Responsibilities of the Statutory Officers

- 1.5. The PCC CFO and the CC CFO are responsible for ensuring that a medium term financial plan for at least four years ahead is prepared. The Plan should be submitted to the PCC and be subject to review during the Financial Year. The Plan should be informed by:
 - The Police and Crime Plan
 - policy requirements approved by the PCC as part of the policy framework
 - the risk management policy ensuring that risk appraisals are embedded throughout the forecast

The Plan should set out:

- the forecast
- unavoidable future commitments, including legislative requirements

- initiatives already underway
- spending patterns and pressures revealed through the budget monitoring process
- efficiency and savings requirements
- proposed service developments and plans
- revenue consequences of capital spending proposals
- taxation or other constraints
- public and partner consultation

- 1.6. The PCC shall prepare at least a four year forecast of potential resources, including options for transfers to and from general balances and earmarked reserves and use of provisions, based upon an interpretation of government funding assumptions and all other available information. This will include potential implications for local taxation.
- 1.7. A gap may be identified between available resources and required resources. Requirements should be prioritised carefully by the PCC and CC to enable best informed judgements as to future funding levels and planning the use of resources.
- 1.8. The PCC and CC shall integrate financial and budget plans into service planning so that such plans can be supported by financial and non-financial performance measures.
- 1.9. The PCC is responsible for agreeing, in consultation with the CC, Section 22/23 agreements and other collaborative operational arrangements between Forces and to keep under consideration the ways in which the collaboration functions could be exercised by the policing body and by one or more other persons to improve:
- (a) The efficiency or effectiveness of:
 - (i) that policing body,
 - (ii) the police force which that policing body is responsible for maintaining, or
 - (iii) that body and that force, and
 - (b) The efficiency or effectiveness of one or more other policing bodies and police forces

Both the PCC and CC will sign these agreements

Annual Revenue Budget Preparation

Overview and Control

- 1.10. 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 Commissioner's strategic policies.
- 1.11. The budget estimates shall identify all proposed individual major revenue projects. A major revenue project shall be defined in accordance with the limits detailed in Section F.
- 1.12. The format of the budget determines the level of detail to which financial control and management will be exercised. The format shapes how the rules around virement operate (see para's 2.18 to 2.25 and section F2), the operation of cash limits and sets the level at which funds may be reallocated within budgets.
- 1.13. The Commissioner will consult with the Chief Constable and other relevant partners and stakeholders in planning the overall annual budget, which will include a separate force budget. This will also take into consideration funding from government and other sources, and balance the expenditure needs of the policing service against the level of local taxation. This should meet the statutory requirement to achieve a balanced budget (Police Reform and Social Responsibility Act 2011) and which is completed in accordance with the statutory timeframe. The PCC will set out each year how he/she expects the funds provided to the CC for policing will be applied

Key Controls

- 1.14. The key controls for the budget are:
- The format complies with all legal requirements.
 - The format complies with CIPFA's Code of Practice.
 - The format reflects the accountabilities of service delivery.

Responsibilities of the Statutory Officers

- 1.15. The Commissioner should agree the budget planning timetable with the Chief Constable.

- 1.16. To obtain the views of the local community on proposed expenditure (including capital expenditure) in the financial year ahead of the financial year to which the proposed expenditure relates (Police Reform and Social Responsibility Act 2011).
- 1.17. To present the proposed council tax implications and precept requirement with the budget to the Police and Crime Panel at their meeting in early February
- 1.18. The impact of the annual budget on the priorities and funding of future years as set out in the Police and Crime Plan and the medium term financial plan should be clearly identified.
- 1.19. The format of the budget is to comply with all legal requirements and with the latest guidance issued by CIPFA and approved by the PCC CFO
- 1.20. The PCC CFO to ensure timely and accurate information is to be obtained from billing authorities on the council tax base and the latest surplus/deficit position on collection funds to inform budget deliberations.
- 1.21. The PCC CFO is to advise the Commissioner on the appropriate level of general balances, earmarked reserves and provisions to be held.
- 1.22. The PCC CFO to the Commissioner is to submit a report to the Commissioner on:
 - The robustness of the estimates in the proposed Budget and the adequacy of the proposed reserves.
 - The prudential and treasury management indicators for the next three years.
- 1.23. Upon approval of the annual budget, the PCC CFO is to submit the council tax requirement form to central government and precept notifications to appropriate bodies in accordance with legal requirements.
- 1.24. The PCC CFO to produce, in accordance with statutory requirements, the council tax information leaflet.
- 1.25. Prior to the final budget being agreed, the CC CFO is to prepare detailed budget estimates for the forthcoming financial year in accordance with the timetable agreed with the PCC CFO.

B2 BUDGETARY CONTROL

Overview and Control

- 2.1. Budget management ensures that once the PCC has approved the overall budget, resources allocated are used for their intended purpose, subject to virement rules, and are properly accounted for. Budgetary control is a continuous process, enabling the PCC to review and adjust budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

Key Controls

- 2.2. There is a nominated budget manager for each cost centre or account code heading who is accountable for the budgets under his direct control.
- 2.3. Budget Managers shall accept accountability for the budgets under their management and the level of service to be delivered and understand their financial responsibility.
- 2.4. Management of budgets must not be seen in isolation. It should be undertaken in conjunction with service outcomes and performance measures.
- 2.5. For strategic monitoring and management purposes, the budget shall identify operational policing, other policing costs, PCC costs, financing items and transfers to and from general balances and earmarked reserves.

Revenue Budget and Capital Programme Monitoring

Overview and Control

- 2.6. By continuously identifying and explaining variances against budgetary targets changes in trends and resource requirements can be identified at the earliest opportunity.
- 2.7. To ensure that the PCC in total does not overspend, each Budget Manager is required to manage expenditure within their budget allocation. All budget

officers responsible for committing expenditure must comply with relevant guidance and Financial Regulations.

Key Controls

2.8. The key controls for managing and controlling the revenue budget are:

- Budget managers should be responsible only for income and expenditure that they can influence.
- Budget managers accept accountability for their budgets and the level of service to be delivered and understand their financial responsibilities.
- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure are properly recorded and accounted for.
- Performance levels are monitored in conjunction with the budget and necessary action is taken to align outputs and budget.

Responsibilities of the Statutory Officers

2.9. To provide appropriate financial information in a form determined by the PCC CFO, to enable budgets to be monitored and reported effectively.

2.10. To ensure that each element of income or expenditure has a nominated budget holder to take responsibility for that part of the budget. Budget responsibility should be aligned as closely as possible to the decision making process that commits the expenditure – usually at cost centre level. The CC shall ensure also that a nominated officer is responsible for monitoring income and expenditure against the pensions account.

2.11. It is the responsibility of budget holders to manage income and expenditure within their area and to monitor performance, taking account of financial information provided. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC CFO, including any variances within their own areas. Budget Managers will also take any action necessary to avoid exceeding their budget allocation and alert the PCC CFO to any problems.

2.12. The PCC CFO shall ensure that budget holders receive sufficient financial support to enable them to undertake the budgetary control responsibilities.

2.13. The CC shall ensure as far as possible that total spending for operational policing remains within the allocation of resources and takes, where possible, corrective action where significant variations from the approved budget are

forecast. Where total projected expenditure is likely to exceed the allocation of resources, the PCC CFO shall be alerted immediately and proposals for remedy should be put forward as part of the regular reporting process. The same responsibilities apply to the Chief Executive and PCC CFO for their budgets.

2.14. The CC CFO shall submit a budget monitoring report monthly to the PCC containing the most recently available financial information. The monitoring reports shall compare projected income and expenditure with the latest approved budget allocations.. The reports shall be in a format agreed by the PCC CFO.

2.15. The PCC CFO to co-ordinate a budget monitoring report for presentation to the Police & Crime Panel, as necessary, containing the most recently available financial information.

Resource Allocation

Overview and Control

2.16. Available financial resources are inevitably limited. It is therefore imperative that spending is rigorously prioritised and that resources are fairly allocated, in order to fulfil all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

Key Controls

2.17. The key controls for resource allocation are;

- Resources are acquired in accordance with the law and using an approved authorisation process
- Resources are used only for the purpose intended, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are securely held for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss for other reasons

Virement

Overview and Control

2.18. A virement is a planned and approved reallocation of resources between budgets or heads of expenditure. A budget head is considered to be a line in

the approved budget report. For clarity these are defined as the budget lines immediately below the Force and OPCC headings which are reported on in both the Budget and monitoring reports. The scheme of virement is intended to enable senior 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.

2.19. The overall budget is agreed by the PCC and budget managers are expected to incur expenditure in accordance with the estimates that make up their budget, subject to agreed virement rules, and within the limit of total resources allocated. Virement should not be allowed to create additional overall budget liability. Senior officers are expected to exercise discretion in managing budgets responsibly and prudently. Virements are not to be used as a tool to create future commitments. Therefore, it is vital that virement decisions do not lead to additional future spending without the prior approval of the PCC CFO.

2.20. Overall, the rules on virement are designed to allow the CC greater flexibility to meet operational requirements and to facilitate the decision making process. The CC shall still be held to account by the PCC for decisions made and the way in which resources are deployed. The virement rules allow greater freedom but require reports on significant changes.

2.21. The PCC can withdraw the ability for virement in any year should he/she feel it is prudent to do so.

Key Controls

2.22. The key controls for the scheme of virement are:

- The PCC is responsible for any transfers to and from PCC balances.
- It is administered by senior officers within delegated powers given by the Commissioner. Any variation from this scheme requires approval of the Commissioner.
- The overall budget is agreed by the Commissioner. Budget managers are therefore authorised to incur expenditure in accordance with the estimates that make up the budget
- Virement does not create additional overall budget liability.
- By definition all virement is a net nil
- Each senior officer shall ensure that virement is undertaken to maintain the accuracy of budget monitoring.

Responsibilities of the Statutory Officers

2.23. Subject to 2.20 it is a requirement that the PCC CFO approves all virement requirements of the CC

2.24. Each budget monitoring report reported to the PCC shall contain details where revised budgets or forecast income and expenditure varies to a significant degree from the original approved budget. However any virement over £100,000 that is identified between reports should be reported to the PCC CFO immediately. Each budget monitoring report should include any virement requests for approval by the PCC CFO or PCC as necessary

2.25. The approval of the Commissioner shall be required:

- As part of updating the budget through the budget monitoring process
- If an approved change of policy results in a virement requirement.
- If the virement results in a significant addition to commitments in future years

Treatment of Year End Balances

Overview and Control

2.26. A year end balance is the amount by which actual income and expenditure including capital costs varies from the final budget, normally identified at devolved budget holder level. Arrangements may be necessary for the transfer of resources between accounting years, i.e. a carry forward. This may increase or decrease the resources available to budget holders in the following financial year. All carry forwards are to be approved by the PCC at year end for each financial year

2.27. As part of the monitoring and control process, reporting of potential variations from budget and proposals for reallocation of resources shall be made as early as possible in the financial year. All reasonable endeavours shall be taken to provide a service that matches the approved budget.

2.28. There may be occasions when an overall overspend position occurs, particularly where exceptional events occur so close to the end of the financial year that a balanced outturn position is not possible. In this event, the overspend will be funded initially from General Balances.

Key Controls

2.29. Devolved budget holders who overspend their budget in any financial year may have their devolved budget reduced for the following financial year up to the amount of overspend, subject to the determination of the PCC.

2.30. As a default position, any underspends against budgets will be taken to reserves. For the Force any exception to this policy must be proposed by the CC in consultation with the CC CFO and determined by the PCC in consultation with the PCC CFO. For the PCC any exception to this policy must be proposed by the PCC CFO and determined by the PCC

B3 CAPITAL PROGRAMME

Overview and Control

- 3.1. Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the PCC, such as land, buildings, and major items of plant, equipment or vehicles. Capital assets shape the way services are delivered in the long term and may create financial commitments for the future in the form of financing costs and revenue running costs.
- 3.2. The PCC is able to undertake capital investment providing the spending plans are affordable, prudent and sustainable. Capital expenditure and financing should be managed in accordance with the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities.
- 3.3. The capital programme should be linked to capital strategies including the Estates Strategy, the ICT strategy and the Transport Strategy.
- 3.4. A report should be addressed to the PCC annually to formally report the performance against prudential indicators in accordance with the Local Government Act 2003 and the Prudential Code for Capital Finance. Assurance should be provided during the year as part of budget monitoring reports on compliance with the prudential indicators.

Key Controls

- 3.5. Capital expenditure on land and buildings should be in accordance with the requirements of the approved capital strategies.

- 3.6. The PCC CFO shall ensure that a business case is prepared for each project and that proposals undergo an option appraisal that demonstrates the costs and benefits of the project to the service.
- 3.7. The results of the appraisal shall provide evidence for the scheme's viability and inclusion in the proposed capital programme, including a recommended solution resulting from consideration of the business case / option appraisal.
- 3.8. Schemes proposed after the annual budget meeting for inclusion in the capital programme during the current financial year shall be submitted to the PCC in accordance with the limits shown in Section F.
- 3.9. Each individual scheme will have a nominated budget manager who will be accountable for that project. The budget manager's responsibilities include the monitoring of progress in conjunction with expenditure and comparison with approved budget

Responsibilities of the Statutory Officers

- 3.10. The PCC CFO in liaison with the CC CFO shall prepare at least a four year rolling programme of proposed capital expenditure for submission to the PCC and the PCP. This shall cover the forthcoming financial year and the following three years. Each scheme shall identify the total capital cost of the project, any additional revenue commitments and a named budget manager who is responsible for the project and will report on progress. The PCC will determine the Capital Programme and will also determine the overall monitoring arrangements of the delivery of the Capital Programme.
- 3.11. The PCC CFO shall identify funding for the capital programme, including the identification of potential capital receipts. Amendments to the programme increasing its overall cost must demonstrate how such changes are to be funded.
- 3.12. A gap may be identified between available resources and required resources. In these instances requirements of the Force should be prioritised carefully by the CC CFO to enable the PCC to make the best informed judgements as to future funding levels and planning the use of resources.
- 3.13. No capital expenditure shall be incurred unless the scheme is included in the capital programme approved by the PCC or as subsequently modified. In this respect, the vehicle replacement programme, equipment replacement

programme and ICT replacement programme shall each be regarded as one scheme.

- 3.14. Schemes within the Capital Programme will be required to pass through the Stage Gate process before any final approval to commit expenditure is given. The Stage Gate process is:
- Stage Gate 1 – Agreement to strategic shaping and prioritisation by Transformation Board.
 - Stage Gate 2 – Transformation Board agreement to the Programme Brief (or Project Initiation Document in the case of a project) and, at least, Initial Equality Impact Assessments
 - Stage Gate 3 – Transformation Board agreement to detailed design work (Detailed delivery plan, operating model and/or Business case)
- 3.15. Detailed estimates for each scheme in the approved capital programme shall be prepared as part of the option appraisal before tenders are sought or commitments made. Schemes need not be referred back to the PCC for further approval unless, when negotiating contract details, amendments to the nature of the scheme are sought or the cost of the scheme exceeds the limits shown in Section F (3.2).
- 3.16. Arrangements covering variations in contract conditions and prices are covered to be managed in accordance with the scheme of consent.
- 3.17. Finance and operating leases and any other credit arrangements shall not be entered into without the prior approval of the PCC and sufficient revenue resources must be available to meet the repayments.
- 3.18. The CC shall submit capital monitoring reports to the PCC monthly containing the most recently available financial information. The monitoring reports will show spending to date and compare projected income and expenditure with the approved programme.. The reports shall be in a format agreed by the PCC CFO in liaison with the CC CFO. It is the responsibility of budget holders to manage capital expenditure estimates, taking account of financial information provided by the CC CFO. Detailed budget monitoring is to be undertaken by Budget Managers at least monthly and reported to the PCC including any variances within their own areas. Budget Managers should also take any action necessary to avoid exceeding their budget allocation and alert the PCC to any problems.
- 3.19. The CC CFO shall report to the PCC projections of spending on individual capital projects and reasons for significant changes to the Programme including spending slipping between financial years.

- 3.20. The CC CFO shall report capital expenditure for the year and cumulative expenditure on individual schemes to the PCC as part of the closure of accounts arrangements.
- 3.21. The CC CFO shall take steps to ensure that any external funding that is subject to a specific timescale is, wherever possible, fully utilised within that timescale.
- 3.22. Where there is a requirement such as the adherence to the Accounting Standards (AS) that requires budget or expenditure to be interchanged between capital and revenue, the CC CFO or their delegate can affect such accounting adjustments.

B4 MAINTENANCE OF BALANCES AND RESERVES

Overview and Control

- 4.1. General fund balances are maintained as a matter of prudence. They enable the PCC to provide for cash flow fluctuations and unexpected costly events and thereby help protect it from overspending the annual budget, should such events occur. They provide mitigation against adverse financial implications. Earmarked reserves for specific purposes may also be maintained where it is likely that a liability will arise in the future.

The Commissioner will approve the policy on reserves and balances and their planned use as part of the annual budget setting process.

Key Controls

- 4.2. The key controls for maintaining reserves are:
- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A statement of Recommended Practice (CIPFA) and agreed accounting policies.
 - For each reserve established, the purpose, usage and basis of transactions should be clearly identified.
 - Authorisation and expenditure from reserves by the PCC CFO.

Responsibilities of the Statutory Officers

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

SECTION C

MANAGEMENT OF RISK AND RESOURCES

C1 RISK MANAGEMENT

Overview and Control

- 1.1. It is essential that robust, integrated systems are developed and maintained for identifying and evaluating all potential significant corporate and operational risks to the PCC. This should include the proactive participation of all those associated with planning and delivering services.
- 1.2. All organisations, whether private or public sector, face risks to people, property and continued operations. Risk is the threat or possibility of loss, damage, injury or failure to achieve objectives caused by an unwanted or uncertain action or event. Risk cannot be eliminated altogether. However, risk management is the planned and systematic approach to the identification, evaluation and control of risk. Its objectives are to secure the assets of the organisation and to ensure the continued corporate and financial wellbeing of the organisation. In essence it is, therefore, an integral part of good business practice.
- 1.3. Procedures should be in place to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

Key Controls

- 1.4. The key controls for risk management are:
 - A Risk Management Policy is in place and has been promoted throughout the organisation.
 - The Policy identifies the Risk Appetite of the organisation.
 - Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the organisation.
 - A monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis.

- Managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives.
- Provision is made for losses that might result from the risks that remain.
- Procedures are in place to investigate insurance claims within required timescales.
- Acceptable levels of risk are determined and insured against where appropriate.
- The organisation has identified business continuity plans for implementation in the event of disaster that results in significant loss or damage to its resources.

Responsibilities of the Statutory Officers

- 1.5. The PCC is responsible for ensuring a Risk Management Policy is prepared within the Commission. He is responsible for promoting a culture of risk management awareness, reviewing risk management as an ongoing process and reporting on a half yearly basis, a corporate risk register.

To implement procedures to identify, assess, prevent or contain material known risks, with a monitoring process in place to review regularly the effectiveness of the risk reduction strategies and the operation of these controls. The risk management process should be formalised and conducted on a continuing basis.

