

LEICESTERSHIRE POLICE AUTHORITY

FINANCIAL REGULATIONS

**APPROVED BY FINANCE AND GENERAL
PURPOSES COMMITTEE**

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INTRODUCTION

PURPOSE

- (i) To conduct its business efficiently, Leicestershire Police Authority ("the Authority") needs to ensure that there are sound financial management policies in place and that these are strictly adhered to. Part of this process is the establishment of Financial Regulations that set out the financial policies of the Authority.

The Financial Regulations provide clarity about the financial accountabilities of individuals, particularly the Authority's Chief Executive and Treasurer, and the Force's Chief Constable and Director of Finance. They apply to every member and officer of the Authority and the Leicestershire Constabulary ("the Force") and anyone acting on their behalf.

SUSPENSION

- (ii) In exceptional circumstances, the Finance and General Purposes Committee or Full Authority may suspend the application of these Regulations.
- (iii) In cases of urgency, The Chief Constable jointly with the Chief Executive or Treasurer may, in consultation with the Chairman of the Authority, authorise on behalf of the Authority the incurring of any lawful expenditure which would otherwise be contrary to these Regulations. The exercise of this authority must be reported to the next meeting of the Finance and General Purposes Committee or Full Authority.

STATUS

- (iv) The Financial Regulations link with other regulatory documents such as the Contract Standing Orders and the Standing Orders for Regulation of the Business of the Authority.
- (v) All members, police officers and police staff must take reasonable action to provide for the security of the assets under their control, and ensure that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.
- (vi) The Director of Finance, in consultation with the Treasurer, is required to prepare a Finance Procedures Manual that sets out in greater detail than these Financial Regulations the procedures for carrying out particular financial transactions. The Manual shall emphasise the need for effective systems of Internal Control.
- (vii) The Director of Finance must ensure that all police officers and police staff are aware of the existence and content of the Authority's Financial Regulations and other internal regulatory documents and that they comply with them.
- (viii) If anyone reading these regulations is in any doubt over their meaning, or how to comply, they should contact the Treasurer or Director of Finance.

BREACHES

- (ix) The Chief Constable shall inform the Treasurer of any breaches of the Financial Regulations who shall, where appropriate, report the breach to the next meeting of the Finance and General Purposes Committee.

VALUE ADDED TAX

- (x) All limits specified within these Financial Regulations exclude any Value Added Tax (VAT) which may be payable.

REVIEW

- (xi) The Treasurer is required to maintain a continuous review of the Financial Regulations in consultation with the Chief Executive and the Chief Constable and submit any additions or changes necessary to the Finance and General Purposes Committee for approval.
- (xii) At least every three years, the Treasurer shall undertake a wide-ranging review of the Financial Regulations in consultation with the Chief Executive and the Chief Constable, including the re-assessment of all financial limits. The results shall be reported to the Financial and General Purposes Committee for approval.

AVAILABILITY

- (xiii) Copies of the Financial Regulations are available from the Police Authority office at Force HQ and are on the Force Intranet.

1 FINANCIAL MANAGEMENT

1.1 THE AUTHORITY AND ITS COMMITTEES

The need for this Regulation

The Authority delegates some of its responsibilities for financial management to committees in order that it can focus on strategy and high level issues.

The extent of this Regulation

- 1.1.1 The Police Authority is responsible for the framework of accountability via Financial Regulations and the Contract Standing Orders. These govern the relationship between the Authority and the Force in financial matters.
- 1.1.2 The Authority is responsible for overall financial management and control. This includes approving the policy framework, the annual budget and council tax precept, monitoring financial outcomes and approving medium term financial plans. It also receives formal audit reports from Her Majesty's Inspector of Constabulary (HMIC) and external audit in the form of the Annual Audit Letter.
- 1.1.3 The Full Authority approves the procedures for recording and reporting financial decisions taken, including key decisions taken by or delegated by the Full Authority and its Committees. These delegations and details of who has responsibility for which decisions are set out in the "Standing Orders for the Regulation of the Business of the Leicestershire Police Authority" and the "Terms of Reference of committees and panels".
- 1.1.4 The Police Authority will consider the draft budget and estimates and set the council tax precept.
- 1.1.5 The Audit Committee provides a mechanism for achieving close liaison between the various internal and external activities and gives members the opportunity to ask questions about the conduct of the Authority's finances.
- 1.1.6 The Personnel Committee determines all matters relating to the pay and conditions of service of Senior Police Officers, and contractual conditions and remuneration of the Chief Executive and Treasurer and other Authority staff.

1.2 THE STATUTORY OFFICERS

The need for this Regulation

Specific duties are allocated to individual officers of the Authority by relevant statutes.

The extent of this Regulation

The Treasurer

- 1.2.1 The Treasurer has statutory duties in relation to the administration and stewardship of the Authority's financial affairs. This statutory responsibility cannot be overridden. The statutory duties arise from:
- Section 151 of the Local Government Act 1972.
 - Section 114 of the Local Government Finance Act 1988.
 - The Local Government Act 2003.
 - The Accounts and Audit Regulations 2003.
- 1.2.2 The Treasurer's duties include:-
- providing financial advice to the Authority on all aspects of its activity, including the strategic planning and policymaking process;
 - advising the Authority on financial propriety;
 - ensuring that accurate, complete and timely financial management information is provided to the Authority and the Chief Constable;
 - securing the preparation of statutory and other accounts in accord with the recommended practices;
 - providing an effective internal audit service and assistance in providing safe and efficient financial arrangements;
 - securing treasury management including loans and investments;
 - advising in consultation with the Chief Executive, on the safeguarding of assets, risk management and insurance;
 - arranging for the determination and issue of the precept;
 - giving advice on budgetary matters including any consequent long term implications.
- 1.2.3 In accordance with Section 114 of the Local Government Finance Act 1988 the Treasurer shall report to the Full Authority and external auditor if the Authority or the Force, or one of their officers:
- 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 to the Authority; and
 - is about to make an unlawful entry in the Authority's accounts.
- 1.2.4 In addition, in accordance with Section 114 of the 1988 Act:
- the Treasurer shall nominate a properly qualified member of staff to deputise should he or she be unable to perform the duties under section 114 personally; and
 - the Authority in conjunction with the Chief Constable shall provide the Treasurer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.
- 1.2.5 In accordance with Section 113 of the Local Government Finance Act 1988 the Treasurer shall be a member of one or more of the bodies listed, which include:
- The Institute of Chartered Accountants in England and Wales.
 - The Chartered Association of Certified Accountants.
 - The Chartered Institute of Public Finance and Accountancy.
 - The Chartered Institute of Management Accountants.
- 1.2.6 The Treasurer has the right to attend meetings with outside bodies where matters of major finance significance are to be discussed.