- 1.6. To ensure that appropriate business continuity plans are developed, implemented and tested on a regular basis.
- 1.7. The PCC is responsible for approving the risk management policy statement and strategy, including determining the strategy for insurance, and for reviewing the effectiveness of risk management.
- 1.8. The CC CFO, in liaison with the PCC CFO, is responsible for advising 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.
- 1.9. The CC CFO shall;
- ensure that insurance cover is provided within the terms of the approved strategy and take account of all new risks as appropriate

- ensure that claims made by the CC against insurance policies are made promptly
- negotiate all claims in consultation with other officers where necessary
- notify the PCC promptly of all new risks that require insurance and of any alterations affecting existing insurance
- make all appropriate staff aware of their responsibilities for managing relevant risks and provide information on risk management initiatives be responsible for risk management.
- ensure there are regular reviews of risk across the service.
- ensure that staff, or anyone covered by the PCC's insurance, are instructed not to admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- ensure all appropriate staff are aware of their responsibilities to notify the CC immediately of any loss, liability or damage that may lead to a claim against the PCC together with the information required
- approve, before any contract for works is made, the insurance cover to be furnished by the contractor in respect of any act or default unless the PCC chooses to provide insurance cover itself.

1.10. The CC CFO shall be authorised to settle insurance liability claims up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.11. The CC CFO shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown in Section F. Beyond this value, claims must be referred to the PCC for approval.

1.12. The CC CFO shall present an annual written claims report to the PCC summarising activity for the year.

1.13. The PCC Chief Executive shall evaluate and authorise any terms of indemnity that the PCC is requested to give by external parties.

C2 INTERNAL CONTROLS

Overview and Control

2.1. Internal control refers to the systems of control devised by management to help ensure PCC objectives are achieved in a manner that promotes economical,

efficient and effective use of resources and that assets and interests are safeguarded.

- 2.2. The PCC requires internal controls to manage and monitor progress towards strategic objectives. The PCC also has statutory obligations and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 2.3. The PCC faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of its objectives. Internal controls are necessary to manage these risks. The system of internal controls is established in order to provide measurable achievement of:
 - Efficient and effective operations.
 - Reliable financial information and reporting.
 - Compliance with laws and regulations.
 - Risk management.

Key Controls

- 2.4. The key controls for internal control systems are:
 - Managerial, including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
 - Financial and operational procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
 - An effective internal audit function, which operates in accordance with CIPFA's Code of Practice for Internal Audit and with any other relevant statutory obligations and regulations.

Key controls should be reviewed on a regular basis and the PCC should make formal statements annually to the effect that they are satisfied that the system of internal control operates effectively.

Responsibilities of the Statutory Officers

- 2.5. The PCC is responsible for implementing effective systems of internal control and the PCC CFO, for advising on such. These arrangements shall ensure

compliance with all applicable statutes and regulations, and other relevant statements of best practice. They shall ensure that public resources are properly safeguarded and used economically, efficiently and effectively.

- 2.6. The PCC shall ensure that internal controls exist for managerial control systems, including defining policies, setting objectives and plans, monitoring financial and other performance information and taking appropriate anticipatory and remedial action where necessary. The key objective of these systems is to promote ownership of the control environment by defining roles and responsibilities.
- 2.7. The PCC shall ensure that internal controls exist for financial and operational systems and procedures. This includes physical safeguards for assets, segregation of duties, authorisation and approval procedures and robust information systems.
- 2.8. The PCC shall agree and sign an Annual Governance Statement following a review of systems of internal control. This statement will be included in the Group Accounts. The statement should be signed by the Commissioner, and the Chief Executive. The Accounts and Audit Regulations 2003, 2006 and 2011 require the PCC to review Internal Control arrangements at least annually.
- 2.9. The PCC shall have an Audit Committee (section A4 refers) which has a responsibility for the continual oversight of corporate governance, internal control and risk management. The terms of reference of the Committee should include the following key requirements:
 - to provide proactive and effective leadership on audit and governance issues and champion both audit and the embedding of risk management by all PCC staff and all CC officers and staff;
 - to be assured as to the adequacy of financial and other controls, corporate governance (including an anti-fraud and corruption strategy), financial regulations, VFM, contract standing orders and risk management arrangements, and ensure that they are reviewed and revised;
 - to examine and consider a draft Annual Governance Statement, and to make any recommendations to the PCC in this respect.
- 2.10. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC. The duties of the external auditor are governed by Section 15 of the Local Government Finance Act 1982, as amended by Section 5 of the Audit Commission Act 1998.

2.11. The PCC may, from time to time, be subject to audit, inspection or investigation by external bodies such as HM Revenue and Customs, who have statutory rights of access.

C3 AUDIT REQUIREMENTS

Internal Audit

Overview and Control

- 3.1. The requirement for an internal audit function is implied by section 151 of the Local Government Act 1972, which requires that authorities “make arrangements for the proper administration of their financial affairs”. The Accounts and Audit Regulations 2011 more specifically require that a relevant body shall maintain an adequate and effective system of internal audit of their accounting records and control systems. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice. Both the PCC and CC corporations sole are auditable bodies.
- 3.2. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 3.3. Internal audit is required to comply with the Auditing Practices Board’s guidelines “Guidance for Internal Auditors”, as interpreted by CIPFA’s Code of Practice for Internal Audit in Local Government in the United Kingdom, along with any other statutory obligations and regulations.
- 3.4. The work of the Internal Audit function provides overall assurances to:
- The PCC, the CC and JIAC that effective internal control systems are in place.
 - External Audit on financial systems and internal control are effective and external auditors may use the work of internal audit when carrying out their functions.

Key Controls

- 3.5. The key controls for internal audit are:
- That it is independent in its planning and operation.

- That Internal audit has direct access to the PCC, the PCC Chief Executive, PCC CFO, CC, CC CFO and all levels of management.
- The internal auditors comply with the Code of Practice for Internal Audit issued by CIPFA.

Responsibilities of the Statutory Officers

3.6. The PCC CFO, shall ensure the provision of an effective internal audit service.

3.7. The PCC and CC shall ensure that internal auditors have the authority to;

- Access premises at all reasonable times.
- Access all assets, records, documents, correspondence, control systems and appropriate personnel.
- Receive any information and explanation considered necessary concerning any matter under consideration.
- Require any staff to account for cash, stores or any other asset under their control.
- Access records belonging to third parties, such as contractors, when required. This shall be achieved by including an appropriate clause in all contracts.

3.8. Any instances where the CC considers it inappropriate for internal audit to have the access detailed above, such as items considered to be of a sensitive operational nature, are to be confirmed with the PCC Chief Executive and PCC CFO.

3.9. The PCC CFO and the CC CFO, taking advice from internal audit and after consulting with the PCC and CC and external auditor, are responsible for ensuring an annual audit plan is prepared. The plan is to take account of the characteristics and relative risks of the activities involved.

3.10. The PCC CFO and the CC CFO shall submit the annual internal audit plan to the Audit Committee for consideration prior to the start of the forthcoming financial year.

3.11. The PCC and CC CFO shall consider and respond promptly to recommendations in audit reports and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient manner.

3.12. The PCC and CC CFO shall ensure that new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCC CFO and internal audit prior to implementation.

3.13. Internal audit shall provide an annual report to the Audit Committee summarising activities and findings for the year. This shall include an opinion on the effectiveness of the systems of internal control to support the Annual Governance Statement.

3.14. The PCC CFO shall be notified immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. Pending investigation and reporting, PCC CFO, CC CFO, senior managers 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 be conducted as detailed below:

- PCC
PCC CFO shall agree any further investigative process. This may include disciplinary, criminal proceedings and/or dismissal.

- FORCE
Investigations will normally be carried out by the Professional Standards Department, who shall consult with the Internal Audit Manager as appropriate and keep him informed of progress. The operation of this Regulation shall be in accordance with the agreed protocol between the Professional Standards Department and Internal Audit and authorised by the PCC CFO and the CC CFO.

The PCC CFO will keep the chair of the JIAC informed of the suspected fraud.

At the conclusion of the investigation the Internal Audit Manager 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

3.15. Internal audit shall provide an undertaking to respect the confidential nature of the service and to employ suitable staff only.

External Audit

Overview and Control

3.16. Public Sector Audit Appointments Ltd is responsible for appointing external auditors to the PCC and CC up to 2017-18 Accounts. From 2018-19 both the PCC and CC can appoint their own external auditors. The basic duties of the external auditor are governed by section 15 of the Local Government Finance Act 1982, and the Local Government Act 1999. The code of audit practice issued in April 2005 sets out the auditor's objectives to review and report upon:

- The audited body's financial statements and its statement on internal control, including the Annual Governance Statements.
- Aspects of the audited body's corporate governance arrangements
- Whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- Aspects of the audited body's arrangements to manage performance.

3.17. In auditing the accounts the external auditor must be satisfied 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.
- They "present fairly" the financial position of the organisation.
- Proper practices have been observed in the compilation of the accounts.
- The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness.

Key Controls

3.18. The key controls for external auditors are

- External auditors are appointed by Public Sector Audit Appointments Ltd, which prepares a code of audit practice, which external auditors follow when carrying out their duties.
- External auditors are independent in their operation.

Responsibilities of the Statutory Officers

3.19. The PCC CFO and the CC CFO shall liaise with the external auditor and advise the PCC and CC on their responsibilities in relation to external audit and ensure there is effective liaison between external and internal audit.

To ensure that for the purposes of their work the external auditors are given the access to which they are statutorily entitled in relation to premises, assets, records, documents, correspondence, control systems and personnel, subject to appropriate security clearance.

3.20. To provide the Audit Committee with :

- The external audit Annual Governance Report for consideration.
- The external audit annual work plan and fee are reported for approval.
- The Annual Audit Letter.

C4 PREVENTING FRAUD AND CORRUPTION

Overview and Control

- 4.1. The PCC will not tolerate fraud or corruption in the administration of their responsibilities, whether from inside or outside.
- 4.2. The PCC's expectation of propriety and accountability is that officers, staff, volunteers and members at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 4.3. The PCC also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) with whom they come into contact will act towards the PCC with integrity and without thought or actions involving fraud or corruption.

Key Controls

- 4.4. The key controls regarding the prevention of financial irregularities are that:
 - There is an effective system of internal control.
 - The organisation has an effective anti-fraud and corruption policy and maintains a culture that will not tolerate fraud or corruption.
 - All officers, staff, volunteers and members will act with integrity and lead by example.

- Senior managers are required to deal swiftly and firmly with those who defraud or attempt to defraud the organisation or who are corrupt.
- High standards of conduct are promoted amongst officers, staff, volunteers and members through adherence to codes of conduct.
- There is an approved Gifts, Gratuities and Hospitality Policy and procedure that must be followed. This includes the maintenance of a register of interests in which any hospitality or gifts accepted must be recorded.
- Whistle blowing policy and procedures are in place and operate effectively.
- Legislation including the Public Interest Disclosure Act 1998 and the Bribery Act 2010 is adhered to.

Responsibilities of the Statutory Officers

- 4.5. To ensure all staff act with integrity and lead by example.
- 4.6. The PCC is responsible for preparing an effective anti-fraud and anti-corruption policy and maintaining a culture that will not tolerate fraud or corruption and ensuring that internal controls are such that fraud or corruption will be prevented where possible.
- 4.7. The PCC shall prepare a policy for the registering of interests and the receipt of hospitality and gifts covering officers and staff. A register of interests and a register of hospitality and gifts shall be maintained for staff in a manner to be determined by the PCC.
- 4.8. The PCC shall prepare a whistle blowing policy to provide a facility that enables staff, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. Procedures shall ensure that allegations are investigated robustly as to their validity that they are not malicious and that appropriate action is taken to address any concerns identified. The PCC shall ensure that all staff are aware of any approved whistle blowing policy.
- 4.9. To implement and maintain an adequate and effective internal financial framework clearly setting out the approved financial systems to be followed.
- 4.10. The PCC and the CC shall notify the PCC CFO and the CC CFO immediately if a preliminary investigation gives rise to any suspected fraud, theft, irregularity, improper use or misappropriation of property or resources. This reporting fulfils the requirements of Section 17 of the Crime and Disorder Act 1998. In such instances, the PCC, the CC, the PCC CFO and the CC CFO shall agree any

further investigative process. Pending investigation and reporting, the PCC and CC shall take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration.

4.11. The PCC and CC may instigate disciplinary procedures where the outcome of an investigation indicates improper behaviour.

C5 MONEY LAUNDERING AND PROCEEDS OF CRIME

Overview and Control

5.1. The PCC has adopted an anti-money laundering policy and procedures intended to prevent the use of proceeds from crime. This policy has been developed with regard to the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.

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

5.3. The PCC and CC are responsible for ensuring that:

- All officers and staff most likely to be exposed to or suspicious of money laundering situations are made aware of the requirements and obligations placed on the OPCCN and Constabulary and themselves by the legislation.
- Those officers and staff considered most likely to encounter money laundering will be given appropriate training. The appropriate managers within the section will periodically identify and deliver training to all appropriate staff.
- Procedures are established to help forestall and prevent money laundering including making arrangements for reporting concerns about money laundering to the MLRO.
- Periodic and regular assessments are undertaken of the risks of money laundering.

C6 ASSETS

Overview and Control

6.1. The PCC holds assets in the form of land, property, vehicles, equipment, and other items. It is important that assets are safeguarded 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/inventory is a prerequisite for proper fixed asset accounting and sound asset management. The function of the asset register alongside an asset management plan is to provide the PCC with information about fixed assets so that they are:

- Safeguarded.
- Used efficiently and effectively.
- Adequately maintained.
- Valued in accordance with statutory and management requirements.

6.2. Intellectual property is a generic term that includes inventions and writing. If these are created by officers and staff during the course of employment, then, as a general rule, they belong to the PCC, not the officer or member of staff. Various Acts of Parliament cover different types of intellectual property. Certain activities undertaken within the PCC or the CC may give rise to items that could be patented, for example, software development. These items are collectively known as intellectual property. In the event that the PCC decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with an approved intellectual property policy.

6.3. The PCC will 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 through the delegation to the CC CFO can acquire property (other than land or buildings) as set out in the scheme of delegation and the standing orders for land & property.

6.4. 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.

6.5. 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.

Key Controls

6.6. The key controls for the security of resources and assets are:

- Resources are used only for approved purposes and properly accounted for.
- Resources are available for use when required.
- Resources no longer required are disposed of in accordance with the law and regulations so as to maximise benefits.
- An asset register is maintained for the organisation. Assets are recorded when they are acquired and this record is updated as changes occur with respect to the location and condition of the asset.
- All staff are aware of their responsibilities with regard to safeguarding the organisations assets and information, including the requirements of the Data Protection Act and software copyright legislation.
- All staff are aware of their responsibilities with regard to safeguarding the security of the organisations computer systems, including maintaining restricted access to the information held on them and compliance with the organisations computer and internet security policies.

Security

Responsibilities of the Statutory Officers

6.7. To ensure that an asset register is maintained to provide information about fixed assets so that they are safeguarded, used efficiently and effectively, adequately maintained and valued in accordance with statutory management requirements.

6.8. The CC CFO shall ensure that assets and records of assets are properly maintained and securely held and that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.

6.9. To ensure that title deeds to property are held securely.

6.10. To ensure that no asset is subject to personal use by an employee without proper authority.

- 6.11. Attractive and portable items such as computers, cameras and recording devices should be identified with appropriate security markings.
- 6.12. To ensure that all staff are aware of their responsibilities with regard to safeguarding the PCC's assets, information and IT systems, including the requirements of the Data Protection Act, software copyright legislation and compliance with the information and security policies.
- 6.13. The CC shall ensure that title deeds to the PCC's property are held securely.
- 6.14. Lessees and other prospective occupiers of PCC land are not allowed to take possession of the land until a lease or agreement in a form approved by the CC is in place.
- 6.15. To ensure that assets no longer required are disposed of in accordance with the law and the regulations of the PCC.

Valuation

Responsibilities of the Statutory Officers

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

Inventories

Responsibilities of the Statutory Officers

- 6.19. To maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown in Section F.
- 6.20. There shall be at least an annual check of all items on the inventory in order to verify location, review, and condition and to take action in relation to surpluses or deficiencies, annotating the inventory accordingly. The annual check is to be undertaken by the responsible budget holder, who shall ensure that another member of staff is responsible for maintaining the inventory.
- 6.21. To make sure that property is only used in the course of the business, unless specific approval has been given.

Stocks and Stores

Responsibilities of the Statutory Officers

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

Intellectual Property

Responsibilities of the Statutory and Key Officers

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

6.28. The PCC is responsible for approving an intellectual property policy.

Asset Disposal

Responsibilities of the Statutory Officers

6.29. Assets shall be disposed of provided they meet the following criteria:

- Have been declared surplus to requirements
- When in the best interests of the PCC,
- In accordance with the Police and Crime Plan
- In accordance with the approved Estate Strategy.
- At the most advantageous price.

The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC shall prepare a report for the PCC outlining the reasons. Disposals above this value are to be reported to the PCC for prior approval.

6.30. The CC may dispose of surplus land and buildings, vehicles and items of equipment up to the estimated value shown in Section F (5.4). Where this is not the highest offer, the PCC CFO shall prepare a report for the PCC outlining the reasons.

6.31. Disposals above the value detailed in Section F (5.4) are to be reported to the PCC for prior approval and will generally be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value for the PCC.

- 6.32. All asset disposals shall be recorded in the asset register or inventory as appropriate.
- 6.33. The CC CFO shall inform the PCC CFO of any disposals that may have a significant impact upon the balance sheet.
- 6.34. To ensure that appropriate accounting entries are made to remove the value of the disposed assets from the Commissioner's records.

C7 TREASURY MANAGEMENT AND BANKING ARRANGEMENTS

Overview and Control

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

Key Controls

- 7.2. The key controls for treasury management are:
- That the PCC borrowings and investments comply with the CIPFA Code of Practice on Treasury Management and the Prudential Indicators and with the PCC treasury management strategy statement.
 - Suitable Treasury Management Practices (TMP) 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 Statutory Officers and Committees

- 7.3. To adopt the key recommendations of *CIPFA's Treasury Management in the Public Services: Code of Practice (the Code)*, as described in Section 4 of that Code.
- 7.4. Accordingly to ensure the adoption, the PCC shall create and maintain, as the cornerstone for effective treasury management, a Treasury Management Strategy statement, stating the policies and objectives of its treasury management activities suitable treasury management practices, 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. The content of the policy statement and TMPs will follow the recommendations contained in Section 6 and 7 of the Code, subject only to amendment where necessary to reflect the particular circumstances of the PCC. Such amendments will not result in the PCC deviating materially from the Code's key recommendations.

- 7.5. The PCC shall receive reports on his treasury management strategies, practices and activities, including as a minimum, an annual strategy and plan in advance of this year, a mid-year review and an annual report after its close, in the form prescribed in its TMPs. During the financial year, reports on action undertaken shall be submitted to the PCC, by the CC CFO, as part of the financial monitoring information and included within Budget monitoring reports..
- 7.6. The PCC is responsible for the implementation of its treasury management strategies and practices and delegates responsibility for the execution and administration of treasury management decisions to the PCC CFO, in liaison with the CC CFO, who will act in accordance with the organisation's policy statement and TMPs and, CIPFA's *Statement of Professional Practice on Treasury Management*.
- 7.7. The Audit Committee is responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 7.8. The PCC shall adopt the following Treasury Management Strategy Statement.
The PCC:
 - Defines its treasury management activities as "the management of the PCC's cash flows, its banking, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
 - Regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the PCC.
 - Acknowledges that effective treasury management will provide support towards the achievement of its business and services objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employ suitable performance measurement techniques, within the context of effective risk management.