The Chief Executive

- 1.2.7 The Chief Executive is the Authority's Monitoring Officer, and the duties include:
- reporting any actual or potential breaches of the law or mal-administration to the Authority;
 - ensuring that procedures for recording and reporting decisions are operating effectively;
 - advising all Authority members and officers about who has the authority to take a particular decision;
 - ensuring the legality of the actions of the Authority, the Force, and their officers.
- 1.2.8 The Chief Executive is required to sign or seal contracts on behalf of the Authority.

The Chief Constable

- 1.2.9. The Chief Constable shall propose the policy framework and budget to the Full Authority, and discharge executive functions in accordance with the policy framework and budget. This comprises:
- corporate and overall strategic management;
 - reporting to and providing information for the Authority;
 - establishing a framework for management direction, style, standards and delegation for monitoring the performance of the organisation;
 - ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the Director of Finance;
 - signing contracts or making other financial commitments, within the limits of the delegated budget, on behalf of the Authority; and
 - consulting with the Treasurer and Chief Executive and seeking approval on any matter specified within the Financial Regulations and Contract Standing Orders.
- 1.2.10 The Chief Constable has delegated responsibility to disburse monies for charitable purposes in accordance with the Public (Property) Regulations 1997.

Director of Finance

- 1.2.11 The Director of Finance is responsible to the Chief Constable for financial activities undertaken in the Force and should have a place on the Chief Constable's senior policy team. The Director of Finance has a prime responsibility for ensuring efficient and effective use of financial resources available to the Force to support the achievement of operational performance.
- 1.2.12 The Director of Finance should be a member of one of the bodies listed in 1.2.5.

1.3 LEGAL PROCEEDINGS

The need for this Regulation

In cases where it is necessary for the Authority to enter legal proceedings, either as plaintiff or defendant, an officer is required to undertake certain duties on behalf of the Authority. This section sets out the parameters in which the Chief Constable and Chief Executive can undertake those duties.

The extent of this Regulation

- 1.3.1 Where calculated to facilitate, or conducive or incidental to, the discharge of any of the functions of the Authority, the Chief Constable or the Chief Executive shall be empowered to:

- prosecute or defend or appear in any legal proceedings and, in the case of civil proceedings, to institute them in his own name, or the name of the Authority; and
- make representations in his own name or in the name of the Authority at any public inquiry held by or on behalf of any Minister or public body under any enactment.

This element of delegation is subject to the requirement for the Chief Constable to advise the Chief Executive and Treasurer of employment tribunals or other civil cases where the matter is potentially of a high profile nature or is likely to involve the Authority in expenditure in excess of £50,000 (inclusive of any external legal costs).

- 1.3.2 Both the Chief Constable and the Chief Executive shall act as authorised officers of the Authority in connection with Section 223 of the Local Government Act 1972 (as amended) which relates to appearance on behalf of the Authority in legal proceedings.
- 1.3.3 The Chief Constable shall issue and serve notice and impose requirements under any legislation relating to the functions administered by the Force.
- 1.3.4 The Chief Executive must be consulted on the terms of any indemnity that the Police Authority or Force is requested to give.

1.4 DEVOLVED DELEGATED AUTHORITY

The need for this Regulation

The Chief Constable, Chief Executive and Treasurer will be unable to undertake all duties delegated to them personally which creates a requirement for them to be allowed to devolve certain duties to other police officers and police staff. Indeed appropriate levels of delegation are encouraged. This devolvement may be through **delegation** to other senior officers or by delegated officers giving **authorisation** to others to act on their behalf. The delegations/authorisations covered here relate to financial administration.

The extent of this Regulation

- 1.4.1 The Chief Constable, Chief Executive and Treasurer may **authorise**, in writing, named police officers and civilian employees who are under their direction and control, either generally or specifically for the purpose to exercise any or all of the powers delegated or included in the Financial and/or Contract Standing Orders.
- 1.4.2 Within the Force, the Chief Constable may only **delegate** the power to delegate to an Officer holding the rank of Deputy Chief Constable, Assistant Chief Constable, or Director of Finance, within a framework laid down by the Chief Constable.
- 1.4.3 The Chief Executive and Treasurer may not **delegate** the power to delegate to any other Officer.
- 1.4.4 The Chief Constable shall maintain a list, in writing, of all police officers and police staff specifically **authorised** to exercise delegated powers in relation to financial administration.

1.5 VIREMENT AND USE OF BALANCES

The need for this Regulation

The organisation needs to be able to optimise the use of the available resources in order to manage changing spending priorities, whilst remaining within the overall policy framework determined by the Authority.