- 7.9. All investments shall be in the name of the PCC.
- 7.10. The PCC CFO may delegate aspects of the treasury management function to the CC CFO where this is deemed more appropriate.
- 7.11. The PCC CFO shall have overall responsibility for banking arrangements. The PCC CFO, in liaison with the CC CFO, shall determine a policy for the secure operation of bank accounts. All bank accounts shall be in the name of the PCC unless authorised by the PCC CFO and PCC Chief Executive. The CC has authority to open or close covert accounts to aid operations. The opening and closing of other bank accounts requires the authorisation of the PCC CFO.
- 7.12. The PCC CFO shall provide appropriate staff with cash or bank imprests to meet minor expenditure. The PCC CFO shall determine reasonable petty cash limits and maintain a record of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.
- 7.13. The PCC CFO shall prepare detailed Financial Instructions for dealing with petty cash, and these shall be issued to all appropriate staff.
- 7.14. The use of purchase cards shall be allowed for undertaking OPCC business. The PCC CFO, in consultation with the CC CFO, shall determine a policy for the secure operation of such purchase cards.
- 7.15. All imprest cheques shall be signed at an appropriate level in accordance with an approved list of signatories and up to the level shown in Section F. All other cheques shall be signed at an appropriate level in accordance with an approved bank mandate.
- 7.16. To comply with the requirements of the Money Laundering Regulations 2003.

C8 STAFFING

Overview and Control

- 8.1. Staffing costs form a significant element of the annual revenue budget. In order to provide the highest level of service and ensure effective use of resources, it is crucial to recruit and retain high calibre, knowledgeable officers and staff, qualified to an appropriate level.

Key Controls

8.2. The key controls for staffing are

- An appropriate staffing strategy and policy exists, in which staffing requirements and budget allocations are matched.
- Procedures are in place for forecasting staffing requirements and cost.
- Controls are implemented that ensure staff time is used efficiently and to the benefit of the organisation.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy.

Responsibilities of the Statutory Officers

8.3. To ensure that employees are appointed and dismissed in accordance with relevant statutory regulations, national agreements and personnel policies, budgets and strategies agreed by the PCC.

8.4. To advise the PCC on the budget necessary in any given year to cover estimated staffing levels.

8.5. To adjust the staffing numbers to meet the approved budget provision, and varying the provision as necessary within policy constraints to meet changing operational needs.

8.6. 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.

8.7. To approve, in consultation with the PCC CFO, policy arrangements for premature retirements on grounds of ill-health or efficiency for all staff and redundancy arrangements for support staff.

C9 CUSTODY OF UNOFFICIAL FUNDS AND PRIVATE PROPERTY

Trust Funds and other Voluntary Unofficial Funds

Overview and Control

9.1. These are deemed to be funds, other than those of the PCC or CC, which are controlled wholly or partly by staff by reason of their employment e.g. Benevolent Fund.

9.2. Trust Funds have a formal legal status governed by a Deed of Trust. Employees and police officers acting as trustees must ensure that they are conversant with the requirements of the Trust Deed and the law and comply fully with them.

9.3. These funds should be kept separate from all PCC and CC transactions and bank accounts and those responsible must ensure that appropriate insurance arrangements are in place.

Key Controls

9.4. The key controls for Trust Funds and other Voluntary Unofficial Funds are:

- No employee shall open a trust fund without the specific approval of the PCC Chief Executive and PCC CFO
- These financial regulations should be seen as best practice which need to be followed whenever possible

Responsibilities of the Statutory Officers

9.5. Staff controlling such funds shall ensure that a suitably experienced independent person audits the fund in accordance with procedures required by the PCC, and arrange for the annual audited accounts to be received by the appropriate management body.

9.6. The PCC shall be informed of the existence, purpose and nature of all voluntary unofficial funds and receive minutes from the management bodies confirming the adoption of the audited accounts.

9.7. The PCC shall issue Financial Instructions detailing how unofficial funds are to be managed and controlled.

Custody of Private Property

Overview and Control

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

Key Controls

9.9. The key controls for private property are

- Secure environment for storage of property/monies
- Audit trail of booking in and returning property to owners
- Audit trail for the disposal of property where appropriate and any income received
- Policy for specific items (e.g. bicycles) for returning these for community benefit
- Policy for the use of Property Act monies as approved by the PCC
- Policy for the use of the Proceeds of Crime Act monies as approved by the PCC

Responsibilities of the Statutory Officers

9.10. The CC is responsible for the safekeeping of the private property of a person, other than a member of staff, under his/her guardianship or supervision, and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.11. The CC is responsible for the safekeeping of found or seized property and shall determine procedures for such. These procedures shall be made available to all appropriate staff.

9.12. The CC shall be informed without delay in the case of loss or diminution in value of such private property.

9.13. The CC shall issue separate financial instructions for dealing with cash, including seized cash under the Proceeds of Crime Act. These procedures shall be approved by the PCC and the PCC CFO.

9.14. The CC shall comply with the requirements of the Proceeds of Crime Act 2002

SECTION D

SYSTEMS AND PROCEDURES

D1 GENERAL

Overview and Control

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

The PCC CFO and the CC CFO both have a statutory and professional responsibility to ensure that the organisations' financial systems are sound and should therefore be notified of any new developments or changes.

1.2. It is imperative that operating systems and procedures are secure and that basic data exists to enable the PCC objectives, targets, budgets and plans to be formulated and measured. Performance measures need to be communicated to appropriate personnel on an accurate, complete and timely basis.

Key Controls

1.3. The key controls for systems and procedures are:

- Basic data exists to enable the organisation's objectives, targets, budgets and plans to be formulated.
- Performance is communicated to the appropriate managers on an accurate, complete and timely basis.
- Early warning is provided of deviations from target, plans and budgets that require management attention.
- Operating systems and procedures are secure and up-to-date.

Responsibilities of the Statutory Officers

1.4. The PCC CFO, in liaison with the CC CFO, is responsible for determining the overall accounting systems and procedures including to.

- Issue advice, guidance and procedures for officers and others acting on behalf of the organisation

- Determine the accounting systems, form of accounts and supporting financial records
- Establish arrangements for the audit of the organisation's financial affairs
- Approve any new system to be introduced
- Approve any changes to existing financial systems
- Approve any changes to service delivery in relation to the finance function

1.5. To ensure, in respect of systems and processes, that

- Systems are secure, adequate internal controls exist and accounting records are properly maintained and held securely. This is to include an appropriate segregation of duties to minimise the risk of error, fraud or other malpractice.
- Appropriate controls exist to ensure that all systems input, processing and output is genuine, complete, accurate, timely and not processed previously
- A complete audit trail is to be maintained, allowing financial transactions to be traced from the accounting records to the original document and vice versa.
- Systems are documented and staff trained in operations.

1.6. The CC shall register compliance with the Data Protection Act 1988 ensuring that data processing (manual or electronic) involving personal information is registered.

1.7. The CC shall ensure compliance with copyright legislation around software being used.

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

1.9. To establish a Scheme of Governance and Consents, identifying officers and staff authorised to act upon the PCC's behalf in respect of income collection, placing orders, making payments and employing staff. A schedule of officers and staff, their specimen signatures and the delegated limits of their authority shall be maintained.

D2 INCOME

Overview and Control

- 2.1. Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly.
- 2.2. The PCC 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.

Key Controls

- 2.3. The key controls for income are:
 - All income due is identified and charged correctly, in accordance with an approved charging policy, which is regularly reviewed.
 - All income is collected from the correct person, at the right time, using the correct procedures and the appropriate stationery.
 - All money received by an employee on behalf of the PCC is paid without delay to the Commissioner's bank and properly recorded. The responsibility for cash collection should be separated from that:
 - For identifying the amount due
 - For reconciling the amount due to the amount received
 - Effective action is taken to pursue non-payment within defined timescales.
 - Formal approval for debt write-off is obtained.
 - Appropriate accounting adjustments are made following write-off action.
 - All appropriate income documents are retained and stored for the defined period in accordance with the document retention schedule.
 - Money collected and deposited is reconciled to the bank account by a person who is not involved in the collection or banking process.

Responsibilities of the Statutory Officers

- 2.4. The PCC advised by the CC shall determine and review annually a policy for all fees and charges.
- 2.5. To make arrangements for the collection of all income due including the appropriate and correct charging of VAT.

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

D3 ORDERING OF GOODS AND SERVICES

Overview and Control

3.1. Public money should be spent with demonstrable probity and in accordance with PCC policies. The statutory officers have a statutory duty to achieve best value, in part through economy and efficiency. Procedures should ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Contract Standing Orders.

Key Controls

- 3.2. The key controls for ordering work goods and services are:
- All goods and services are ordered only by appropriate persons and are correctly recorded.
 - All goods and services shall be ordered in accordance with the PCC's standing orders.
 - A computer-generated order should always be issued and authorised. This control should only be set-aside in exceptional circumstances.
 - All orders should be raised at the time of placing the order and not on receipt of the goods/services or invoice.
 - Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.

Responsibilities of the Statutory Officers

3.3. The PCC is responsible for approving the Contract Standing Orders

3.4. To ensure all officers and staff are made aware of the responsibility they have to declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions.

3.5. All orders issued shall be in accordance with the approved procurement policy or Financial Instructions. Purchase orders must be issued for all work, goods or services to be supplied, except for supplies of utilities, periodic payments such as rent or rates, petty cash purchases or other exceptions approved by the PCC CFO. All purchase orders must be generated by Oracle unless expressly authorised by PCC CFO. The PCC operates a "No P.O. – No Pay" policy

- 3.6. To ensure that purchase orders are issued for all work, goods or services except for supplies of utilities, periodic payments such as rent or rates, purchasing card purchases, imprest purchases or other exceptions specified by the PCC CFO.
- 3.7. To ensure authorisation of requisitions / orders are in accordance with the limits shown in section F. Only authorised officers and staff can raise requisitions / orders and therefore an authorised signatory list will be maintained. Purchasing Cards may be used in compliance with the requirements and guidance.
- 3.8. Purchase orders must not be raised for any personal or private purchases, nor must personal or private use be made of PCC contracts.
- 3.9. Goods and services ordered must be appropriate and needed, there must be adequate budgetary provision and quotations or tenders must be obtained where necessary.
- 3.10. Tenders and quotations shall be obtained in accordance with Contract Standing Orders within the limits shown in Section F.
- 3.11. Commitments incurred by placing orders are to be shown against the appropriate budget allocation and incorporated within budget monitoring reports.
- 3.12. Where possible, a different person should authorise the payment from the person who signed the requisition / order.

D4 PAYMENTS OF GOODS AND SERVICES

Overview and Control

- 4.1. Apart from petty cash the normal method of payment from the PCC shall be by BACs payment, cheque or other instrument or approved method, drawn on the PCC bank account. The use of direct debit shall require the prior agreement of the PCC CFO.

Key Controls

4.2. The key controls for paying for work goods and services are:

- Goods and services received are checked to ensure that they are in accordance with the order. The person who placed the order should not receive goods.
- Payments are not made unless goods have been received and to the correct price, quantity and quality standards.
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate evidence of the transaction and payment documents are retained and stored for the defined period, in accordance with the document retention schedule.
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions are corrected.
- In addition, the effect of e-business/e-commerce and electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically

Responsibilities of the Statutory Officers

4.3. All payments are to be made in accordance with the approved procurement procedures or Financial Instructions.

4.4. Payments are not to be made unless goods and services have been received at the correct price, quantity and quality in accordance with any official order. Goods should not be received by the person who placed the initial requisition, unless this is impracticable.

4.5. Segregation will exist between the person ordering and the person approving the order. The receipting of goods confirms the invoice is suitable for payment. In the case of a manual invoice the 2 members of staff need to be involved in the ordering/receipting/authorising process

4.6. Authorisation of invoices shall be in accordance with the limits shown in section F.

4.7. Procedures should be in place to ensure that all payments are to be made to the correct person, for the correct amount and be recorded properly, regardless of the method of payment. Systems should ensure the invoice has not been processed for payment before and that full advantage has been taken of any discounts offered.

- 4.8. Where VAT is charged, payment is not to be made unless a proper VAT invoice has been received.
- 4.9. All payments should be processed promptly to comply with the Late Payment of Commercial Debt (Interest) Act 1988.

D5 PAYMENTS TO EMPLOYEES AND MEMBERS

Overview and Control

- 5.1. Employee costs are the largest item of expenditure for most organisations. Therefore, it is important that payments are accurate, timely, made only where they are due and that payments accord with individuals' conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for.
- 5.2. All overtime claims and other claims for remuneration, travel and expenses should be submitted at least monthly. This is to ensure that monitoring of expenditure is more accurate and that authorisation of claims can be certified properly.

Key Controls

- 5.3. The key controls for payments to employees and members are:

- Proper authorisation procedures are in place and that there is adherence to corporate timetables in relation to:
 - Starters
 - Leavers
 - Variations
 - Enhancements

and that claims for payment are made on the approved and appropriate documentation.

- Regular reconciliation of the HR system to the Payroll system.
- Frequent reconciliation of payroll expenditure against approved budget and bank account.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the document retention schedule.
- The HM Revenue & Customs regulations are complied with.
- Recovery of overpayment
- Responsibility of adhering to time lines

Responsibilities of the Statutory Officers

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

D6 TAXATION

Overview and Control

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

Key Controls

- 6.3. The key controls for taxation are:
 - Relevant staff are provided with relevant information and kept up to date on tax issues.
 - Accurate record keeping.
 - All taxable transactions are identified, properly carried out and accounted for within stipulated timescales.
 - Records are maintained in accordance with instructions.
 - Returns are made to the appropriate authorities within the stipulated timescale.

Responsibilities of the Statutory Officers

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

D7 EX GRATIA PAYMENTS

Overview and Control

7.1. An ex gratia payment is a payment made where no legal obligation exists. An example may be to recompense staff for damage to personal property in the execution of duty.

Responsibilities of the Statutory Officers

7.2. The PCC may make ex gratia payments to members of the public up to the level shown in section F in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the PCC. The PCC CFO shall maintain details of such payments in a register.

7.3. The PCC may make ex gratia payments up the level shown in section F in any individual instance, for damage or loss of property or for personal injury to staff in the execution of duty or to staff in relation to employment errors. The PCC shall maintain details of such payments in a register.

D8 PENSIONS

Overview and Control

8.1. As a responsible public body the PCC will ensure that the Pension Schemes are made easily available to all eligible staff and police officers. The recent changes which have introduced auto enrolment enforce this concept. Due to the changes in relation to PCC and CC being new legal entities the requirement to comply with auto enrolment has been deferred until 2017.

Key Controls

8.2. The key controls relating to pensions are:

- Relevant staff are provided with relevant information and kept up to date on pension issues.
- Accurate record keeping
- Good communication with the County Council Pension Administrator
- Compliance with acts and regulations
- Records are maintained in accordance with instructions.

Responsibilities of the Statutory Officers

- 8.3. To ensure that there are adequate arrangements for administering police pension and Local Government Pension Scheme (LGPS) matters on a day-to-day basis.
- 8.4. To record and make arrangements for the accurate and timely payment of pensions and police pensions to the scheme administrators
- 8.5. The appointment of a Pension Administrator to administer the LGPS and police pensions on behalf of the PCC.
- 8.6. The Home Office are responsible for the Police Pension schemes and the organisation acts as a “holding account” although the transactions are shown in the PCC statement of accounts.
- 8.7. To ensure Pension Boards are established to administer the schemes in accordance with current legislation and regulations.
- 8.8. To ensure that timely and accurate information is supplied to the Home Office for the Top Up arrangements.
- 8.9. To ensure that timely information is supplied to the actuaries.
- 8.10. To refer internal disputes relating to pensions to the Pension Administrator in the first stage, with second stage disputes being referred to the PCC CFO
- 8.11. The PCC CFO is responsible for the governance arrangements.

D9 GOVERNMENT PROCUREMENT CARDS

Overview and Control

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

Key Controls

- 9.2. The key controls for Government Procurement Cards are
- Detailed instructions to all authorised card holders and users
 - A procedure which controls the issue of cards and limits on each card.

Responsibilities of the Statutory Officers

- 9.3. That the CC CFO and the PCC CFO undertake periodic reviews of the register of individuals and limits assigned to each card.
- 9.4. To ensure that all card holders are aware of the financial instructions relating to the use of cards.
- 9.5. To ensure that all purchases are checked to ensure compliance with approved policies (e.g. Gifts, Gratuities and Hospitality, Catering).
- 9.6. To ensure that the process requires receipted details of payments, particularly VAT receipts and all requirements of the providers electronic receipting and payments processes are adhered to.

SECTION E

EXTERNAL ARRANGEMENTS

E1 PARTNERSHIPS

Overview and Control

1.1. Partnerships with other organisations can play a key role in delivering community strategies and in helping to promote and improve the wellbeing of the area. A partner may be defined as:

- an organisation joining to undertake, part fund or participate as a beneficiary in a joint project, or
- a body whose nature or status give it a right or obligation to support a joint project

Partnerships typically fall into three main categories:

- **Statutory based** - These are partnerships that are governed by statute. They include, for example, Crime and Disorder Reduction Partnerships (CDRPs) and Local Strategic Partnerships (LSPs).
- **Strategic** - These are partnerships set up to deliver core policing objectives. They can either be force-wide or local.
- **Ad Hoc** - These are typically locally based informal arrangements agreed by the PCC

1.2. The main reasons for entering into a partnership with others are:

- to provide new and better ways of delivering services
- to comply with statutory requirements
- the ability to access new resources
- the desire to find new ways to share risk
- to forge new relationships
- mitigate costs when looking to achieve shared goals

1.3. Partners undertaking a joint venture have common responsibilities:

- to act in good faith at all times and in the best interests of the partnership's aims and objectives
- to be willing to take on a role in the broader programme, appropriate to the skills and resources of the contributing organisation
- to be open about any conflicts that might arise

- to encourage joint working and promote the sharing of information, resources and skills
 - to keep secure any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
 - to promote the project
- 1.4. The PCC and CC should welcome the opportunity for forming partnerships with other local organisations to address local needs. As set out in section 10 of the Police Reform and Social Responsibility Act 2011, the Commissioner, in exercising his functions, must have regard to the relevant priorities of each responsible authority. Subject to the constraints that may be placed on individual funding streams, Commissioners are free to pool funding as they and their local partners see fit. Commissioners can enter into any local contract for services, individually or collectively with other local partners, including non-police bodies.
- 1.5. 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 Commissioner is able to make crime and disorder grants in support of local priorities.. 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.
- 1.6. The PCC may also make grants under Community Empowerment in support of new or local priorities. Such grants will not exceed the limit detailed in Section F.

Key Controls

- 1.7. The key controls for partnerships are:
- If appropriate, to be aware of their responsibilities under the PCC financial regulations.
 - To ensure that risk management processes are in place to identify and assess all known risks.
 - To ensure that project appraisal processes are in place to assess the viability of the project in terms of resources, staffing and expertise.

- To agree and accept formally the roles and responsibilities of each of the partners involved in the project before the project commences.
- Information sharing agreements should be incorporated for compliance with Management Of Police Information and Data Protection Act.
- To communicate regularly with other partners throughout the project so that problems can be identified and shared to achieve their successful resolution.
- Exit strategies should be included from the start.

Responsibilities of the Statutory Officers

- 1.8. The PCC Chief Executive is responsible for preparing a policy statement on partnership arrangements. The PCC is responsible for approving the policy.
- 1.9. The PCC shall ensure there is adequate budget provision for partnerships as part of the annual budget setting process.
- 1.10. The PCC and CC are responsible for undertaking the partnership funding arrangements, in accordance with the agreed policy. The PCC and CC shall consider the overall governance arrangements and legal issues when arranging contracts with external bodies.
- 1.11. The PCC and CC shall ensure that the roles and responsibilities of each of the partners involved are agreed and accepted formally before the partnership commences.
- 1.12. The PCC CFO and CC CFO should ensure that the accounting and reporting arrangements relating to partnerships are satisfactory.
- 1.13. The PCC and CC, upon taking appropriate advice, shall ensure that:
- before entering into the agreement, a risk management appraisal has been prepared
 - such agreements do not impact adversely upon the services provided by the PCC and CC
 - project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
 - all arrangements are properly documented
 - regular communication is held with other partners throughout the project in order to achieve the most successful outcome
 - audit, security and control requirements are satisfied

- accounting arrangements are in place and satisfactory, including resourcing, taxation procedures and carry-forward arrangements

1.14. The PCC Chief Executive shall maintain a register of all partnership arrangements.

1.15. The PCC and CC shall ensure that all officers and staff involved in partnership arrangements have access to Financial Regulations and Contract Standing Orders. On occasion, the possibility of non-compliance with these Regulations may arise from entering into partnership arrangements. In such cases, prior approval of the PCC following the agreement of the PCC CFO, in liaison with CC CFO should be sought.

E2 EXTERNAL FUNDING

Overview and Control

2.1. External funding is a very important source of income. The main source of such funding is government grants, but consideration should be given to ensuring that the potential for all income sources is maximised. The PCC should agree a fees and charges policy and review this on a regular basis.

2.2. Any match funding requirements should be given due consideration prior to entering into agreements and resources identified for future commitments.

Key Controls

2.3. The key controls for external funding are:

- 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.
- To ensure that funds are acquired only to meet the priorities approved in the Police and Crime Plan.
- To ensure that any match-funding requirements are given due consideration prior to entering into long term agreements and that future revenue budgets reflect these requirements.

Responsibilities of the Statutory Officers

- 2.4. To ensure that any conditions in relation to external funding are in accordance with the approved policies of the PCC. In such cases, shall ensure compliance with the key conditions determined by the funding body and any statutory requirements. If there is a conflict, this needs to be taken to the PCC for resolution.
- 2.5. 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.
- 2.6. To pursue actively any opportunities for additional funding where this is considered to be in the interests of the PCC.
- 2.7. All bids for external funding and the proper recording of grant income shall be coordinated through the CC and subject to the approval of the PCC.
- 2.8. To ensure that all funding notified by external bodies is received and properly recorded in the accounts, that all claims for funds are made by the due date and that audit requirements are met.

E3 WORK FOR THIRD PARTIES

Overview and Control

- 3.1. Current legislation enables the Commissioner to provide services to other bodies. Such work may enable economies of scale and existing expertise to be maintained.. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires.

Key Controls

- 3.2. The key controls for working for third parties are:
 - To ensure that proposals are costed properly in accordance with guidance provided by the Home Office, or the PCC.
 - To ensure that contracts are drawn up using guidance provided by the Home Office, or the PCC.

- To issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.

Responsibilities of the Statutory Officers

3.3. To ensure that :

- proposals for assistance are costed,
- that contracts are drawn up where appropriate,
- that no contract is subsidised by the organisation
- that contracts do not impact adversely on the services provided.
- that charges are made in accordance with the PCC policy
- that, where possible, payment is received in advance of the delivery of the service
- that the PCC is not put at risk from any bad debts.

3.4. The CC shall ensure that appropriate insurance arrangements are in place.

E4 COLLABORATED ACTIVITIES AND CONSORTIUM ARRANGEMENTS

Overview and Control

- 4.1. Providing services under collaborated arrangements can achieve efficiencies, savings and improve service reliance requirements. All collaboration activities involving functions under the direction of the CC shall be financially appraised by the CC CFO and discussed with the PCC CFO. Final approval of all s22/s23 collaborative arrangements rests with the PCC.
- 4.2. The PCC and CC may enter into Consortium (Shared Services) arrangements. Such an arrangement is a long term joint working arrangement with other PCCs/Forces operating within a formal legal structure approved by the PCC. Prior to entering into any consortium arrangement the proposal shall be financially appraised by the CC CFO and the PCC CFO. The PCC Chief Executive will sign the Memorandum of understanding (setting out the governance arrangements of the project) on behalf of the PCC/Force.

Responsibilities of the Statutory Officers

- 4.3. To ensure that each activity covered by collaborated arrangements is subject to the financial regulations of one of the PCC's involved. The particular PCC's financial regulations should be selected having regard to the staffing, activity and location of the collaborated activity.
- 4.4. To contact the PCC Chief Executive before entering into a formal consortium agreement, to establish the correct legal framework.
- 4.5. To consult, as early as possible, the PCC CFO and the CC CFO to ensure the correct treatment of taxation and other accounting arrangements.
- 4.6. To produce a business case to show the full economic benefits to be obtained from participation in the collaboration/consortium.
- 4.7. To produce a Memorandum of Understanding (MOU) setting out the appropriate governance arrangements.

E5 COMMISSIONING

Overview and Control

- 5.1. Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PCC to pool funding as they and their local partners deem appropriate. In accordance with the Commissioning Framework the PCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their 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.
- 5.2. 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.

Key Controls

5.3. The key controls for commissioning are:

- Agreements with clear priorities and outcomes
- Grant conditions and outcomes

Responsibilities of the Statutory Officers

5.4. To have regard to relevant priorities of local partners when considering and setting the Police and Crime Plan.

5.5. To work effectively with other local leaders who can also provide significant resources, to influence how all parties prioritise and bring together their resources to tackle local problems and priorities.

5.6. To consult with victims and witnesses of crime about policing and the proposed Police and Crime Plan. To commission the victim and witnesses support services in Northamptonshire.

5.7. To make appropriate robust arrangements to commission services from the Force or external providers.

5.8. To award crime and disorder grants as approved by the PCC.

5.9. Authorisation of grants shall be in accordance with the limits shown in section F.

5.10. To develop 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 .

5.11. To develop financial framework as part of the wider Commissioning framework with approved authorisation levels.

5.12. To keep under review the performance and outcomes of any investments agreed by the Commissioner in respect of partnership activity.

5.13. Ensure financial expenditure does not exceed the budgeted level to achieve the objectives set out in the Police and Crime Plan

SECTION F

DELEGATED LIMITS

The section references below refer to the main body of text within sections A to E of these Financial Regulations. All financial limits are contained within this section in order to minimise the need for change when values are updated.

F1 Financial Planning

Annual Revenue Budget Preparation

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

£250,000

F2 Budgetary Control

Virement is defined to be the transfer of budget between budget heads within a financial year and will always be a net nil, whereas a budget adjustment is defined as a budget movement at the time budgets are prepared for the forthcoming financial year.

2.1. Virement/Budgetary Movement Limits

It is the responsibility of the Budget Manager to request approval to virement and budgetary movement subject to the following limits

Force Budget

- **Up to £100,000 CC CFO**
- **Between £100,000 to £1,000,000 PCC CFO**
- **Over £1,000,000 PCC**

PCC's own budget

- **Up to £300,000 PCC CFO**
- **Over £300,000 PCC**

2.2. Treatment of Year End Balances

As a default position, any underspends against budgets will be taken to PCC reserves. In exceptional circumstances, budget holders who underspend their budget in any financial year may have their devolved budget increased for the

following financial year, , based on known future service requirements and with the approval of the PCC.

F3 Capital Programme

3.1. The PCC shall approve any in-year variations to the Capital Programme.

3.2. Only variations which are either:

- a) £25,000 or more; or
- b) In excess of 10% of the approved scheme cost

Will require a report to be submitted to the PCC for approval, detailing the reasons for the variation

F4 Risk Management and Insurance

4.1. The CC shall be authorised to settle insurance liability claims up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

£50,000

4.2. The CC shall be authorised to settle claims subject to decision by Employment Tribunal up to the value shown below. Beyond this value, claims must be referred to the PCC, for approval.

£50,000

F5 Assets

Inventories

5.1. The Statutory Officers shall ensure inventories are maintained that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

£1000

Stocks and Stores

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

Individual items £10,000

Cumulative for financial year £25,000

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

Individual items £10,000

Cumulative for financial year £25,000

Asset Disposal

- 5.4. The CC may dispose of surplus land and buildings, vehicles, leases and items of equipment up to the estimated value shown below. Disposals above this value are to be reported to the PCC for prior approval.

Land & Buildings £100,000

Equipment £15,000

Individual vehicles £25,000.

- 5.5. Items above the estimated value shown below shall be disposed of by public auction or sealed bids after advertisement, unless it can be shown that an alternative method of disposal would provide better value.

Land & Buildings £50,000

Equipment £15,000

F6 Banking Arrangements

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

Up to £1,000 One signatory

Over £1,000 Two signatories

F7 Income

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

Up to £30,000 PCC CFO

Over £30,000 PCC

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

£20,000

F8 Ordering of Goods and Services

8.1. Authorisation of orders shall be in accordance with the limits shown below:

Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder/ Director
£25,000 to £49,999	Signature / Purchase Order	Budget Holder/ Director
£50,000 to £99,999	Signature / Purchase Order if a Framework call-off or Written Contract	Budget Holder/ Director in consultation with Procurement Advisor
£100,000 to £299,999	Signature / Purchase Order if a Framework call-off or Written Contract	Director/Chief Executive/PCC CFO

Above £300,000	Signature / Purchase Order if a Framework call-off or Written Contract	Chief Executive/PCC CFO
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- 8.2. Written quotations shall be obtained in accordance with Contract Standing Orders as detailed below:

Supplier identified as providing best value up to £25,000

At least 3 written quotations (unless exemption granted by the Procurement Advisor) £25,000 to £50,000

Over £50,000 formal tender process undertaken in conjunction with the Procurement Advisor and complying with the special conditions for tenders over EU threshold

Note: Any contract in excess of £25,000 can only be awarded following consultation with the Procurement Advisor.

F9 Payments for Goods and Services

- 9.1. Authorisation of statutory (e.g. HMRC tax liabilities) invoices where prior approval has not already been received from an appropriate person under the scheme of delegation may be approved in accordance with the limits shown below:

Up to £20,000 Nominated authorised signatory

£20,001 - £100,000 Authorised Budget Manager

Over £100,000 Countersigned by PCC CFO

F10 Ex Gratia Payments

- 10.1. The CC may make ex gratia payments to members of the public up to the level shown below in any individual instance, for damage or loss to property or for personal injury or costs incurred as a result of police action where such a payment is likely to facilitate or is conducive or incidental to the discharge of any of the functions of the CC. Amounts greater than those specified must be referred to the PCC for approval.

£20,000

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

£10,000

F11 Community Fund Grants

11.1 The PCC may make Community Fund Grants up to the level specified below

Total in any one year £100,000 cumulative

F12 Grants

12.1 Authorisation of grants should be made in accordance with the limits detailed below:

Up to £100,000 Budget Holder/PCC CFO

Over £100,000 PCC

April 2017

Appendix 2 – Contract Standing Orders



Contract Procedure Rules and Standing Orders

April 2017

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1. Introduction

- 1.1 These Contract Procedure Rules and Standing Orders for the Northamptonshire Office of the Police and Crime Commissioner (NOPCC) are intended as a guide for our suppliers and staff to help those engaged in buying or providing goods and services.

Public procurement is a complex process governed by rules and regulations. They aim to ensure the freedom of opportunity to trade with us as an organisation and that we are open and transparent in the way we do business. This also helps to ensure we achieve value for money, the right balance between quality, performance and price, when we buy goods and services. In doing so we ensure we make the best use of scarce public resources.

It is important to note that wherever there is a relationship between the NOPCC and another organisation that can be defined as “a binding agreement for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration”, this constitutes a Contract. Even if the arrangement has historically been called something else, (excluding grants), it is actually a Contract, and is therefore subject to these Contract Procedure Rules and Standing Orders. These rules ensure that a competitive procurement exercise, resulting in value for money, is undertaken, or that in exceptional cases appropriate approvals, based on sound reasoning, are gained for not competing the Contract opportunity.

These Contract Procedure Rules and Standing Orders relate to NOPCC, and Northamptonshire Police (NP) must determine their own procedures. The PCC has given a range of formal delegations to the Chief Constable (CC) and similarly delegation to undertake the associated procurement activity on behalf of the Force and to authorise the CC to accept any tenders and sign contracts in accordance with their own Contract Procedure Rules and Standing Orders which relate to NP.

2. Business Code of Conduct

2.1 Purpose

This is the Business Code of Conduct for the NOPCC. The purpose of this section is to advise the minimum standards expected of all staff and agents employed by the NOPCC and also to ensure fairness and consistency of approach in line with sound commercial practice.

2.2 Application

All staff and agents employed by the Police and Crime Commissioner (PCC) must abide by this code in the conduct of the business of the office. In addition, the CC must define his/her own Contract Procedure Rules and Standing Orders and staff and Police Officers of Northamptonshire Police employed by the CC must abide by the standards within the NP code as part of the conditions of funding that exist between the PCC and/or the CC.

Staff should regard the code as the basis of best conduct. Staff should raise any matter of concern of an ethical nature with their line manager, the PCC Chief Finance Officer (PCC CFO) or the Chief Executive, irrespective of whether it is addressed in this Code. Staff should also ensure that they comply with the Anti-Fraud and Corruption requirements in respect of gifts, gratuities and hospitality as set out within the financial regulations. Any matters arising which are outside the bounds of this Code should be referred immediately to line management.

2.3 Conduct

2.3.1 Staff shall always seek to uphold and enhance the reputation of the organisation and always act professionally by:

- (i) maintaining the highest possible standard of probity in all commercial relationships, inside and outside the organisation;
- (ii) rejecting and reporting any business practice which might reasonably be deemed illegal or improper and never using authority for personal gain;
- (iii) enhancing the proficiency and stature of the organisation by acquiring and maintaining current technical knowledge and the highest standards of ethical behaviour;
- (iv) ensuring the highest possible standards of professional competence including technical and commercial knowledge
- (v) optimising the use of resources to provide the maximum benefit to the organisation

Complying both with the letter and the spirit of:

- (i) the law and all legislation governing their procurement activity;

- (ii) this code, procurement policy and procedure, contract standing orders and financial regulations;
- (iii) guidance on professional advice; and
- (iv) contractual obligations

2.3.2 Staff must never allow themselves to be deflected from this code of conduct. Failure to do so may result in disciplinary action. In abiding by this code, the rules set out below must be followed:

2.3.2.1 Declaration of Interest

Any personal interest which may affect or be seen by others to affect your impartiality in any matter relevant to your duties must be declared.

2.3.2.2 Confidentiality and Accuracy of Information

The confidentiality of information received in the course of duty must be respected and must never be used for personal gain. Information given in the course of duty should be honest and clear.

2.3.2.3 Competition

The nature and length of contracts and business relationships with suppliers can vary according to circumstances. These should always be constructed to ensure deliverables and benefits. Arrangements which might in the long term prevent the effective operation of fair competition should be avoided.

2.3.2.4 Business gifts

Gifts from suppliers other than items of very small or no intrinsic value, such as business diaries or calendars, should not be accepted but should be declined courteously.

2.3.2.5 Hospitality

The recipient should not allow themselves to be influenced, or be perceived by others to have been influenced, in making a business decision as a consequence of hospitality. The frequency and scale of hospitality accepted should be recorded and managed openly with care. It should not be greater than that which the organisation would reciprocate and which would be acceptable to the public as a good use of public funds.

3. NOPCC Policy and Procedures

3.1. Introduction

Procurement policy and procedures are determined and owned by the NOPCC and the procurement policies and procedures aim to ensure that the supply of goods, services and works are procured in accordance with relevant legislation and in the most cost effective manner. They also aim to ensure that procurement activity is undertaken in a fair, transparent and consistent manner, ensuring the highest standards of probity and accountability. Procedures define the minimum processes expected of staff engaged in the procurement of goods, services and works on behalf of the NOPCC.

3.2. Responsibilities

Our Procurement Advisor is responsible to the PCC CFO for ensuring that procurement policy, procedures and contract standing orders are maintained. The day to day activity of procuring goods, services and works is undertaken by Authorised Officers, based on the value, and must be conducted in accordance with the principles and rules of this document and the NOPCC financial regulations and the scheme of delegation.

3.3. Scope

All staff employed by the Police and Crime Commissioner (PCC) must abide by procurement policy and procedure in the conduct of the business of the office. Failure to comply may result in disciplinary action.

4 Procurement Policy

4.1 The procurement policy of the NOPCC is that:

- i. All procurement activity will be undertaken in a transparent, fair and consistent, manner, ensuring the highest standards of probity and accountability.
- ii. All staff will adhere to the Procurement Policy and procurement procedures of the NOPCC and seek to ensure acceptance and operation of it among colleagues and stakeholders.
- iii. All procurement will be compliant with good commercial practice and open to continuous improvement and development to ensure value for money.
- iv. All staff involved in procurement activities will familiarise themselves with the Business Code of Conduct and consideration will be given to circumstances where members of staff would need to be excluded where their position may be compromised.
- v. All procurement activity shall comply with statutory requirements including, but not limited to, UK legislation, Directives of the European Community and relevant Government guidance.
- vi. All procurement activity will also comply with Contract Procedure Rules and Standing Orders; Financial Regulations, and Scheme of Delegation.
- vii. All procurement activity will be ethically, environmentally and socially responsible with due consideration being given to any economic benefits and regeneration opportunities.

5 Procurement Procedures

5.1. Introduction

Procurement procedures provide information on how to procure goods, services and works on behalf of the Northamptonshire Office of the Police and Crime Commissioner (NOPCC). They also define the minimum processes expected of staff engaged in a procurement process and when and where to get further professional advice. Before undertaking any procurement staff are required to read through these procedures and the associated business code of conduct and procurement policy.