The extent of this Regulation

- 1.5.1 The Chief Constable may approve all other virement proposals not exceeding £150,000 of budgets under his direct control. Virement from capital to revenue is not permitted.
- 1.5.2 No approval is required to the following types of virement;
- an increase in an expenditure budget which is fully matched by additional income; and
 - the re-allocation of the approved repairs and maintenance budget across cost centres.
- 1.5.3 The carry forward from one financial year to the next of any under/overspends to make optimum use of the available resources are subject to the approval of the Police Authority when the provisional outturn figures are made available.
- 1.5.4 Proposals for additional expenditure to be financed from the Authority's balances may only be approved by the Full Authority. However cases may arise where the matter is so urgent that normal approval of the Full Authority cannot be obtained in time and where the action is necessary for the proper discharge of the Authority's functions or for the preservation of its property or finances. In such circumstances, the Treasurer may approve a request for additional expenditure to be financed from the Police Fund or the Authority's reserves, in consultation with the Chairman of the Authority. The Treasurer shall provide a written report on the subject to the next meeting of the Finance and General Purposes Committee or Full Authority.

1.6 ACCOUNTING POLICIES

The need for this Regulation

The Authority's statement of accounts must be prepared in accordance with proper practices as set out in the format required by the *Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice* (CIPFA/LASAAC), for each financial year ending 31 March.

The extent of this Regulation

- 1.6.1. The Director of Finance, in conjunction with the Treasurer, is required to select and consistently apply accounting policies.
- 1.6.2 Any changes to accounting policies which may have a financial impact on the Authority of more than £100,000 should be reported to the Finance and General Purposes Committee by the Treasurer.

1.7 ACCOUNTING RECORDS

The need for this Regulation

Maintaining proper accounting records is one of the ways in which the Authority discharges its responsibility for stewardship of public resources.

The extent of this Regulation

- 1.7.1 The Treasurer shall determine the accounting records to be maintained for the Authority.
- 1.7.2 All accounts and records relating to the finances of the Authority shall be open to inspection by the Treasurer, or any officer authorised by the Treasurer. The Treasurer shall have authority to apply any test or check to those accounts and records and to require such explanations as he/she considers necessary to satisfy himself/herself as to the correctness of any matters under consideration.

1.7.1 ANNUAL STATEMENT OF ACCOUNTS

The need for this Regulation

The Authority has a statutory duty to approve the annual statement of accounts that must fairly present its operations during the year.

The extent of this Regulation

- 1.8.1 The Treasurer has a duty to ensure that the annual statement of accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom- A Statement of Recommended Practice (CIPFA/LASAAC).
- 1.8.2 The Full Authority approves the annual statement of accounts within the laid down timetable set out in the Accounts and Audit Regulations 2003 as subsequently amended.

2 FINANCIAL PLANNING

2.1 POLICY FRAMEWORK

The need for this Regulation

Each Police Authority has a statutory responsibility to publish various performance plans.

The extent of this Regulation

- 2.1.1 The Police Authority approves the financial policy framework and budget. The framework includes the following statutory plans and strategies:
- Policing Plan;
 - Three year capital and revenue strategy; and
 - Efficiency Plan.
- 2.1.2 In accordance with Section 8 of the Police Act 1996, the Chief Constable has to present the Annual Policing Plan to the Police Authority for approval prior to 31 March each year. This plan must contain:
- the ministerial priorities set by the Home Secretary;
 - local priorities, after consultation with the public;
 - performance targets, linked to the above priorities;
 - the financial resources available.
- 2.1.3 The Chief Constable in conjunction with the Treasurer shall produce annually a three-year capital and revenue strategy for consideration by the (Finance and General Purposes Committee and) Full Authority.
- 2.1.4 The Chief Constable is required to prepare annually for approval by the Full Authority, an Efficiency Plan in accordance with Home Office guidelines.
- 2.1.5 The Chief Constable is required to present a quarterly report, plus an end of year report, to the Full Authority on the implementation of the Efficiency Plan.

2.2 BUDGET SETTING

The need for this Regulation

The Authority is responsible for spending a large sum of public money providing a range of policing services across a large geographical area. It needs to plan effectively and to develop systems to ensure that scarce resources are allocated to priorities.

The extent of this Regulation

- 2.2.1 The Treasurer is required to agree with the Chief Constable the detailed timetable for the preparation of the annual Capital and Revenue budgets and the format of those budgets.
- 2.2.2 The Chief Constable in consultation with the Treasurer will prepare a 3-year rolling capital programme and a 3-year revenue forecast.
- 2.2.3 The Chief Constable is required to:
- ensure that a revenue and capital budget is prepared on an annual basis for approval by the Full Authority;
 - ensure that budget estimates reflect agreed service plans and that they clearly identify the base budget, inflation factors, efficiency savings and growth bids and are in a format agreed by Treasurer.
- 2.2.4 The Full Authority shall approve annual revenue and capital programmes based on the Government grant settlement and any guidelines for capital expenditure, and set the precept. The Full Authority may amend the budget or ask the Chief Constable to reconsider it before approving it.
- 2.2.5 The Capital Strategy is to be implemented by the Chief Constable in accordance with the approved programme, these Financial Regulations and Contract Standing Orders.
- 2.2.6 Police Authority approval of the annual capital programme will authorise acquisition of land and property along with design and other preparatory work. Once approved, capital projects included in the approved programme may start on or after the planned date of start without further member approval unless the Home Office or other outside bodies require this.

2.3 BUDGETARY CONTROL

The need for this Regulation

The Authority requires a continuous process to be in place to ensure that allocated resources are used for their intended purposes, are properly accounted for, and allow budget targets to be adjusted during the financial year. Budgetary control also drives accountability through making staff responsible for defined elements of the budget.

The extent of this Regulation

- 2.3.1 The Chief Constable may authorise lawful expenditure included in that part of the approved annual estimates that is under his/her direct control, subject to compliance with these Financial Regulations and Contract Standing Orders.
- 2.3.2 The Treasurer and Chief Executive may authorise lawful expenditure included in that part of the approved annual estimates that is under the direct control of the authority, subject to compliance with these Financial Regulations and Contract Standing Orders. The Treasurer has the authority to approve special payments without the approval of the Police Authority, whether or not approval has been given in the annual budget in the following cases:
- payments required by statute
 - payments under a court order
 - payments made under an agreement entered into by the Police Authority
 - payments made in the settlement of any action or claim against the Police Authority, on the advice of the Chief Executive
 - payments made pending settlement of an insurance claim

- 2.3.3 After the annual capital and revenue budgets have been approved, the Chief Constable shall monitor the budgeted income and expenditure, and provide members with monthly reports comparing income and expenditure in the year to date with a profile of the approved budget for the equivalent period. The latest budget monitoring report, in a format approved by the Treasurer, shall be presented to each meeting of the Finance and General Purposes Committee.
- 2.3.4 For the purposes of these Financial Regulations, expected or actual shortfalls or losses of income shall be treated as if they are increases in expenditure.
- 2.3.5 The Chief Constable and Treasurer shall ensure, as far as practicable, that expenditure in excess of the approved budget is not incurred without the prior approval of the Full Authority. Where an estimated or actual overspend is identified, which can not be dealt with by virement (see Regulation 1.5), the details shall be included within the next budget monitoring report (see Regulation 2.3.3) to the Finance and General Purposes Committee. The report shall include an explanation for the overspend and details of the action taken or proposals made to deal with it.
- 2.3.6 The Director of Finance shall establish a framework of budgetary control which ensures that:
- a) budgets are managed within annual cash limits
 - b) budget holders receive timely management information to enable them to fulfil their budgetary responsibilities
 - c) officers comply with relevant guidance, including these financial regulations
 - d) each budget head has a single named manager, through a local scheme of delegation
 - e) variances are investigated and reported by managers regularly to the Director of Finance.
- 2.3.7 The Chief Constable and Treasurer may approve overspending on capital contracts or capital programme variations of up to £50,000 in relation to projects of up to £500,000. In relation to projects exceeding £500,000 the Chief Constable and Treasurer may approve overspending/variatioins of up to 10% of the cost of the project. The Chief Constable and Treasurer will report annually to the Police Authority approvals given under this delegated power. The Police Authority must approve all overspendings/variatioins in excess of the delegated power before the work is carried out.
- 2.3.8 Where the Chief Constable wishes to accept a tender that is not the lowest, the approval of the Police Authority is required. If an urgent decision is required, this should be taken by the Chief Constable and the Treasurer in consultation with the Police Authority Chairman.
- 2.3.9 The Chief Constable is responsible for the maintenance of records for capital contracts. Where instalments are made on the certificate issued by an authorised officer, the record is required to show the details of these payments.
- 2.3.10 No officer must authorise work to start or goods to be supplied, where these are subject of a contract under seal entered into between the Police Authority and the contractor, and the contract has been signed by the contractor. The Chief Executive must agree any exceptions to this procedure.
- 2.3.11 Claims from contractors regarding matters not within the terms of any existing contract must be referred to the Chief Executive for consideration of the Police Authority's legal liability before final settlement is reached. The Treasurer must be informed about claims before final settlement so that the financial implications can be considered.

- 2.3.12 Where completion of a contract is delayed beyond the due date for completion, it will be the duty of the Technical Officer concerned after consultation with the Chief Executive and Chief Constable, to take appropriate action in respect of any claim for liquidated damages. If the Chief Constable or his authorised officer decides that the liquidated damages should not be applied, this should be reported to the Police Authority.

2.4 RESERVES

The Police Fund is held as a general reserve to act as a contingency for unexpected future events. Reserves are also maintained for specific purposes where it is likely that a liability will arise. Any additions or withdrawals from the reserves are to be approved by the Full Authority. The Treasurer is responsible for advising on prudent levels of reserves in accordance with the Local Government Act 2003, taking account of the views of external audit.

3 RISK MANAGEMENT AND CONTROL OF RESOURCES

3.1 RISK MANAGEMENT AND INSURANCE

The need for this Regulation

All organisations, whether private or public sector, face risks to people, property and continued operations. Processes need to be in place, therefore, to identify and manage such risks, including arranging external insurance cover where appropriate.

The extent of this Regulation

- 3.1.1 The Full Authority, with the advice of the Treasurer, shall approve arrangements for risk management and insurance, and shall review the effectiveness of risk management.
- 3.1.2 Within the overall policy determined by the Authority, the Chief Constable shall effect and administer the risk management policies, including ensuring that:
- procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Force;
 - 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 with any significant changes to the risk profile being reported to the Finance and General Purposes Committee;
 - managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives; and
 - acceptable levels of risk are determined and insured against where appropriate;
 - the risk register should be presented to Finance and General Purposes Committee annually, together with a risk mitigation plan.
- 3.1.3 The Chief Constable in conjunction with the Treasurer shall effect insurance arrangements to mitigate risks where appropriate. The Chief Constable shall administer such insurance arrangements, including ensuring that procedures are in place to investigate claims within the required timescales.
- 3.1.4 Members of the Authority and officers shall promptly notify the Chief Constable of:
- all new risks, of whatever nature, which require to be insured, indicating the scope and amount of cover required, together with variations in existing risks; and
 - any loss, liability or damage, or of any event likely to lead to a claim, either against the Authority or in favour of it.

- 3.1.5 No member or officer shall admit liability to a claimant, or make any statement that could be construed as such, concerning a matter which is to be dealt with by insurers.
- 3.1.6 The Chief Constable has delegated authority to approve settlement of individual claims, within the terms of the policy, up to the level of the excess on the insurance policy. This applies to motor and third party/employers' liability claims.
- 3.1.7 The Chief Constable is delegated to approve ex-gratia payments outside of the Force's insurance arrangements (i.e. damage caused by police officers entering property, and minor claims from police officers and police staff of less than £1,000), up to a value of £15,000 in each case. For ex-gratia settlements in excess of £15,000, the Chief Constable must consult with the Treasurer. The value of ex-gratia payments includes any legal fees or other disbursements payable.

3.2 INTERNAL CONTROLS

The need for this Regulation

The Authority 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. A Statement on Internal Control has to be prepared and presented with the Annual Statement of Accounts.