5.2. Procedures

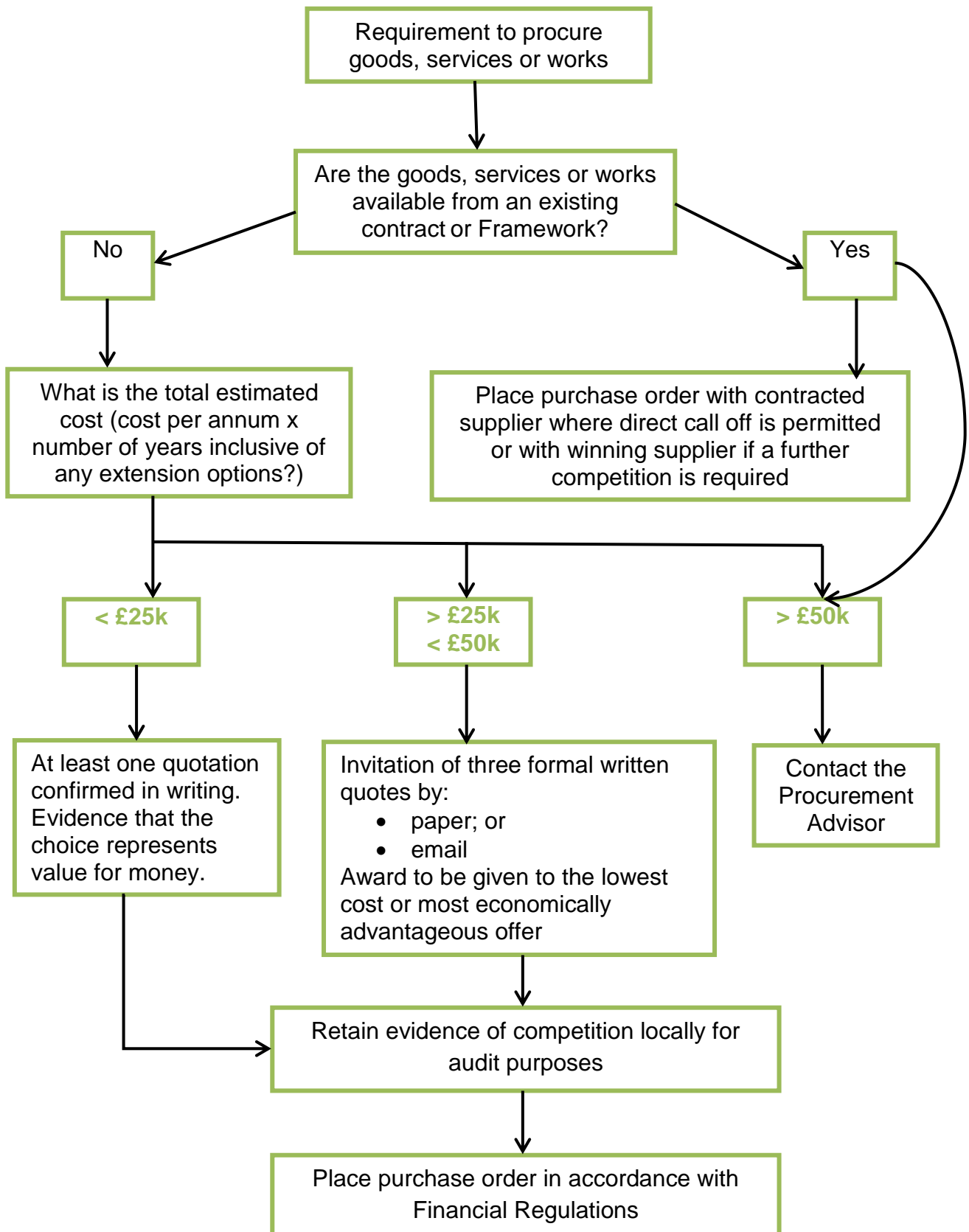
- 5.2.1 There are a number of routes through which goods, services and works can be procured. These include using existing contracts that have already been negotiated locally and running a new competitive procurement, for which the process is dependent on the value of spend. Procurement can also be carried out through framework agreements. These are National, Regional or local that can be used to buy directly from a supplier or by conducting a further competition exercise where there is more than one supplier.
- 5.2.2 These procedures cover all of these procurement routes and set out the rules that apply and the staff that have to be involved in the process. They also cover how to deal with exceptions. This is when the rules may not apply.
- 5.2.3 Once procurement has begun, these procedures will also set out rules for how to manage the process including dealing with late Tenders, evaluation of Tenders, variations to contracts and the documents and records that need to be maintained.
- 5.2.4 Should these procedures not appear to provide the appropriate mechanisms at any stage of the procurement process, advice must be sought from line management or the Procurement Advisor before proceeding further. Information contained within the procedures refers to both procurement activity involving a Tender process and to NOPCC contracts regardless of how they were entered into.
- 5.2.5 Further advice on these procedures and any aspects of the procurement process can also be provided from the Procurement Advisor and the PCC CFO.

6. Procurement Routes

6.1 Introduction

There are a number of different routes through which procurement may take place. This section of the procedures provides instruction on how to identify the most appropriate procurement route. A procurement procedure flow chart is set out below. This has been developed to identify which procurement route should be followed based on the framework agreements/collaborative contracts available and accessible, together with the estimated total contract value. Once the most appropriate procurement route has been identified, the relevant section of this document will explain the detailed procurement procedure.

6.2 Procurement Procedure Flowchart



6.3 Procuring through Existing Contracts and Frameworks

- 6.3.1. If the goods, services or works are available under an existing contract and represents value for money, that contract must be used. An existing contract includes those contracts where NOPCC are not the lead organisation but where we have committed to use the contract. This can include Regional and National Framework arrangements. For some goods, works and services national arrangements are mandated by Central Government.
- 6.3.2. The Procuring Officer must consult with the Procurement Advisor to ascertain whether an existing contract or framework should be used.
- 6.3.3. Existing contracts offer many benefits. The contract will already be compliant with EU legislation and Contract Standing Orders and there is no requirement to run a further procurement process. Through the whole organisation using the same contract we minimise the administrative costs associated with the use of multiple suppliers and achieve better value for money by being able to offer suppliers more business. In using existing contracts we also have assurance that the supplier has met numerous rigorous standards including financial stability, health & safety, insurance, ethical and environmental standards etc. and robust contract terms will be in place.
- 6.3.4. When purchasing through an existing contract the only requirement is to place a purchase order with the contracted supplier, referencing the contract number, which is then approved by the Authorising Officer in accordance with these Contract Procedure Rules and Standing Orders. The Procurement Advisor can provide advice on whether a contract exists.

6.4 Competitive Procurement

Where there is no existing contract available it will be necessary to go through a new procurement process. The rules to follow depend on the amount of money that is likely to be spent and this must be based on the Total Estimated Value of the contract for the whole duration of the contract, including any extension options.

6.5 Procurement under £25,000

A minimum of one written quotation must be obtained either by e-mail or from a catalogue or price list. A quotation may be initially requested by telephone but the supplier must then be asked to follow this up in writing by either of the above methods prior to a purchase order being authorised and issued. Should

the minimum of one quotation be used particular care should be given to ensure compliance with Procurement Policy and the Business Code of Conduct. The issue of an official purchase order to the supplier ensures the purchase is made against the Commissioners Standard Terms and Conditions of Order.

6.6 Procurement over £25,000 and under £50,000

- 6.6.1. The Procuring Officer must seek a minimum of three formal written quotations in writing either on paper or by email. The number of organisations invited to submit quotes or otherwise offer to supply must be sufficient to demonstrate that genuine market forces are employed to maximise value for money. This should either be on the basis of lowest cost or the most economically advantageous Tender, after taking in to account any quality criteria.
- 6.6.2. Care must be taken to ensure all potential suppliers are treated fairly and each supplier is assessed using a pre-determined evaluation model. The evaluation should assess the quality and whole life cost of the offer if possible against the specification. An official NOPCC purchase order number must be issued to the supplier to authorise the purchase and ensure the procurement is in accordance with the NOPCC Standard Terms and Conditions of Order. If in doubt, contact your Procurement Advisor.
- 6.6.3. The quotations should be retained locally for audit purposes together with a record of the details of the quotation exercise, in accordance with the NOPCC requirements. The details recorded should include the number and details of quotations received together with a summary of the evaluation and award decision made.
- 6.6.4. The PBP can offer advice and guidance on specifying your requirements, invitation to quote documents, evaluation models, award procedures and protocol involved in debriefing suppliers.

6.7 Procurement over £50,000 and under EU Threshold

- 6.7.1. Where the total value of contract is estimated to exceed £50,000 over the whole duration the procurement process must be managed by the Procurement Advisor on behalf of the NOPCC. Tenders may be invited in a number of ways including using a single stage or two stage procedure, select list, using a framework arrangement for a direct call-off or conducting a further competition and exploiting any existing contractual arrangements. Whichever process is used, the Procurement Advisor in consultation with the Procurement Officer will formulate a Procurement Strategy for the procurement which will be based on a Statement of Requirement (SOR)

obtained from the originator or budget holder. The evaluation models, matrices and other tools used to assess and compare the Tenders will be determined and agreed with stakeholders or project members as part of the Procurement Strategy, prior to receipt of Tenders and quotes.

- 6.7.2. Where a **Single Stage Invitation to Tender** is being used an Advertisement will be placed by the Procuring Officer in accordance with Clause 7.6.1 and expressions of interest invited from organisations who wish to receive Tender documents. All organisations expressing an interest are sent an Invitation to Tender within the time scales set out. Such Tenders shall include elements to assess their ability to meet financial requirements in addition to specific areas of technical ability relevant to the contract.
- 6.7.3. **Two Stage Tenders** require that **expressions of interest** are invited from the market through advertisement in accordance with Clause 7.6.1. On receipt of expressions of interest a **Pre-Qualification Questionnaire** will be forwarded to the interested organisations and these, when completed, shall be assessed to determine the most appropriate organisations from whom Tenders shall be invited. Tenders will be invited from those organisations who meet the minimum selection criteria. The selection process shall always be predetermined.
- 6.7.4. Select Tender lists may be drawn up where it can be satisfactorily demonstrated that the number of competitive Tenders that could be received is limited. Such lists will be formulated and maintained by the Head of Procurement Services and reviewed on an ongoing basis. However, there is a mandate to comply with the spirit of EU Legislation and Contract Standing Orders regarding open competition which must be duly regarded.
- 6.7.5. Having identified the organisations from whom Tenders would be considered, the organisations shall be invited to express their desire to receive a Tender by requiring them to respond to an appropriate brief.
- 6.7.6. The use of further competition exercises will be adopted where pre-tendered Framework arrangements exist, such as National or Regional Frameworks, for example Government Procurement Service (GPS) or other consortia frameworks e.g. ESPO/Pro5. This involves identifying organisations that are able to meet the requirement from those who have been pre-tendered and pre-qualified. The further competition exercise is a leaner process due to the supplier already having gone through a Tender process to be awarded a place on the framework, and the evaluation criteria is dictated by the framework call off mechanism which concentrate on the price and service delivery elements of the requirement.
- 6.7.7. The Procurement Advisor will maintain a database of all available frameworks which will include an on - going assessment of the overall value for money of each framework. The Procurement Advisor will utilise a suitable framework if it is considered to offer value for money, prior to undertaking an independent procurement exercise.

6.8 Procurement above EU Threshold

- 6.8.1. In accordance with clauses 6.7.6 and 6.7.7 a Framework will be utilised in the first instance, if considered to be commercially suitable, ahead of undertaking any other EU procurement procedure.
- 6.8.2. When letting contracts above the EU threshold, the Public Contracts Regulations 2006 must be followed and adhered to by the Procurement Advisor. When undertaking a procurement in accordance with EU Procurement Directives there are different types of procurement procedures that can be selected such as the Open Procedure and Restricted Procedures. In addition it is open to undertake a Negotiated Procedure or Competitive Dialogue. Competitive Dialogue may be used and is permitted under EU Legislation within strict guidelines. Negotiated Procedure or Competitive Dialogue are suitable in exceptionally complex procurements, e.g. Private Finance Initiative (PFI) and are only to be undertaken after approvals have been granted based on tests being satisfied. Whichever, of these routes is utilised will depend on the type and complexity of the procurement and will be agreed between the Procurement Officer and the Procurement Advisor as part of the strategy for that particular project.
- 6.8.3. Concerning all EU procurement the EU Directives require that consideration is given to “aggregation of demand” and that this is calculated as the total estimated annual expenditure multiplied by the total number of years for which a contract would be in place, including any extension options. If the value derived is over the EU threshold for the goods, service or works, then an EU Tender must be conducted. The EU Directives are clear that deliberate attempts to reduce, avoid or misrepresent the total value of the contract are a breach of the legislation.
- 6.8.4. The timescales for tendering under the EU Directives are prescriptive and may generally be longer than a non EU Tender. Failure to leave sufficient time to complete the tendering process is legislatively not an acceptable reason for avoidance of the regulations.
- 6.8.5. A project team will be assembled to undertake the project and will involve all the relevant stakeholders for that type of procurement. This will usually include the Chief Executive and/or Procurement Officer, PCC CFO, Procurement Advisor and other relevant representatives.

7. Procurement Process

7.1. Introduction

This section of the procedures sets out the different processes involved in undertaking procurement once the procurement route has been determined. It also sets out how to manage the process when procedures have not been followed, for example dealing with late Tenders or missing information.

7.2. Steps Prior to Purchase

7.2.1. No contract for the execution of works or for the supply of goods or services shall be made unless budgetary provision has been made in annual revenue or capital estimates approved by the NOPCC or unless an estimate is reported to and approved by the PCC CFO.

7.2.2. The Procuring Officer must assess the requirement, in a manner commensurate with its complexity and value, by:

- i. appraising the need for the expenditure and its priority
- ii. defining the objectives of the purchase
- iii. confirming that there is delegated approval for the expenditure and the purchase accords with the approved policy framework and scheme of delegation.
- iv. if the total value of the proposed expenditure is estimated to be below £50,000 then action the procurement in accordance with the Procurement Routes stipulated in Clause 6.6 in the Procurement Procedures Section of this document
- v. assess the types of risks associated with the purchase and how to manage them

if the total value of the proposed expenditure is estimated to exceed £50,000 then contact the Procurement Advisor to enable a SOR to be completed And forwarded for action

7.3. Pre-Tender Market Research and Consultation

- 7.3.1. The Procuring Officer responsible for the purchase:
- i. may consult potential suppliers prior to the issue of the Invitation to Tender in general terms about the nature, level and standard of the supply, indicative prices, contract packaging and other relevant matters, provided this does not prejudice any potential Applicant/Tenderer.
 - ii. may seek or accept advice on the preparation of an Invitation to Tender or Quotation from anyone, but not if the advice given may prejudice the equal treatment of all potential suppliers or distort competition, and
 - iii. should seek advice from the Supplier Services Team

7.4 Statement of Requirement

- 7.4.1. Specifications and standards are used to describe the requirement – goods, services and/or works – for which the procurement process is being conducted. They are included within the documents inviting suppliers to Tender. This information will be obtained when an SOR is agreed between the Procurement Advisor and the Procurement Officer.
- 7.4.2. The Procurement Advisor will provide as much assistance as possible to Procurement Officers to enable them to identify and express their requirements so that the market can respond appropriately.
- 7.4.3. Although the Procurement Officer is responsible for identifying and owning the specification, the Procurement Advisor will utilise their skills, knowledge of the market and experience in assisting compiling the specification to aid identification and expression of the requirement.
- 7.4.4. Standards adopted to identify minimum, maximum or equivalent shall be in accordance with all current legislation and will ensure equal and fair treatment for all prospective suppliers.

7.5 Exceptions to normal procedures/single tender action

- 7.5.1. ALL exceptions that exceed £25,000 in value must be authorised prior to the procurement of goods, services or works. For such contracts the Procurement Officer or Chief Executive must complete a Single Tender Approval Request form as detailed at Appendix E and submit it for agreement to the Procurement Advisor.
- 7.5.2. Any proposed extension to a contract, where there is no extension option provided for in the terms of the current contract, must be treated as an

exception to normal procedures, requiring the completion of a Exception to Contract Procedure Rules / Single Tender Approval Request form (Appendix E). The value of such an extension is the total value of the proposed contract and consists of the total value of the current contract plus the value of the proposed extension.

7.5.3. Any value so negotiated after the Single Tender Approval Request has been approved shall be agreed and authorised in accordance with the Award of Contract thresholds detailed in the Contract Authorisation limits within the Standing Orders of this document (Clause 8.10.1).

7.5.4. Exceptions made for the reasons outlined below, but without prior single tender approval may expose the NOPCC to commercial and legal risk and will be treated as breaches of Contract Standing Orders, and may be subject to disciplinary action. Requests for exceptions to normal procedures will only be considered under the following circumstances:

- i. urgency reasons - the contract is required as a matter of extreme urgency and this is due to circumstances outside the control of the NOPCC. This does not include circumstances brought about by the lack of internal planning.
- ii. product reasons – where there are strong compatibility issues relating to the goods or the service that the NOPCC already uses and it would be uneconomic to consider alternative solutions.
- iii. limited supplier – where there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.

7.5.5. A report of all exceptions approved is provided for the PCC CFO to scrutinise on a quarterly basis.

7.6 Advertising and Assessing Potential Applicants

7.6.1. Procuring Officers shall ensure that proposed contracts with an estimated value that exceed £50,000 are advertised to the widest possible audience of proposed Applicants. The method of advertising will depend on the type of procurement and the procurement strategy and contracts will be advertised using at least one or more of the following examples:

- i. The NOPCC website
- ii. Bluelight

- iii. Portal websites specifically created for contract advertisements e.g Source East Midlands
- iv. Contracts Finder (Business Link)
- v. National official journals, trade magazines as appropriate or
- vi. The Official Journal of the European Union (OJEU)/ Tenders Electronic Daily (TED) (if the procurement is subject to EU Procurement Directives).

7.6.2. Procuring Officers are responsible for ensuring that all Applicants for a Contract are suitably evaluated. For contracts above £50,000, where a formal process undertaken by Procurement Advisor shall take place and following the contract being advertised as 7.6.1, the assessment process shall establish that the potential Applicants adequately meet selection criteria in the following areas :

- i. The Legal capacity to contract
- ii. The required level of financial standing
- iii. The technical ability and capacity to fulfil the requirements of the NOPCC

7.6.3. Tenders/Quotations will also be obtained in respect of proposed contracts that are expected to exceed £50,000 by selecting organisations using the following Procurement routes, where the suppliers have already been satisfactorily evaluated against selection criteria using a formal procurement process :

- i. National or Regional Framework with single or multiple suppliers
- ii. Approved Lists of providers, maintained by the Procurement Advisor on behalf of NOPCC, and compiled following responses to a public advertisement and after undergoing a formal procurement process. A suitable Framework should be used in preference to an Approved or Select Tender List.

7.6.4. Where an Applicant is a subsidiary within a group, the soundness of the group will be considered together with the appropriateness of obtaining a bond or a 'guarantee' from the parent company.

7.6.5. Where a contract is advertised or a select Tender list is used then invitations to Tender will be sent to not less than four of the Applicants who meet the selection criteria or if less than four Applicants meet the selection criteria, then the Tender will be sent to all the Applicants who do meet the selection criteria.

7.7. Framework Agreements

- 7.7.1. The Procurement Advisor will maintain a database of Framework Agreements that are available to utilise. Each Framework Agreement will be assessed for the value for money it offers and suitability in terms of service delivery.
- 7.7.2. The Procurement Advisor will utilise a Framework in the first instance, if judged to be suitable, prior to conducting any Tender process for a contract that exceeds a value of £50,000
- 7.7.3. For procurements of less than £50,000, budget holders should seek advice from the Procurement Advisor prior to utilising a Framework Agreement.
- 7.7.4. Contracts based on Framework Agreements may be awarded directly if the terms laid down in the Framework Agreement permit direct call-off. Where the terms stipulate a further competition should be held then these will be conducted in accordance with the following procedure:
- i. inviting all the organisations within the Framework Agreement that are capable of executing the subject of the contract to submit written offers
 - ii. fixing a time limit which is sufficiently long to allow offers for each specific contract to be submitted, taking into account factors such as the complexity of the subject of the contract
 - iii. awarding each contract to the supplier who has submitted the best offer on the basis of the Award Criteria set out in the terms and conditions of the Framework Agreement
- 7.7.5. Under the Police Act 1996 (Equipment) Regulations 2010, the use of specific framework agreements is mandated. See Appendix D.