The extent of this Regulation

- 3.2.1 Internal control refers to the systems of control devised by management to help ensure the Authority's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that the Authority's assets and interests are safeguarded.
- 3.2.2 The Chief Constable, in conjunction with the Treasurer, shall advise on and implement effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes, regulations and other relevant statements of best practice. The systems should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with the statutory and other authorities that govern their use.
- 3.2.3 The Treasurer shall establish sound arrangements for planning, appraising, authorising and controlling financial operations in order to achieve continuous improvement, economy, efficiency and effectiveness and for achieving financial performance targets.

3.3 AUDIT REQUIREMENTS – INTERNAL AUDIT

The need for this Regulation

The Accounts and Audit Regulations 2003 specifically require the Authority to "maintain an adequate and effective system of internal audit of their accounting records and accounting control systems in accordance with proper Internal Audit practices".

The extent of this Regulation

- 3.3.1 The Authority, on the advice of the Treasurer, shall arrange for an adequate and effective internal audit service which will include an examination of accounting, financial and other operations of the Authority, in accordance with generally accepted internal auditing standards.
- 3.3.2 Internal audit provides an independent and objective appraisal of the Authority's internal control environment for managers and members. It examines, evaluates and reports on the adequacy of internal control as a contribution to achieving best value in the use of resources and sound corporate governance.

- 3.3.3 The Internal Audit Contractor will prepare a 3-year rolling audit plan and an annual internal audit plan in consultation with the Treasurer and the Chief Constable prior to its submission to the Audit Committee for approval.
- 3.3.4 The Internal Audit Contractor will submit a progress report to each meeting of the Audit Committee and an annual report to the Finance and General Purposes Committee.
- 3.3.5 All reports produced by Internal Audit shall be available to both the Treasurer and the Chief Constable, and shall be presented to the Audit Committee by the Treasurer.
- 3.3.6 The Treasurer or his representative, including an internal auditor acting on behalf of the Authority, shall:
- have access at all reasonable times to premises, personnel, documents, and assets that are considered necessary for the purposes of their work; and
 - be provided with any information and explanations that they seek in the course of their work.
- 3.3.7 The Chief Constable will consider and respond promptly to recommendations concerning the Force in audit reports, and ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

3.4 AUDIT REQUIREMENTS – EXTERNAL AUDIT

The need for this Regulation

External audit is a statutory function. The duties of the external auditor are governed by the Audit Commission Act 1988, the Local Government Act 1999 and the Code of Audit Practice and covers:

- the audit of the annual statement of accounts
- a review of financial aspects of corporate governance
- a review of performance management arrangements, including Best Value performance
- the audit of grant claims

The extent of this Regulation

- 3.4.1 The Audit Commission is responsible for appointing external auditors to each Authority. External auditors act in liaison with the Treasurer and Chief Constable and have full access as the internal auditors do as shown in 3.3.6 and to internal audit reports.
- 3.4.2 The Audit Committee receives reports from external auditors. The Annual Audit letter is presented to the Full Authority.

3.5 PREVENTING FRAUD AND CORRUPTION

The need for this Regulation

The Authority will not tolerate fraud and corruption in the administration of its responsibilities, whether from inside or outside the Authority.

The extent of this Regulation

- 3.5.1 The Treasurer, Chief Executive and Chief Constable are required to maintain an anti-fraud and anti-corruption policy. All police officers and police staff are required to observe the policy and to bring to the attention of senior management any breaches which they observe.

- 3.5.2 A “whistle-blowing” policy has to be in place to ensure that employees, members, contractors or the public have a facility to make allegations of fraud, misuse or corruption in confidence, and without recrimination, to an independent contact. This policy should be made known to all staff.
- 3.5.3 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Authority, the Chief Constable, Chief Executive, Treasurer and Internal Audit Contractor must be immediately notified and the appropriate action taken.
- 3.5.4 A register of members' interests has to be kept with the Chief Executive being responsible for administering the register.

3.6 ASSETS AND PROPERTY

The need for this Regulation

It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the management and security of both assets and information required for service operations.

The extent of this Regulation

General

- 3.6.1 The Chief Constable is required to ensure that assets are properly maintained and securely held, and should ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place.
- Assets include stocks, stores, equipment, records, and intangible items such as intellectual property.
- 3.6.2 The Chief Constable is required to establish and maintain a register of all property and assets owned by or leased to the Authority (including vehicles and intellectual property), which are valued at over £6,000. In addition a register of all IT equipment will be maintained.
- 3.6.3 The Chief Constable will maintain a terrier of all land, buildings and interests owned by the Police Authority in a form approved by the Chief Executive in consultation with the Treasurer.
- 3.6.4 The Chief Constable shall undertake the day to day management, furnishing and equipping of Leicestershire Police premises and shall make arrangements for proper security and maintenance.
- 3.6.5 The Chief Constable shall make arrangements in line with current recognised practices, as he deems necessary to ensure the safe custody of all documents of title to land owned or leased by the Authority.
- 3.6.6 The Chief Constable will arrange for all attractive and portable items such as computers, cameras and video recorders to be identified with security markings as belonging to the Authority.
- 3.6.7 The Police Authority's property must not be removed from the premises where it is normally located or used contrary to its intended purpose without specific directions issued by the Chief Constable or his authorised representative. A record of such removal will be maintained at the establishment concerned.

Acquisitions and Disposals

- 3.6.8 Any acquisition or disposal of property that does not fall within the Policy Framework or budget shall be subject to the prior approval of the Finance and General Purposes Committee or Full Authority.
- 3.6.9 The Chief Constable shall arrange for disposal of any land, premises and other assets that become surplus to requirements. Where the estimated disposal value exceeds £75,000, the Chief Constable shall provide the Finance and General Purposes Committee with details in advance of their disposal.
- 3.6.10 The disposal of assets is covered by section 8.2 of the Force Procurement Policy.