7.8. Approved or Select Tender Lists

- 7.8.1. Approved Lists cannot be used where the EU Procedure applies. The Procurement Advisor may draw up, manage and maintain:
- i. Approved Lists of suppliers able to perform contracts for the provision of services or supply of goods
 - ii. Apply set criteria for selecting from the lists

- 7.8.2. No supplier may be entered on an Approved List until there has been an adequate investigation into legal, financial and technical ability to perform the contract, unless such matters are to be investigated each time Tenders are invited from that list.
- 7.8.3. Approved Lists must be drawn up following the opportunity being advertised as per Clause 7.6.1. Suppliers may be entered on a list between the initial advertisement and re-advertisement provided they meet the criteria above.
- 7.8.4. Suppliers on the list will be reviewed at least annually against the criteria and the list re-advertised at least every three years. Review means:
- i. The reassessment of the legal, financial and technical ability and performance of those persons on the list, unless such matters are to be investigated each time Tenders are invited from suppliers on that list.
 - ii. The deletion of those suppliers who no longer meet the criteria
- 7.8.5. All Approved Lists shall be maintained in an open, fair and transparent manner and be open to public inspection.

7.9. Collaborative contracts

Where Tenders are invited by any Police and Crime Commissioner other than Nottinghamshire, Derbyshire and Northamptonshire, or by any other Public Authority, the invitation, submission, opening and acceptance of those Tenders shall comply with the provisions of the Contract Standing Orders of that Commissioner or Authority unless these provisions are considerably inconsistent with the method by which Tenders are dealt with by the Northamptonshire Office of the Police and Crime Commissioner.

7.5.6.

7.10 Invitations to Tender / Quotation

7.10.1. The Invitation to Tender shall state that no Tender will be considered unless it is received by the date and time stipulated in the Invitation to Tender. No Tender delivered in contravention of this clause shall be considered other than in accordance with the rules for submission of Tenders.

7.10.2. All Invitations to Tender shall include the following:

- a) a specification that describes the NOPCC requirements in sufficient detail to enable the submission of competitive offers.
- b) a price schedule with the facility for the Tenderer to submit prices and/or variant Tenders for consideration if appropriate.
- c) a requirement for Tenderers to declare that the Tender content including price has not been disclosed by the Tenderer to any other party (except where such a disclosure is made in confidence for a necessary purpose, for example a Tender submitted by a Consortium).
- d) a requirement for Tenderers to complete fully and sign all Tender documents including a Form of Tender and certificates relating to canvassing and non-collusion
- e) notification that Tenders are submitted to the NOPCC on the basis that they are compiled at the Tenderer's expense.
- f) a definition of the Selection and Award Criteria being applied that details all weightings for criteria.
- g) notification that no Tender will be considered unless it is in accordance with the "Instructions to Tenderer".
- h) a stipulation that any Tender submitted must be made electronically using the approved electronic Tender system and no other means will be considered, unless they comply with the rules on Tender submission.
- i) the method by which any areas requiring clarification in the submitted Tenders are to be dealt with, as defined in Clause 7.15.
- j) the Terms and Conditions that will apply to any subsequent contract

- k) a stipulation that the NOPCC is not bound to accept any Tender
- l) a statement stating that all Applicants invited to Tender or quote will be issued with the same information at the same time and subject to the same conditions. Any supplementary information will be given on the same basis.

7.11 Receipt, custody and opening of Tenders

- 7.11.1. Tenderers must be given an adequate period in which to prepare and submit their Quotation or Tender, consistent with the complexity of the contract requirement. This should normally be no less than 15 days. For contracts valued above the EU threshold and being conducted using an EU Tender procedure, specific minimum time periods for the receipt of Tenders must be adhered to.
- 7.11.2. Tenders shall be submitted electronically using the National Police approved electronic Tender portal called Bluelight or any subsequent e-tendering system utilised by the Procurement Advisor. Tenderers shall be notified accordingly. No Tender will be considered unless it is submitted electronically by the requested route, unless a failure of the system prohibits its use.
- 7.11.3. The Procurement Advisor shall be responsible for the safekeeping of Tenders which will be held in the electronic tender system, until the appointed time of opening. The electronic tendering system as part of its functionality will :
 - i. suitably record and verify the date and precise time it was received
 - ii. adequately protect immediately on receipt and guard against amendment of its contents
- 7.11.4. The electronic tendering system does not permit the Tenders to be viewed or amended until they have been opened and verified electronically by a nominated Officer from Procurement Advisor. Verification cannot take place until after the closing date and time.

7.12 Late Tenders

7.12.1. Tenders that have been received following the closing time and date may only be considered under the following circumstances; where it can be proven beyond any reasonable doubt that, if received:

- i. electronically, the Tender was uploaded before the closing date and time and that due to technical difficulties was unavailable; or
- ii. there is evidence that the Tenderer has made appropriate arrangements for the electronic delivery of the Tender before the closing date and time and had a justifiable technical reason for not submitting their response electronically before the deadline.

7.12.2. Any late Tender received that satisfies the conditions above will be treated as a 'late Tender' and shall be accepted and opened in accordance with 7.12.3

7.12.3. The electronic tender system will mark the Tender as technically late but its lateness must be recorded by the Procurement Advisor. The decision to accept or reject a late Tender will be taken by the Procurement Advisor.

7.13 Alteration to Tenders

7.13.1. No alteration to Tenders may be made after the closing deadline unless in accordance with this Clause or Clause 7.15

7.13.2. Where it is suspected that there has been an error in a Tender and following the closing date for receipt of Tenders but before acceptance of any Tender, discussions may take place with Tenderers in order to :

- i. ensure that the Tender is constructed correctly; or
- ii. ensure that the Tenderer has fully understood the specification; or
- iii. seek clarification from Tenderers of cost, quality and performance indicators

7.13.3. A written note of the discussions must be made to record the suspected error, date, time, detail of the discussion and any agreement reached.

7.13.4. Any changes which alter the final costs must be supported by documentation confirming the change from the organisation who submitted the Tender.

7.14 Evaluation of Tenders and quotations

7.14.1. The Procuring Officer must ascertain what are the relevant British, European or international standards which apply to the subject matter of the contract. If applicable the Officer must include those standards or equivalent which are necessary to define the required quality, allowing for equivalent standards.

7.14.2. For contracts below £50,000 in value, the Procuring Officer must define award methodology and evaluation criteria that are appropriate to the purchase to secure an outcome giving Value for Money for the NOPCC. The basic criteria shall be:

- i. 'lowest price' where payment is to be made by the NOPCC
- ii. 'higher price' if payment is to be received, or
- iii. 'most economically advantageous', where criteria other than price also apply for example quality

7.14.3. For contracts that exceed £50,000 in value, the Procurement Advisor will define the award methodology and evaluation criteria as part of the procurement strategy. These will be stipulated in the Invitation to Tender document issued to suppliers and will include all relevant weightings that will apply.

7.14.4. Where criteria other than price apply, all relevant evaluation criteria will be set to achieve the Most Economically Advantageous Tender (MEAT) whilst satisfying the requirement and will be a combination of price and service delivery factors. All offers received will be evaluated against the defined Award Criteria

7.14.5. MEAT evaluation criteria considers a range of whole life factors and will be defined and some examples of factors are:

- i. price;
- ii. delivery time;
- iii. training;
- iv. service delivery considerations;
- v. support and maintenance;
- vi. methodology, experience;
- vii. skill;
- viii. sustainability
- ix. implementation

7.14.6. The Tender evaluation team will have an appropriate governance structure with chair and be convened from members of the project team to encompass appropriate stakeholders with skills to consider Tenders meaningfully. Evaluation teams will generally consist of at least the following representatives:

- i. procurement;
- ii. technical; and/or
- iii. specialist(s) e.g. Commissioning Manager

7.14.7. All members of the evaluation panel should participate in all evaluation activity except where an expert adviser is only required to evaluate a particular part of the Tenders. Panel members should familiarise themselves with the Code of Conduct for procurers of Goods and Services, in particular declarations of interest.

7.15 Discussions and Post Tender Negotiations

7.15.1. In the case where the Estimated Contract Value is below the EU Threshold, and following the closing date for receipt of Tenders but before acceptance of any Tender, the Procuring Officer may carry out Post Tender Negotiations in an attempt to secure improvements in the price or economic advantage in one or more of the following circumstances:

- i. where the most competitive Tender (according to the pre-determined award methodology and evaluation criteria) submitted exceeds the Estimated Value;
- ii. where it is considered that the price of the most competitive Tender submitted does not represent the best value for money that can reasonably be obtained;
- iii. where Tenders have been invited only on the basis of unit prices or a schedule of rates and the lowest in aggregate is not the lowest on all items;
- iv. where the most competitive Tender contains conditions, trading terms, guarantees, or provisions relating to performance or service delivery less favourable than in other Tenders, or than stipulated for and this

defect appears capable of being remedied by Post Tender Negotiations.

7.15.2. When conducting Post Tender Negotiations, as part of a Procurement Exercise where the Estimated Contract Value is £50,000 or more (but below the EU Threshold), only the Tenderer submitting the most competitive Tender in accordance with the award methodology and evaluation criteria (Clause 7.14) may be invited to participate in Post Tender Negotiations.

7.15.3. When conducting Post Tender Negotiations, the following additional rules shall apply:

- i. At no time during the negotiations must a Tenderer be informed of the detail of any other Tender submitted or as to whether or not the Tender they submitted was the lowest.
- ii. During negotiations in person there must always be present at least one Officer of the Procurement Advisor.
- iii. A note of the negotiations will be made by one of the Procuring Officers present recording those present, the time and location of the negotiations, detail of the discussion and any agreement reached.
- iv. Post Tender Negotiation shall not enable any material departure from the published specification. The Procurement Advisor shall determine whether any proposed change to the specification constitutes a material departure and whether as a consequence other Tenderers shall be permitted to participate in Post Tender Negotiations and/or whether new Tenders should be invited, to avoid any potential allegations of competition being distorted.

7.15.4. Post Tender Negotiations are not allowed in the case of contracts with an Estimated Contract Value exceeding the relevant EU Threshold. However, clarifications of errors or discrepancies in Tenders may take place in accordance with Clause 7.13.

7.16 Award of Contract and Debriefing Tenderers

7.16.1. The confidentiality of Quotations, Tenders and the identity of Tenderers must be preserved at all times and information about one Tenderers response must not be given to another Tenderer.

- 7.16.2. Tenders must be evaluated and Contracts awarded in accordance with the Selection and Award Criteria. The arithmetic in compliant Tenders must be checked. If arithmetical errors are found they should be notified to the Tenderer, who should be requested to confirm or withdraw their Tender.
- 7.16.3. Procuring Officers may accept Quotations and Tenders received in respect of proposed contracts, provided they have been sought and evaluated fully in accordance with these contract procedure rules.
- 7.16.4. Where provision has been made within the annual budget or formally approved capital programme, a Tender may be accepted if it is within the estimate. Where a Tender exceeds the estimated amount then the PCC CFO must be consulted.
- 7.16.5. Where the Total Value exceeds £50,000 the Procurement Advisor will notify and debrief all Tenderers simultaneously and as soon as possible of the intention to award the contract to the successful Tenderer. For Two Stage Tenders all Applicants will be notified and debriefed simultaneously following completion of the pre-qualifying stage.
- 7.16.6. For all contracts subject to EU Procurement Regulations, the Procurement Advisor will ensure compliance with enhanced notice requirements under Alcatel standstill rules. Failure to comply with the EU procedures can result in various penalties including those defined in the Remedies Directive.
- 7.16.7. There is now a requirement to issue an “Award Decision Notice” to all unsuccessful Applicants. This has to be done as soon as possible after making the decision and by the most rapid means possible. The notice must contain:
- i. the score of the recipient against the Award Criteria used
 - ii. the name of the winner and their score
 - iii. reasons for the decision, including the characteristics and relative advantages of the successful Tender
 - iv. if the Tender was not held to be compliant with any technical specification, the reasons for that decision
 - v. a precise statement of when the standstill period starts and ends, including how it may be affected by any “contingencies” e.g. clarification requests from Tenderers or formal legal challenges
 - vi. the date after which the contract may be entered into.
- 7.16.8. If the decision is formally challenged by an unsuccessful Tenderer then the Procuring Officer shall not award the contract and shall immediately seek the advice of the Procurement Advisor and Legal Services.

- 7.16.9. For all contracts where the total value exceeds £50,000 a formal Tender Award Report shall be prepared for the attention of the Authorising Officer. The report should detail the scoring methodology used, the Tender scores, identify the winning Tenderer, and the justification for the winning Tender (lowest price or most economically advantageous Tender).
- 7.16.10. No formal award will be made to the successful Tenderer until written authorisation has been obtained for the total value of the contract in accordance with the Contract Authorisation Limits stipulated in the Standing Orders
- 7.16.11. Under no circumstances, must a letter of intent be communicated to any Tenderer prior to the formal award of contract.
- 7.16.12. For NP tenders the PCC gives formal delegation to the CC to award all tenders for which the Force are responsible

7.17 Cancellations, variations, extensions or termination of contracts

- 7.17.1. Other than at the expiry of an agreed term, no contracts shall be terminated or cancelled without considering as to whether such action is in accordance with contractual terms and conditions. Any cancellation or termination must be made formally in writing and any requirement for a period of notice must be observed and acted on.
- 7.17.2. Where there is a wish to cancel or terminate contracts prior to their “natural” expiry or to utilise a contract term which allows for early termination other than by way of breach, advice must be taken from the Procurement Advisor who may in turn take appropriate legal advice depending on the reason for the request. Under no circumstances should employees verbally instruct suppliers or others engaged on behalf of contracted suppliers that their services or goods are no longer required. Inappropriate cancellation or termination of contracts may result in legal action and subsequent costs being borne by the NOPCC. All cancellations or terminations shall be made by the Procurement Advisor in writing.
- 7.17.3. If a request is made for a variation to contract, the value of the variation must be considered in line with the total contract value specified in the Advertisement (especially any OJEU notice) and/or if a material change,

whether this changes the scope specified in the Advertisement. If the aggregated value exceeds the authority level of the original contract signatory, then appropriate authorisation should be sought prior to issue of the variation to contract. All variations to contract must be made formally in writing by the Procurement Advisor and written agreement received from the supplier.

- 7.17.4. The Procurement Advisor will conduct a formal review with the budget holder at an appropriate time prior to the expiry of any contract. If there are options within the terms to extend the contract, then subject to satisfactory performance by the supplier and agreement from the budget holder, the contract will be extended with the supplier by the Procurement Advisor after exploring any cost reduction opportunities. Where there are no further extension options available then the contract may be terminated by Procurement Advisor and any subsequent contract will be let in accordance with these Contract Procedure Rules and Standing Orders, unless extended as per Clause 7.17.5.
- 7.17.5. Where an extension to a contract is beyond the extension period allowed in the contract, the exceptions to normal procedures (clause 7.5) must be followed. However, this is not permitted if the contract was advertised in OJEU. The total value of the contract must be considered which is the total current contract value plus the value of the proposed extension.

7.18 Document retention and record keeping

- 7.18.1. All documentation relating to contracts should be retained in accordance with the NOPCC requirements.
- 7.18.2. All amounts quoted throughout this document are exclusive of VAT. Where the Contract Value is less than £25,000 it is advisable to keep basic records. As a minimum, records must be maintained of any quotations received and the award made.
- 7.18.3. Where the Total Value is between £25,000 and £50,000, the following records must be kept in accordance with Clause 7.18.5:
- i. invitation to quote and quotations from the successful and unsuccessful Applicants
 - ii. any exceptions and the reason for them
 - iii. the evaluation criteria and methodology applied to the award decision.

- iv. Written records of communications with the successful supplier or an electronic record if a written record of the transaction would normally not be produced.
- 7.18.4. Where the Contract Value exceeds £50,000 the Procurement Advisor will manage and conduct the full procurement process on behalf of the NOPCC and will take responsibility for formally recording and retaining all documents relating to the process in accordance with NOPCC requirements
- 7.18.5. Records must be kept for six years after the end of the contract and for contracts signed under seal, records must be kept for twelve years after the end of the contract. Pre-Qualification Questionnaires and Invitation to Tender documents which relate to unsuccessful Applicants will be retained for 12 months from the commencement date of contract.
- 7.18.6. The Procurement Advisor shall maintain a register of all contracts, let on behalf of the NOPCC and will provide reports for the NOPCC as appropriate.
- 7.18.7. The content and frequency of the reports referenced in clause 7.18.6 will be agreed with the OPCC Chief Executive.

7.19 Freedom of Information

- 7.19.1. Information may be requested at any time on any process managed by the Procurement Advisor. Where information, for example, Tender responses must be retained, they should be kept in a manner that ensures they are secure and accessible at a later date.
- 7.19.2. Generally almost all of the content of a Tender will be considered commercially sensitive by a prospective supplier. This does not ensure that all the information the supplier would rather have kept in confidence, is not ultimately released.
- 7.19.3. Appropriate steps will be taken to enquire with prospective suppliers, as to the information they feel should be exempt from release and the FOI legislation allows for certain exemptions, although the decision as to potential release rests with the NOPCC and the FOI team.
- 7.19.4. If in doubt as to whether information should be released, the Officer should seek advice from their line manager.

8. Contract Standing Orders

8.1. Introduction and Purpose

These Contract Standing Orders set out the rules by which the NOPCC spends money on supplies, services and works in order to deliver its services. They apply to any contracts that result in a payment being made by, or to, the NOPCC. Contract standing orders aim to ensure that we:

- i. achieve Value for Money for public money spent
- ii. be consistent with the highest standards of integrity
- iii. ensure fairness in allocating public contracts
- iv. comply with all legal requirements, particularly in relation to the Public Contract Regulations
- v. support the corporate aims and policies of the NOPCC
- vi. comply with Procurement policy and procedures of the NOPCC

8.2. Responsibilities

8.2.1. All staff employed by the PCC must abide by contract standing orders in the conduct of the business of the office unless an exception is granted by the PCC CFO. Failure to comply may result in disciplinary action. All those engaged in procurement and contracting activity must also ensure that any Agents, Consultants and contractual partners acting on their behalf also comply.

8.2.2. Prior to undertaking a procurement exercise, Procuring Officers must:

- i. check with the Procurement Partner whether a suitable Corporate Contract or Framework exists before seeking to let another contract. Where a suitable Corporate Contract exists, this must be used unless there is an auditable reason not to

- ii. keep the records required under these rules as per Clause 7.18.
- iii. ensure that the Transfer of Undertaking (Protection of Employment) (TUPE) issues are considered and obtain legal advice before proceeding with inviting Tenders when an employee of the NOPCC, or of a service provider may be affected by any transfer arrangement
- iv. take proportionate account of all relevant risks, particularly relating to the Public Contracts Regulations*

*Note: Any public sector or utilities contract awarded in breach of certain fundamental Public Contract Regulations can be declared “ineffective” by the Courts. Depending on the circumstances of the breach, the Courts may order the setting aside of the decision concerned; order the contracting authority to amend any document; make an award of damages to an economic operator, and order the contracting body to pay a fine.