Stocks and Stores

- 3.6.11 The Chief Constable will ensure stocks and stores are kept in appropriate storage facilities and are subject to regular independent physical stock checks.
- 3.6.12 Stocks should not be held in excess of normal operational requirements except in special circumstances with the approval of the Treasurer.
- 3.6.13 The identification of any material surplus or deficiency shall be reported to the Chief Constable and may only be written off with his approval up to a limit of £5k.

Amounts in excess of that limit require the approval of the Treasurer and, whenever appropriate, disposal will be by competitive quotation or tender.

Information Systems

- 3.6.14 The Chief Constable is responsible for the control of the Force's computer systems. He is also responsible for the security and privacy for data held by the system including compliance with the current Data Protection and other relevant legislation. Where central and other user's systems are accessed, he is responsible for ensuring proper controls are maintained.
- 3.6.15 Information systems should be developed in accordance with the IT strategy contained in the approved policing plan. Where developments of or material amendments to systems take place that affect financial procedures, the Chief Constable will inform the Treasurer. The Treasurer or his authorised representative will agree the standards of control required.

3.7 TREASURY MANAGEMENT

The need for this Regulation

The Authority needs assurance that its surplus funds are properly managed in a way that balances risk with return, but with the overriding consideration being given to the security of the capital sum.

The extent of this Regulation

Borrowing and Investments

- 3.7.1 The Authority has adopted the CIPFA Code of Practice for Treasury Management in Public Services.
- 3.7.2 The Treasurer is required to borrow, temporarily invest and repay monies, subject to any constraints imposed by statute or the CIPFA Code of Practice, and subject to the general directions and within any limits prescribed from time to time by the Authority.

- 3.7.3 The Treasurer shall report to the Full Authority prior to the commencement of each financial year on the treasury management strategy. In addition, the Treasurer shall report after the end of each financial year on treasury management activity for that year.
- 3.7.4 The Treasurer may, with the agreement of the Chief Constable, make arrangements for the Director of Finance to undertake or procure, in a manner acceptable to the Treasurer, the daily management of cash, loans and investment work.
- 3.7.5 External advisers may be utilised if the Police Authority, Treasurer or Chief Constable consider this to be necessary.
- 3.7.6 No loans are to be made to third parties other than those agreed by the Police Authority and any loans must comply with the limits set for each category of borrower.
- 3.7.7 No officer shall borrow money on behalf of the Authority, without the prior approval of the Treasurer.
- 3.7.8 The Director of Finance is required to maintain records of all borrowings and investments made by the Police Authority.

Banking Arrangements

- 3.7.9 All arrangements concerning the Authority's bank accounts, the issue of cheques, and bank transfer instructions must be approved by the Treasurer. All Police Authority bank accounts, including imprest accounts, must include "Leicestershire Police Authority" in the title and not be in the name of any officer by name or designation, or establishment.
- 3.7.10 Cheques, except those used by imprest accounts, will be ordered and controlled by the Chief Constable who will make proper arrangements for the safe custody of blank cheques and the preparation, signing and despatch of cheques.
- 3.7.11 All cheques generated and printed from the computerised financial systems and drawn on the Authority's Payments Account shall bear the printed facsimile of the signature of the Treasurer. All cheques exceeding £20,000 must be initialled by one of the following: Treasurer, Chief Constable, Deputy Chief Constable, Assistant Chief Constable, or Director of Finance.
- 3.7.12 The Chief Constable is required to make arrangements for the proper administration of payments made through the Bankers Automated Clearing System (BACS) in consultation with the Treasurer.
- 3.7.13 The Treasurer and, subject to his/her supervision, every person operating a bank account on behalf of the Authority shall make safe and efficient arrangements for the control of access to bank cheques, the preparation, signing and despatch of cheques, the prompt examination of paid cheques and an independent reconciliation of cash books with bank statements.
- 3.7.14 Every officer who receives money on behalf of the Authority shall promptly pay over such monies without deduction to the Authority's bankers or a representative of the Director of Finance, in accordance with such arrangements, as the Treasurer shall prescribe.

Imprests

- 3.7.15 The Chief Constable shall be empowered to establish such imprest accounts as he/she considers appropriate for the purpose of defraying petty cash and other expenses.
- 3.7.16 Payments from the imprest accounts shall be limited to minor items of expenditure, not exceeding £100 per item, and to such other items as may be agreed from time to time by the Chief Constable and Treasurer. Imprest accounts should not be used to make

payments normally processed through the payroll system, other than advances of expenses. Personal cheques must not be cashed or loans made from the accounts.

- 3.7.17 The imprest should be reconciled at least monthly, and reconciliation sheets are to be signed and retained by the imprest holder.
- 3.7.18 Informants' fees and Identification Parade fees may be paid out of imprest accounts subject to compliance with written procedures set out in the Force's Finance Procedures Manual.
- 3.7.19 Officers responsible for imprest accounts are required to produce a certificate as to the state of the imprest advanced as provided for on the reimbursement form and at other times if requested by the Chief Constable and/or the Treasurer.

Credit Cards

- 3.7.20 The Chief Constable shall be empowered to issue credit/debit cards as he/she considers appropriate for the purpose of defraying expenses.
- 3.7.21 Payments using credit cards shall be restricted to specific costs and limits for each user, as determined by the Director of Finance and agreed with the Treasurer.
- 3.7.22 Finance Support Officers shall be responsible for reconciling card payments monthly, in accordance with procedures established by the Director of Finance.

Voluntary Funds

- 3.7.23 The Chief Constable should be notified of the existence of all voluntary funds (i.e. funds for charitable, sporting or social purposes which, although not legally the property of the Authority, are controlled or administered by police officers or police staff by reason of his or her employment with the Authority), and of the arrangements for their audit.
- 3.7.24 The Chief Constable shall consult with the Treasurer on the type and extent of audit required for each particular fund, after taking into account the nature of activities covered, and the degree of risk. Under no circumstances must unofficial monies be mixed with official receipts of the Police Authority. Where the same officer keeps several unofficial funds, the funds should always be separate and readily identifiable.