8.3. Responsibilities of the Chief Executive and Procurement Partner

8.3.1. The responsibilities of the Chief Executive are to :

- i. Ensure that their respective staff comply with these orders

8.3.2. The responsibilities of the Procurement Partner are to :

- i. act on behalf of the Chief Executive where referenced within these contract standing orders and comply with the requirements of the scheme of delegation ensuring the necessary authorisations are given.
- ii. keep a register of contracts and arrange their safekeeping
- iii. keep a register of contract exceptions

8.4. Relevant Contracts

8.4.1. All Relevant Contracts must comply with these Contract Standing Orders. A Relevant Contract is any arrangement made by, or on behalf of, the NOPCC for the carrying out of works or for the supply of goods, materials or services. These include arrangements for:

- i. the supply or disposal of goods
- ii. the hire, rental or lease of goods or equipment
- iii. the execution of works
- iv. the provision of services

8.4.2. Relevant Contracts do not include:

- i. Contracts of employment which make an individual a direct employee of the NOPCC
- ii. Instruction of counsel and external legal advisors
- iii. Partnership Agreements.

8.5. Purchasing – Competition Requirements

8.5.1. Where the Total Contract Value for a purchase is within the values in the first column of the table below, the Procurement Process in the second column must be followed.

Total Contract Value	Procurement Process	Procurement Lead
Up to £25,000	One oral Quotation confirmed in writing	Officer
Over £25,000 and below £50,000	At least three written Quotations	Officer
Above £50,000 and below EU Threshold See Appendix C	Use of Framework or Invitation to Tender.	Procurement Partner
Above EU Threshold See Appendix C	Apply EU Procurement Directive	Procurement Partner

8.5.2. A Procuring Officer must not disaggregate a requirement nor select a method of calculating the Total Contract Value in order to minimize the robustness of the procurement process.

8.6. Assets for Disposal

Assets for disposal must be sent to public auction except where better Value for Money is likely to be obtained by inviting Quotations and Tenders. These may be invited by advertising on the NOPCC internet site, the UK Police Property Disposal Site or in an appropriate journal. In the case of the latter, the method of disposal of surplus or obsolete stocks / stores or assets other than land must be formally agreed by the PCC CFO in accordance with the NOPCC Scheme of Delegation. The basis upon which obsolete stocks / stores are declared surplus to requirements shall be in accordance with the NOPCC Financial Regulations.

8.7. Collaborative and Partnership Arrangements

Collaborative arrangements are subject to UK and EU procurement legislation and case law. They must follow these Contract Procedure Rules. In the case of private finance initiatives (PFI) and other public/private sector partnerships, such contracts must be approved and authorised in accordance with the scheme of delegation. If in doubt, Officers must first seek the advice of the Chief Executive.

8.8. The Appointment of Consultants to Provide Services

Consultant architects, engineers, surveyors and other professional Consultants shall be selected and commissions awarded in accordance with these Contract Procedure Rules.

8.9. Contract Documents

8.9.1. A NOPCC Purchase Order must be used wherever possible and include :

- a description of what is to be supplied (i.e. the product, materials, works, services)

- the provisions for payment (i.e. the price to be paid and when, including any milestones)
- the time, or times, within which the contract is to be performed
- the Standard Terms and Conditions of Order or the terms and conditions of the Framework being used.

8.9.2. All Relevant Contracts that exceed £50,000, and excluding direct call-offs using Purchase Orders against Frameworks, shall be in writing and will clearly specify :

- Contract Title
- Contract Duration
- The Invitation to Tender
- Full details of the specification agreed between both parties
- Pricing Details
- Insurance levels of the supplier
- Contract Terms and Conditions including any Special Conditions
- The Data Handling Schedule that will apply
- Performance Schedules
- Change Control mechanism and a record of any Changes agreed

8.9.3. All written contracts that exceed £200,000 as per clause 8.10.2 are to be signed under seal

8.10 Contract Authorisation Levels

8.10.1. The following Contract Authorisation Limits shall apply:

Total Value of Contract (includes any extension options)	Method of Completion	Level of Authorisation
£0 to £24,999	Signature / Purchase Order	Budget Holder/ Director
£25,000 to £49,999	Signature / Purchase Order	Budget Holder/ Director
£50,000 to £99,999	Signature / Purchase Order if a Framework call-off or Written Contract	Budget Holder/ Director in consultation with Procurement Advisor
£100,000 to £299,999	Signature / Purchase	Director/Chief

	Order if a Framework call-off or Written Contract	Executive/PCC CFO
Above £300,000	Signature / Purchase Order if a Framework call-off or Written Contract	Chief Executive/PCC CFO

8.10.2. All contracts must be concluded formally in writing before the supply, service or construction work begins, except in exceptional circumstances, and then only with the written authorisation as per the above authorisation levels. An award letter is insufficient. The Procuring Officer responsible for securing signature of the contract must ensure that the person signing for the other contracting party has authority to bind it.

8.11 Bond and Parent Company Guarantees

The Procuring Officer must consult the PCC CFO about whether a Parent Company Guarantee is necessary when an Applicant is a subsidiary of a larger group/company and:

- i. the Total Value exceeds £250,000, or
- ii. award is based on evaluation of the parent company, or
- iii. there is some concern about the stability of the Applicant.

8.12 Prevention of Fraud and Corruption

8.12.1. The Officer must comply with the NOPCC Business Code of Conduct and Anti-Fraud and Corruption Policy and must not invite or accept any gift or reward in respect of the award or performance of any contract. It will be for the Officer to prove that anything received was not received corruptly. High standards of conduct are obligatory. Corrupt behaviour will lead to dismissal and is a crime.

8.12.2. The following clause must be included in every written NOPCC contract:

“The NOPCC may terminate this contract and recover all its loss if the Supplier, its employees or anyone acting on the Supplier’s behalf do any of the following:

- a) offer, give or agree to give to anyone any inducement or reward in respect of this or any other NOPCC contract (even if the Supplier does not know what has been done), or
- b) commit an offence under the Bribery Act 2010 or Section 117(2) of the Local Government Act 1972, or
- c) commit any fraud in connection with this or any other NOPCC contract whether alone or in conjunction with NOPCC members, suppliers or employees.

8.12.3. The NOPCC could be liable where someone who performs services for it, such as an employee or agent, pays a bribe specifically to gain business, keep business, or gain a business advantage for a particular organisation. The Officer should perform a risk assessment regarding the bribery risks that the organisation might face, and exercise due diligence before engaging others to represent the NOPCC in business dealings. Written contracts shall also refer to and highlight whistle blowing arrangements as set out in the Anti-Fraud and Corruption policy documents.

8.13 Declaration of Interests

8.13.1. If it comes to the knowledge of an Officer or an employee of the NOPCC or anyone acting on behalf of the NOPCC that a contract in which he or she has a pecuniary interest has been or is proposed to be entered into by the NOPCC, he or she shall immediately give written notice to the Chief Executive. The Chief Executive shall report such declarations to the PCC.

8.13.2. Such written notice is required irrespective of whether the pecuniary interest is direct or indirect. An indirect pecuniary interest is distinct from a direct pecuniary interest in as much as it is not a contract to which the member or employee is directly a party.

8.13.3. The Chief Executive as the monitoring Officer shall maintain a record of all declarations of interests notified to him by any Officer.

Terms and Definitions

“Advertisement” is the means by which a Procurement Exercise is advertised, and includes (where appropriate) the ‘Contract Notice’ as defined in the Public contract Regulations 2006.

“Applicant” means an organisation that applies to be a supplier of goods and/or services to the NOPCC, usually by responding to an advertisement issued by the PCC for a specific contract requirement

“Authorised Officer” means any member of staff authorised to undertake procurement activity on behalf of the PCC.

“Award Criteria” means the evaluation criteria applied to select the successful tenderer in a single stage process, or for two stage tenders, the evaluation criteria applied to the second stage of the process to evaluate offers from Tenderers. In a two stage process, Award Criteria is specific to the delivery of the contract and can be solely based on the proposed cost of the contract or used to select the most economically advantageous Tender which evaluates the proposed cost and all the service delivery factors of the contract.

“Best Value” means the duty of the NOPCC, and the Procurement Advisor to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

“CC” means the Chief Constable of Northamptonshire Police

“Chief Executive” – means the Chief Executive to the Northamptonshire Police and Crime Commissioner

“Contract” means a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.

“Contract Extension” means an extension to the duration of the contract, but not including any alteration to the scope of the contract.

“Contract Variation” means an alteration to the scope of the contract, but not the extension of the duration of the contract.

“Corporate Contract” means any Contract or Framework Agreement or other arrangement put in place by the Procurement Advisor itself, or any other Public Sector Organisation (including other Local Authorities) or Consortium in which the Procurement Advisor on behalf of the NOPCC is entitled to participate and which, where necessary, has been awarded in an EU compliant manner.

“Estimated Contract Value” or **“Estimated Value”** means the total estimated value of the contract. Where the contract period is fixed the Estimated Value shall be the total estimated maximum value of the supplies, services or works to be supplied over the period covered including any extensions to the contract. If the contract period is unknown, a nominal period of 48 months shall be applied to the calculation.

“EU Directives” as implemented in to the Public Contracts Regulations (see separate definition)

“EU Threshold” means the respective threshold for Supplies, Works or Part A services contracts referred to in the Public Contract Regulations 2006.

“FOI Team” means the team that receives and processes Freedom of Information requests on behalf of the NOPCC

“Framework Agreement” is a general term for agreements with suppliers which set out terms and conditions under which specific purchases (call-offs) can be made throughout the term of the agreement. The Framework Agreement may, itself, be a contract to which the EU procurement directives apply.

A **“Further Competition”** is undertaken where not all the terms of a proposed contract are laid down in a Framework Agreement. It involves re-opening competition between the organisations which are parties to the Framework Agreement and which are capable of performing the proposed contract, on the basis of the same or, if necessary, more precisely formulated terms, and where appropriate other terms referred to in the contract documents based on the Framework Agreement.

A public sector **“Grant”** involves the provision of subsidy (capital or revenue) funding, by the relevant public sector body, in support of a charitable, or other public benefit, service, which the public body wishes to support, as part of fulfilling its own public benefit remit. A grant is provided on conditions aimed at ensuring the proper application of the grant funds, but not in return for anything.

“Invitation to Tender” means the document(s) containing the specification, proposed terms and conditions and other appropriate information as issued to the Tenderers to solicit Formal Tenders.

“NOPCC” means the Northamptonshire Office of the Police and Crime Commissioner

“NP” means Northamptonshire Police

“Officer(s)” means any member of Staff employed by the PCC, other than named references to specific posts.

“OJEU” means Official Journal of the European Union

“PCC” means the Northamptonshire Police and Crime Commissioner

“PCC CFO” means the Chief Financial Officer of the Police and Crime Commissioner (or in his/her absence the nominated Deputy Chief Finance Officer of the PCC)

“Post Tender Negotiations” means the ability to negotiate with a Tenderer after a Tender has been opened and evaluated in accordance with the published evaluation criteria for the purposes of securing an improvement in the delivery of the contract including but not limited to improvements in price.

“Procurement Advisor” means the body appointed by the NOPCC to provide advice and support on all procurement matters

“Procurement Exercise” means any process by which goods, services and/or works are to be procured including but not limited to Request for Quotations and Formal Tender Processes.

“Procuring Officer” means any Officer, acting under the delegated powers of the PCC, who is responsible for the procurement of goods and services. **“Public Contracts Regulations 2006”** means the Public Contracts Regulations 2006 as amended, modified, consolidated, extended, re-enacted or replaced, including the Public Contracts (Amendment) Regulations 2009. These Regulations implement the EU Consolidated Directive on Public Procurement into UK law and reflect the principles of the EU Treaty of Rome.

A **“Quotation”** is an offer to sell works, goods and/or services at a stated price under specified conditions. A Quote or Quotation may or may not be written.

“Selection Criteria” means the evaluation criteria used to assess Applicants/Tenderers regarding their legal status, economic and financial standing and technical capacity and capability to deliver a specific contract for goods and/or services to the PCC. In a two stage process successful Applicants that pass the evaluation criteria progress to the tender stage of the process

“Standard Terms and Conditions of Order” means the standard contractual terms used by the NOPCC, including those attached to Purchase Orders or Purchase Orders generated by the Purchase Order System and those included in Request for Quotation templates.

“Tender” means the formal offer from a Tenderer, which is capable of acceptance by the PCC, which is a response to an Invitation to Tender. It shall include all documents comprising the submission including pricing, technical specification and method statements as well as information about the Tenderer. A written Quote or Quotation is also a Tender.

“Tenderer” or **“Tenderers”** means the organisations invited to participate in a Procurement Exercise.

“Variation” – see “Contract Variation”

List of relevant legislation

(to be continually updated)

- Police Reform and Social Responsibility Act 2011
- Police Act 1996 (Equipment) Regulations 2010 – in force from 04 March 2011
- Public Contracts Regulations 2006
- Public Contracts (Amendment) Regulations 2009
- Public Procurement (Miscellaneous Amendments) Regulations 2011 – in force from 01 October 2011
- The Bribery Act 2010 – in force from 01 July 2011
- Human Rights Act 1998
- Data Protection Act 1998
- Freedom of Information Act 2000
- Construction Act 2011 – in force from 01 October 2011
- Health and Safety at Work Act 1974
- Equality Act 2010
- Welsh Language Act 1993
- TUPE Regulations 1981 and 2006
- The Waste Electrical and Electronic Equipment Regulations 2006 (the WEEE Regulations”)
- Public Service (Social Value) Act 2012

APPENDIX C

EU Procurement Thresholds

Thresholds applicable from 1 January 2014 until further notice are given below.
Thresholds are exclusive of VAT.

PUBLIC CONTRACTS REGULATIONS 2006 – THRESHOLDS FROM 01 JANUARY
2014

	SUPPLIES	SERVICES	WORKS
Contract Notices	£172,514	£172,514	£4,322,012
	€207,000	€207,000	€5,186,000

APPENDIX E – EXCEPTION TO CONTRACT PROCEDURE RULES / SINGLE TENDER APPROVAL REQUEST (WAIVER) (Derbys / Notts / Northants)

The single tender form should be completed by individual Forces for contracts valued over £25,000 excluding VAT that are not supported by a competitive procurement process.

Section 1 - Originating Department Details	
Name of Originating Force	
Name of Originating Department	
Name of Originator	
Protective marking classification (if applicable)	
Date request submitted	

Section 2 - Contractor Details / Type of Award	
Name of Contractor	
Is this a direct award without competition?	<input type="checkbox"/> YES <input type="checkbox"/> NO
Is this an extension to an existing contract where no option is provided for in the contract?	<input type="checkbox"/> YES <input type="checkbox"/> NO

Section 3 - Approval is requested on the grounds of :		
Urgency reasons <input type="checkbox"/> YES <input type="checkbox"/> NO If it is a matter of extreme urgency and this is due to circumstances outside the control of the Police Force. This does not include circumstances brought about by lack of internal planning.	Product reasons <input type="checkbox"/> YES <input type="checkbox"/> NO If there are strong compatibility issues relating to good or services that the Force already uses and it would be uneconomic to replace.	Limited Supplier <input type="checkbox"/> YES <input type="checkbox"/> NO If there is only one supplier of a particular product or service. This may arise, for example, if ownership of the relevant Intellectual Property Rights excludes all other potential suppliers.
PLEASE ATTACH A BRIEF EXPLANATION OF THE RATIONALE BEHIND THE REASON SELECTED		

Section 4 – Requirement details	
Proposed contract start date	
Proposed contract end date	

Section 5 - Supporting information
<u>Background to requirement (please limit to 100 words)</u>
<u>Risks related to the requirement (please limit to 100 words)</u>

Section 6 - Total value of the contract			
Net		Vat	
		Gross	

Section 7 – Procurement Services			
Date Received :		Document Ref No:	
Procurement comments			
STA supported by Procurement		<input type="checkbox"/> YES <input type="checkbox"/> NO	
Signature		Date	

Section 8 – Head of Department / Budget Holder comments			
STA supported by Head of Department		<input type="checkbox"/> YES <input type="checkbox"/> NO	
Signature		Date	

Section 9 – Director of Finance Decision and comments (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation)			
STA supported by Director of Finance		<input type="checkbox"/> YES <input type="checkbox"/> NO	
Signature		Date	

Section 10 – The Police and Crime Commissioner and comments (please consult current OPCC Financial Regulations for relevant Authorisation levels and Scheme of Delegation)			
STA supported by Police and Crime Commissioner		<input type="checkbox"/> YES <input type="checkbox"/> NO	
Signature		Date	

Appendix 3 – Commissioning Framework



**The Northamptonshire Police and Crime
Commissioner's
Commissioning Framework**

September 2016

1. Purpose

- 1.1 The Police and Crime Commissioner (PCC) is a directly elected individual to ensure that the public services of policing, criminal justice and community safety are reflective of community needs and desires. This is articulated through the Police and Crime Plan.
- 1.2 The PCC is also statutorily bound to ensure that policing services are efficient and effective in Northamptonshire. The PCC is therefore able to use their resources to commission services from any organisation to ensure the best possible services are available for the public to satisfy the PCC's statutory responsibilities and to deliver the outcomes and priorities contained within the Police and Crime Plan.
- 1.3 This Commissioning Framework outlines the principles and approach which underpin the PCC's commissioning decisions which will be taken and delivered in a robust, consistent, transparent and fair way.

2 What is Commissioning?

- 2.1 Commissioning is, at its simplest, the process of planning, agreeing and monitoring services. It is more complex than simply just procuring services or goods. Commissioning is the process of understanding need, engaging with users and service providers, specifying requirements and then taking a decision on the best way to provide that service (e.g. internally, outsourced, procured etc). Quality assurance should take place throughout. Commissioning seeks to deliver the most efficient, effective and sustainable way to deliver required outcomes.
- 2.2 Procurement is in some circumstances a part of commissioning. Procurement is the acquisition of goods or services that usually includes a contract. Contract Standing Orders should be followed for any commissioning process that includes the need to procure a service. The most notable example of where commissioning does not require procurement is where the PCC commissions Northamptonshire Police to be the delivery agency for policing.
- 2.3 For Northamptonshire PCC, commissioning is fundamental to what the office does. The PCC is, fundamentally, a commissioning organisation. The OPCC will seek to commission services from Northamptonshire Police, the wider public sector, voluntary and community groups and the private sector to achieve, and be held to account for delivering, the outcomes of the Police and Crime Plan.
- 2.4 In practice, this means that the total budget of the PCC will be available for commissioning. Northamptonshire Police will not therefore be set a budget within which to deliver their services, but instead they will be commissioned to deliver functions and activities by the PCC.
- 2.5 The PCC has the power to commission services. In practice this is discharged by the OPCC. This document therefore makes reference to the OPCC discharging the powers of the PCC.

3 Principles

3.1 The OPCC will undertake all commissioning activity with a focus on these principles:

- **Outcome-based.**

The OPCC will primarily focus on what is achieved (the outcome) rather than resources put in (the inputs) or what is done (the outputs). This does not mean that at times inputs and outputs are not important to the OPCC and therefore will be specified as part of a commissioning process. But the main focus will always be on seeing the desired effects of the commissioning process happen for the benefit of the people of Northamptonshire. Measures of success will be put in place for every commissioning process.

- **Capacity building.**

The OPCC will seek to ensure that every commissioning activity focuses on long term, sustainable solutions to achieve the outcomes required. The aim will be to help organisations and ultimately the public to be more self-sustaining and therefore have greater capacity and resilience for future challenges.

- **Value for Money.**

The OPCC will always seek the most efficient and effective service to deliver the outcomes specified. This does not mean the cheapest solution is always the best as the benefits may be greater with more initial expense.

- **Participative.**

The OPCC is committed to consulting and engaging the right people at the right times. This will occur during the design of any commissioning specification to ensure that the specification best reflects need. There is a commitment to engage with users of any commissioned service during the life of the service to ensure that the service continues to meet the needs of the public.

- **Fairness and Transparency.**

The OPCC is committed to ensuring that all commissioning activity is conducted fairly, with no favours being shown to any organisation or individual. Information will be made available to those involved in the

commissioning process and clear information will be provided to the public in line with the Decision Making Framework of the OPCC outlined in the Scheme of Governance and Consents.

- **Clear process and governance.**

The OPCC will adopt clear processes for any commissioning activity. This Framework document helps to outline the processes that will be undertaken for commissioning. Where the commissioning process includes procurement, the OPCC will ensure that the OPCC Contract Standing Orders within the Scheme of Governance and Consents are complied with. All commissioned activity should have clear governance arrangements to manage the delivery of the commissioned activity. This usually will include a formally agreed contract.

- **Promote improvement and innovation.**

The OPCC will focus on evidence based practice and interventions from the outset. The OPCC though will not 'step away' once something is commissioned. Instead the OPCC will remain active commissioners and contract managers ensuring that improvement is sought throughout the life of the arrangement or contract. The focus on evidence will not prevent innovative solutions being trialled and evaluated to learn from. In that respect the OPCC will be risk aware rather than risk averse and therefore be prepared for some interventions to fail.

Commissioning Approach and Application

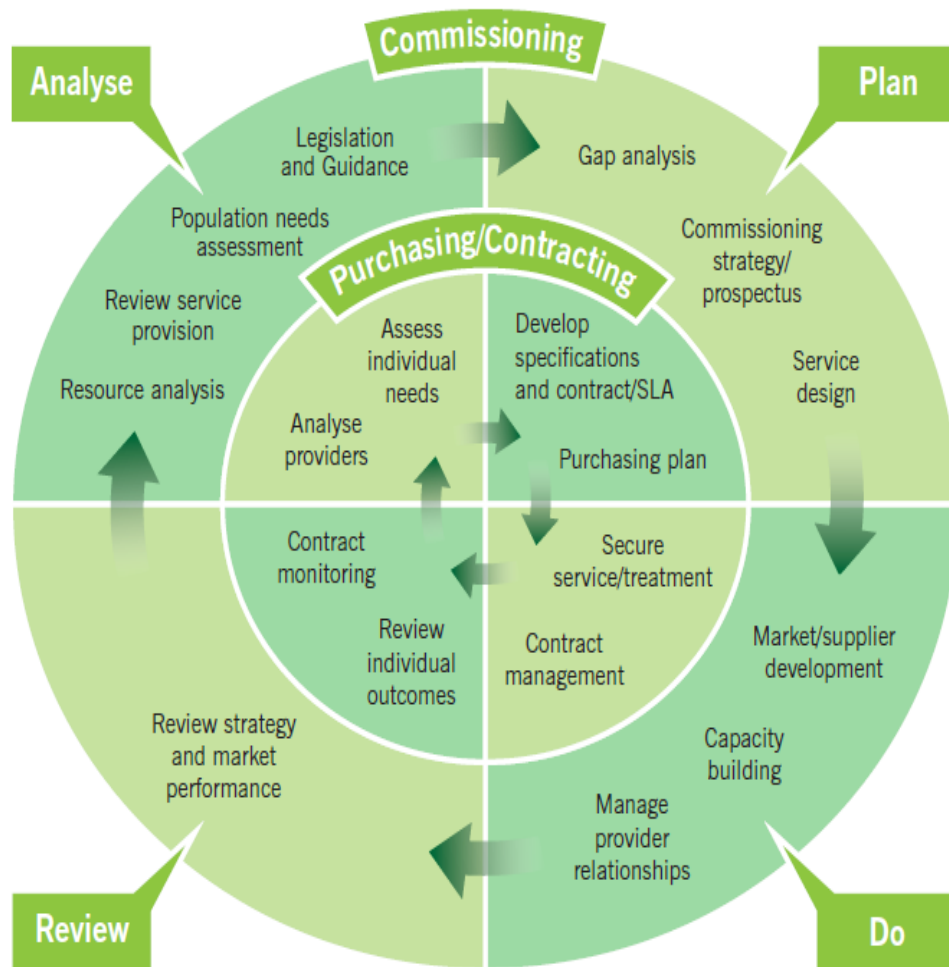
All activity the OPCC promotes should be considered commissioning, whether this change is then delivered 'in house' or not. Fundamentally the OPCC is a commissioning organisation. Therefore this Framework applies to all activity the OPCC does, whoever the 'provider' of the service is including Northamptonshire Police. The relationship between OPCC and Force is therefore one of 'commissioner' and 'provider'.

A wide variety of types of commissioning are available to the OPCC, both with funding and without funding and with partners or alone. The OPCC will seek to utilise the most appropriate method of commissioning depending on the outcomes that are to be achieved. This will include direct commissioning of the Police or others to deliver a particular service or initiative as well as jointly commissioning activity that meets the needs of the OPCC and other organisations, providing a greater benefit for the public money than if the OPCC commissioned alone.

For any activity the commissioning cycle over later pages of this Framework will be adopted and governance arrangements will be put in place for every commissioned activity.

The Commissioning Cycle

The following is the cycle for commissioning adopted for this framework.



The overarching strategic document for the Commissioner is the Police and Crime Plan. This informs the Commissioning Intentions and therefore the Commissioning Cycle for individual activity. It is for the OPCC to commission activity based on the Police and Crime Plan.

Analyse and Understand

Any outcomes-based commissioning is not starting with a blank page. There is always some activity, interventions or existing services that are in place. Therefore this phase of the cycle is about understanding the baseline position and understanding the evidence-base within which the newly commissioned initiative or service will be operating.

- The outcomes desired will be clarified in this phase in greater specificity than the Police and Crime Plan affords. This will focus attention on what the intended effect of the commissioning will be.
- Any existing service provision will be considered and understood. This will both consider who the service providers are and what service they provide, understanding both the scope and the nature of the services that are currently provided.
- A broader understanding of the local, national and international evidence base will be undertaken. This will identify what activities are proven to work and emerging trends that could be applied to Northamptonshire.
- A needs assessment will be undertaken in this phase, utilising both existing data and information and potentially specifically collected data. This will seek to understand the gaps in service provision from the baseline position. The needs assessment will include consultation and engagement activity, both that undertaken by the Police and Crime Commissioner more generally and specifically with potential service users for any commissioning arrangement. The focus of this will be on the quality rather than quantity of this information.
- Any legislation or other guidance will be reviewed within this phase.
- The OPCC will engage with any relevant partners at this stage to understand their commissioning and service provision intentions to ensure that public money is used efficiently and effectively.
- Resourcing will be considered at this stage at a high level to understand both affordability and cost effectiveness.
- The impact of any potential decisions should also be considered at this stage. An Equality Impact Assessment will be developed at this stage and kept under consistent review throughout the cycle. Impact Assessments should consider potential future impacts as well as immediate impacts.
- The OPCC will publish any relevant information from this stage to enable customers, users and providers to see the basis on which decisions are being taken.

Plan

Following a review of the need to understand the current situation for any commissioning process, the OPCC will begin the planning phase. This phase produces the plan, specification and service design for the commissioned activity.

- The OPCC will undertake a gap analysis between the desired outcome and the current baseline position. This will mean the size of the challenge is understood and the distance to travel is clear. This will shape the requirements for the commissioned activity.
- The OPCC will engage with service providers, including Northamptonshire Police, at this stage. This will be for them to help to shape the activities and possibilities to address the identified gap.
- The OPCC will also seek to engage with people who will use the service or those who the activity is seeking to benefit. Testing of draft specifications will occur at this stage.
- The OPCC, having received the feedback from the engagement activity, will produce a full and final specification for the commissioned activity. This specification will include the outcomes to be delivered, the performance indicators that will be measured, the expected outputs from the activity and a milestone plan for delivery. A standard template ensuring consistent information will be used by the OPCC.
- Specifications will be grounded in evidence but will allow for innovation and transformation. The analysis undertaken will ensure that services commissioned are new rather than duplicate services.
- At this stage the OPCC will also consider the most appropriate means of commissioning. This may be with a procurement process or without a procurement process and may be in conjunction with a partner for a co-commissioning approach or the OPCC may commission directly themselves.
- If a procurement process is being used, the process will be planned at this stage to be the most efficient and effective to deliver the required outcomes, ensuring compliance with Contract Standing Orders.

Do

The OPCC (working with partners where that commissioning strategy has been chosen) will seek to bring about the new service and then 'hold to account' and contract manage the provider of the services through this phase. A key part of this phase will be building capacity in whoever is being commissioned to deliver the best possible outcomes for the public.

- If procurement is being used, then a transparent and fair assessment of the potential providers at this stage will be undertaken to ensure that the best value for money is being achieved for the public of Northamptonshire. Any procurement will meet the requirements of Contract Standing Orders.
- In any scenario, the OPCC will agree with the providers (including if the provider is Northamptonshire Police) the detailed project plan for the delivery and implementation of the new commissioned service.
- The OPCC will support the provider through the mobilisation phase helping to ensure successful delivery. Ultimately though, the OPCC will also be holding the provider to account for meeting their obligations (whether under a formal contract or otherwise).
- Once implemented, the OPCC will be active 'contract managers' (whether there is a legal contract or not) to ensure that the intended outcomes and agreed delivery mechanism occurs. This will involve regular and robust monitoring of key performance indicators. The regularity of the review will depend on the size and risk of the commissioned service and contract. The Contract Manager (as defined later in this document) will be responsible for the monitoring process.
- The frequency of the contract management process will be determined by the size and length of contract that is being managed. The approach the OPCC will take will be one that seeks to deliver ever better and therefore one of service improvement, the aim being to ensure that service provision becomes sustainable, ultimately with reduced public funding. However there will also be consequences included within the contract arrangements for failure to deliver.
- The OPCC will ensure that those who were engaged during earlier phases are kept informed of progress during this phase.

Review

The OPCC will ensure that a constant review process will take place as the commissioned activity is taking place. This will help to inform any re- or de-commissioning decisions.

- Delivery will be judged against the original outcomes intended from the commissioned activity.
- Those who have been involved in earlier phases of the cycle will be engaged during this phase. This will include directly engaging service users of the commissioned activity. This will inform whether the intended outcomes are being seen and felt by the intended service users.
- Evidence will be gathered together and a formal review point will be decided and documented by the OPCC. This will be shared with the service provider. The document will also give an indication on future decisions for the OPCC to take on future commissioning intentions.
- Information gathered during the review phase will also be used to seek to drive performance improvement from the existing service provider.
- The OPCC will, wherever possible, seek to gain independent evaluation of the activity to understand whether the activity 'works' or not.
- The OPCC will also review the strategy that was set for commissioning in the 'plan' phase in light of what has been learned in the 'do' phase. This will ensure lessons are learned for future commissioning activity.

De-commissioning

De-commissioning can take place at any point within the commissioning cycle. The OPCC will de-commission based on evidence and based on the policy priorities of the Police and Crime Commissioner.

- The OPCC will ensure that de-commissioning process is triggered through an understanding of the evidence base and through developing a clear business case for change.
- The OPCC will seek to have open and transparent conversations with the provider at the earliest opportunity to discuss thinking in relation to de-commissioning.
- Where de-commissioning is occurring, the OPCC will ensure that best practice change management principles are employed to ensure that any change in service has the least impact on service users possible.
- Decisions will be made in keeping with the OPCC Decision Making framework within the Scheme of Governance and Consents. This will include the OPCC considering any wider impacts on the system that the decision may have.
- For any de-commissioning, the OPCC will ensure that there is a transition plan and exit strategy in place and delivered.
- A review will be undertaken as part of a de-commissioning process to ensure that learning is captured.

Resourcing Commissioning

Improving outcomes using this commissioning framework is not the responsibility of any one person with the OPCC. The stakeholders and partners collaborating on any particular commissioning activity will depend on the outcomes to be achieved. OPCC will ensure that any commissioning activity is adequately resourced, harnessing the skills and expertise that exist, trust their ability and input, and work together to make the difference and make Northamptonshire a safer place to live, work and visit. . The OPCC will seek to be clear on who is responsible for each aspect and stage of commissioning activity to ensure it is as effective as possible. The different roles of commissioning and procurement teams through the commissioning cycle can sometimes cause confusion, especially during a procurement exercise, and it is important that all stakeholders involved understand their roles.

Role in Commissioning	Definition
Political	The Police and Crime Commissioner defines the outcomes they require for the people of Northamptonshire set out in the Police and Crime Plan
Strategic	The Management Team balance the required outcomes with statutory obligations, practical and financial constraints, assessment of need and demand, to define the outputs they require from their provider partners, within the total resources available
Operational	<p>Senior staff and officers deliver the projects and services to achieve the required outputs and outcomes as directed. There are two specific functions (note: these can be carried out by more than one individual or both functions may be performed by the same individual):</p> <p><u>Lead Commissioner</u></p> <ul style="list-style-type: none"> • This should be a service manager i.e. the person who leads on the process of commissioning. Typically they will have subject knowledge. • They should develop the detailed service specification and requirements and make recommendations to the OPCC. • Typically the lead commissioner is involved in the Analyse, Plan and Review parts of the Commissioning

Cycle.

Contract Manager

- This may or may not be the same person as the Lead Commissioner.
- They manage the relationship with service providers and implement communications and engagement plans.
- Ensure that performance information informs the commissioning cycle.
- Develops with providers business cases for change.
- Manages the operational de-commissioning process.

Typically the Contract Manager is involved in the Do and Review parts of the Commissioning Cycle.

The OPCC Involvement Team will provide capacity to assist in engaging and consulting with stakeholders

Finance, procurement and legal resource will also be required for particular commissioning activities.

Appendix 4 – Officer Report to Support Decision Making



COMMUNITY JUSTICE SECURITY

Northamptonshire Police and Crime Commission

Supporting Report to the Police and Crime Commissioner

Date of Report	XXXX
Subject	XXXXXXX
Report Author	Name, Job Title

1. Purpose of Report

1.1 The purpose of this report is to

2. Decision(s) Recommended:

2.1 That the Police and Crime Commissioner for Northamptonshire formally agrees the decision to

3. Relevant background / Chronology of Key Events:

3.1 Include here any key background information to explain the nature of the decision and the development of the initiative.

4. Consultation:

4.1 List both internal and external consultation undertaken.

5. Compliance Issues:

5.1 Is this a decision of 'significant public interest?'

5.1.1 Does this meet the test outlined in the PCC Decision Making Policy?

5.2 Is the recommended decision consistent with the priorities set out in the Northamptonshire Police and Crime Plan 2014/17?

5.2.1 Provide the link back to the policy to explain why the PCC is involved and how this decision is consistent with the strategic direction in the Plan.

5.3 What are the financial and procurement implications of this decision?

5.3.1 How much will be required for this decision to be funded? Where will it be funded from?

5.3.2 Include why this is the best value for money?

5.3.3 Has a procurement process been undertaken? Does this meet the requirements of Contract Standing Orders?

5.4 Will further decisions be required?

5.4.1 Will future decisions be required as a result of this decision?

5.5 Legal Implications

5.5.1 What if any are there? Has advice been sought?

5.6 Risk Management

5.6.1 Are there risks in the corporate risk register that affect this decision?

5.6.2 Are there risks that are specific to this decision?

5.7 Has an Equality Impact Assessment been undertaken?

5.7.1 If so attach as an appendix

6. Evaluation of alternative option(s):

6.1 Briefly outline other options that were discarded.

7. List of background reports used to compile this report:

7.1 Nil

8. List of appendices accompanying this report (if any):

8.1 Procurement report

9. Approvals**Date**

Has this report been approved by the author's line manager?
Name Line Manager Here

Y/N

Has this report been approved by the s. 151 officer?
Steve Dainty

Y/N

Has this report been approved by the Chief Executive?
John Neilson

Y/N

Appendix 5 - Accountability Process

1. The Accountability Board

The PCC will formally hold a monthly Accountability Board to consider performance, transformation, resourcing with the aim of strengthening delivery. This will fulfil the statutory duty to hold the Chief Constable to account. The respective teams (the senior management teams of both OPCC and Force) will also be involved in the meeting, bringing a broader collective understanding.

The OPCC set the agenda, focusing on key issues in pursuit of stronger delivery and ultimately performance improvements that are seen and felt by the public.

A limited set of paperwork will be required for the meeting, focusing attention and discussions on issues that matter.

The focus of the meetings will be on always striving to deliver better. Successes will be acknowledged but a relentless pursuit of the end goal and ambition must be maintained by these meetings. Meetings will be minuted and published by the OPCC. The Terms of Reference are:

Purpose

The purpose of the Board is threefold: to support the PCC in exercising the statutory duties in holding the Chief Constable to account; to support the PCC in developing strategic financial plans; and in acting as the strategic authority for transformational programmes.

Terms of reference

The business of the Board will cover:

- A focus on areas of concern in performance and service delivery, at a strategic level;
- Agreement and 'sign off' in respect of proposals for the design of transformation programmes and activity, including issues of strategic financing and resourcing (the delivery and governance of those programmes will then pass to the Transformation Board chaired by the Deputy Chief Constable, once agreed);
- Overview and assurance at a strategic level in respect of the progression of transformation, and within that specifically on the delivery of agreed transformation programmes (this Board is not formally part of the governance

of the individual agreed programmes, the role of this Board will be to focus at a strategic level on issues where programmes are in exception in terms of delivery);

- Discussions between Force and OPCC in respect of strategic budget setting, medium term financial planning, and key strategic investment decisions;
- Overview and discussion of collaborative and partnering activity, providing assurance that such arrangements are adequately governed and are delivering;
- Discuss OPCC-led initiatives where they impact on the wider transformation of the Force;
- Strategic consideration of key identified corporate level risks (for Force and OPCC);
- Strategic consideration relating to PCC scrutiny activity.

Membership & meeting arrangements

- Police and Crime Commissioner (Chair);
- OPCC: Chief Executive (Deputy Chair); Directors of the OPCC; Minute-taker;
- Force: Chief Constable, Deputy Chief Constable, Assistant Chief Constable(s); Force Chief Finance Officer.

- The meetings will normally be held monthly;
- Meetings will be called and arranged by the OPCC, and the OPCC will produce the agenda and minutes and be responsible for management of papers. Papers will normally be circulated 5 working days before the meeting

2. Public Information

The PCC may publish any information that they feel helps the public of Northamptonshire to understand performance of Northamptonshire Police. The PCC will, from time to time, publish information on the OPCC website to help facilitate the understanding of performance by the public.

3. Informal Briefings

A range of informal opportunities will be in place for the OPCC on behalf of the PCC to be informed of progress on key priorities, enabling a focusing of time and efforts by the PCC on areas that require attention.