Leases

- 3.7.25 No officer shall enter into either a finance Lease, an Operating Lease or agreement which may be a lease, in respect of finance, vehicles, property or equipment without the prior approval of the Treasurer.

4 SYSTEMS AND PROCEDURES

4.1 GENERAL

The need for this Regulation

Sound systems and procedures are essential to an effective framework of accountability and control.

The extent of this Regulation

- 4.1.1 The Director of Finance shall operate the Authority's accounting systems, the supporting financial records and the preparation of the accounts in the form agreed by the Treasurer. Any changes made to the existing financial systems or the establishment of new systems must be approved by the Treasurer.

- 4.1.2 The Chief Constable should ensure that all police officers and police staff are provided with relevant financial training that has been approved by the Director of Finance.
- 4.1.3 The Chief Constable must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation.
- 4.1.4 The Chief Constable shall ensure that a proper scheme of delegation has been established and is operating effectively. The scheme of delegation should identify police officers and police staff authorised to act on the Chief Constable's behalf in respect of payments, income collection and placing orders, together with the limits of their authority.
- 4.1.5 The Chief Constable must produce business continuity plans for implementation in the event of a disaster that may result in significant loss or damage to the Force's resources.

4.2 INCOME

The need for this Regulation

Income is a vulnerable asset and effective income collection systems are therefore necessary to ensure that all income due is identified, all collections are receipted and banked promptly and completely, and that the Authority's accounting records are properly and promptly updated.

The extent of this Regulation

- 4.2.1 The Chief Constable shall, in conjunction with the Treasurer, make and maintain arrangements for the financial organisation and accounting necessary to ensure the prompt recording of all sums due to the Authority and for the collection, custody, control and banking of all income.
- 4.2.2 All official receipt forms or books or other documentation representing receipts for money due to the Authority shall be in a form agreed with the Treasurer.
- 4.2.3 Each Officer who receives money on behalf of the Authority shall acknowledge receipt and keep such records as may from time to time be approved by the Treasurer, including an accurate and chronological account of all receipts and deposits.
- 4.2.4 The Director of Finance or his authorised representative shall be notified as early as possible of all monies due to the Authority under contracts, leases, tenancy agreements, agreements for the sale of property and any other arrangements involving the receipt of money by the Authority. Where the sum is to be paid directly into the Authority's bank account by the third party the Director of Finance or his authorised representative should be notified in advance of receipt.
- 4.2.5 Where appropriate VAT must be charged by the Authority on goods and services provided. Officers must charge and account for VAT in accordance with detailed rules included in the Force's Finance Manual.
- 4.2.6 Money held on behalf of the Authority may not be used to cash personal or third party cheques.
- 4.2.7 No debt in respect of an amount due to the Authority once established shall be discharged otherwise than by payment, by the issue of an official credit note or by write off by the approved method.
- 4.2.8 Sums due to the Authority shall not be written off without the direct approval of the Authority except on:

- the authority of the Chief Constable in respect of any individual sum not exceeding £5,000; or
- the joint authorisation of the Treasurer and Chief Constable in respect of any individual sum between the values of £5,000 and £10,000.

- 4.2.9 The Director of Finance should establish and monitor appropriate recovery procedures, including legal action, for debts that are not paid promptly.
- 4.2.10 Each meeting of the Finance and General Purposes Committee will receive a detailed report on any debt write-offs over £10,000.
- 4.2.11 The Treasurer may prescribe that, generally or particularly, specified goods or services are not be supplied on credit terms or may only be supplied on prepayment or concurrent terms.
- 4.2.12 The Chief Constable is required to determine the appropriate level of fees for services and the use of premises for which fees have not otherwise been fixed. Rents should be reviewed at least biannually unless they are subject to any longer period under the terms of the rental agreement.
- 4.2.13 The Chief Constable shall ensure that charges for special police services, made under Section 25 of the Police Act 1996, are calculated on the basis approved annually by the Authority.
- 4.2.14 The Chief Constable shall ensure that all discretionary charges are reviewed annually in consultation with the Treasurer.

4.3 ORDERS AND PAYMENTS FOR GOODS, WORK AND SERVICES

The need for this Regulation

The Authority should seek to achieve best value for money from all of its purchases. In this context, value for money means getting what is needed in the correct quality and quantity, at the right time and at the best possible price.

This Regulation should be read in conjunction with the Authority's Contract Standing Orders.

The extent of this Regulation

- 4.3.1 Any decision to waive Financial Regulations and Contract Standing Orders with regard to the need to tender must be taken by the Full Authority or Finance and General Purposes Committee. In urgent cases, if it is not possible to wait for a committee meeting, the decision will be made by the Chief Constable and Treasurer in consultation with the Chairman or Vice Chairman of the Authority.
- 4.3.2 The Chief Constable should seek to ensure that the Authority obtains best value for money from any purchase by testing the market, where appropriate, before the Authority is committed to any expenditure.
- 4.3.3 The Chief Constable should procure goods, work and services in accordance with the Authority's Contract Standing Orders.
- 4.3.4 The Chief Constable should agree with the Treasurer policies and procedures for the use of corporate credit cards, which should be incorporated in the Force's Finance Procedures Manual.

- 4.3.5 Official orders must be issued for all work, goods and services to be supplied to the Police Authority, except for supplies of services such as gas, electricity and water, for periodical payments such as rent and rates, for petty cash purchases, or for such other exceptions as the Chief Constable may approve. Orders must be signed by officers authorised by the Chief Constable who will maintain a list of officers authorised to sign on his behalf. Orders relating to the Police Authority budget must be signed by Police Authority staff designated by the Chief Executive who will maintain a list of those authorised to sign on his behalf. Where urgent orders are given orally they must be confirmed by a written order not later than the next working day following the day in which the oral order is given.
- 4.3.6 The originator shall indicate on the order, by use of nominal codes approved by the Director of Finance, the expenditure headings to which the expenditure is to be charged.
- 4.3.7 The Chief Constable should agree with the Treasurer policies and procedures for purchasing goods or materials at auction or from any consortium or association of which the Authority is a member. These procedures should be incorporated in the Force's Finance Procedures Manual.
- 4.3.8 The Director of Finance should ensure that payments are made in accordance with any contractual or statutory deadline.
- 4.3.9 It is vital to ensure that proper VAT invoices are received where appropriate so that the VAT can be reclaimed from Customs and Excise.
- 4.3.10 The Chief Constable will approve payment procedures in consultation with the Treasurer. The system should ensure that an officer authorised by the Chief Constable has certified expenditure.
- 4.3.11 Invoices, which should be on suppliers' printed forms, and internal claims for payment must be checked, initialled and certified by appropriate staff in accordance with arrangements agreed by the Chief Constable before payment is made.
- 4.3.12 The Chief Constable will ensure that a list of officers authorised to certify accounts is maintained in accordance with the guidelines agreed by the Chief Constable in consultation with the Treasurer. The Chief Executive will maintain a list of officers authorised to certify accounts relating to the Police Authority budget.
- 4.3.13 Before certifying an invoice or claim the Certifying Officer must satisfy themselves that the relevant expenditure has been properly incurred, is within the appropriate approved estimate, that it is allocated to the correct expenditure head and that prices, arithmetic and discounts are correct.
- 4.3.14 One and the same officer must not perform the duties of ordering and receiving goods and services, and certifying invoices and claims for payment.
- 4.3.15 All claims for the reimbursement of vehicle and subsistence allowances, travelling and incidental expenses, must be certified and submitted for payment on a form approved by the Chief Constable. Claims must be submitted promptly each month for the preceding month. Travel and subsistence claims, which are for a period over 6 months old, will not be paid unless there are extenuating circumstances.

4.4 PAYMENTS TO EMPLOYEES

The need for this Regulation

The largest item of expenditure to be met by the Authority is the cost of staffing. It is therefore important to have controls in place to ensure that payments are only made to bona-fide employees, are in accordance with individuals' conditions of employment, are only made in respect of services provided to the Authority, and that all amendments to

the payroll are properly authorised. The appropriate deductions for tax and National Insurance must be made and paid over to the relevant bodies together with the employer's contribution.

The extent of this Regulation

- 4.4.1 The Chief Constable has been delegated the following list of powers in relation to police officers and police staff:
- the appointment and dismissal of staff;
 - the management of disciplinary procedures and implementation of any outcome;
 - the management of grievance procedures and implementation of any outcome;
 - the approval of the extension of service for non-pensionable employees;
 - the approval of the extension of service for staff over normal retiring age;
 - the approval of the payment of all allowances payable under national or local conditions of service including car and telephone allowances;
 - the approval of the extension of sick leave on full pay (less National Insurance benefits) for a period within any policy agreed by the Authority;
 - the approval of leave of absence without pay beyond that provided for by the Authority;
 - the approval of the payment of honoraria to officers who have undertaken additional duties over an extended period in the absence of a more senior officer;
 - the grant of one merit increment in any year in salary; and
 - the discharge of any civilian employee whom the Police Surgeon has certified as being permanently medically unfit from performing his/her duties.
 - the secondment of officers and the appropriate recharge.
- 4.4.2 The above powers do not apply to police officers of the rank of Assistant Chief Constable and above or to the Director of Finance or Human Resources Director. Any such action taken has to have the approval of the Full Authority or Personnel Committee.
- 4.4.3 The Police Authority will appoint the Chief Executive and Treasurer and be responsible for the procedures listed in 4.4.1 above.
- 4.4.4 Police officers shall be appointed in accordance with Police Regulations, whilst police staff shall be appointed on the terms and conditions agreed by the Police Staff Council.
- 4.4.5 The payment of all salaries, wages, pensions, compensation and other emoluments to all employees and pensioners of the Authority shall be made by the Chief Constable under arrangements agreed with the Treasurer.
- 4.4.6 Officers authorised by the Chief Constable shall advise the Director of Finance, or his/her nominated representative, in writing using a prescribed format, as soon as possible of all matters affecting the payment of emoluments and in particular:
- appointments, resignations, dismissals, suspensions, transfers and secondments;
 - absences from duty for sickness or other reason other than approved annual leave;
 - changes in remuneration, other than normal increments and pay awards and agreements of general application; and
 - information necessary to maintain records of service for pensions, income tax, national insurance etc.
- 4.4.7 The Chief Constable shall authorise the payment of national pay awards in consultation with the Treasurer.
- 4.4.8 The incremental pay awards for ACPO officers require the approval of the Personnel Committee.

- 4.4.9 The Chief Constable is authorised to implement payments in accordance with schemes agreed by the Police Negotiating Board (e.g. Competency Related Threshold Payments, Special Priority Payments, Bonus Scheme) subject to regular progress reports to the Personnel Committee.
- 4.4.10 The Chief Constable shall authorise the payment of statutory pensions and allowances, gratuities and compensation.
- 4.4.11 The Chief Constable is authorised to agree, following consultation with the Chairman and Vice Chairman, rewards to police officers for exceptional diligence or other specially meritorious conduct under Section 31 of the Police Act 1996.
- 4.4.12 Where an overpayment of pension arises on the death of a pensioner due to the Authority paying pensions monthly in advance, the Authority will not seek recovery of any amount relating to the month in which death occurred.
- 4.4.13 All decisions relating to the forfeiture of police officer pensions will be dealt with by the Police Authority.
- 4.4.14 Travel and subsistence claims and other allowances should be certified by authorised officers. Certification is taken to mean that:
- journeys were authorised
 - expenses were properly and necessarily incurred
 - allowances are properly payable by the Police Authority
 - cost effective method of travel is used
 - vehicles are insured for business use
- 4.4.15 The Chief Executive is responsible for the payment of members' allowances in accordance with the scheme approved by the Full Authority.
- 4.4.16 All documents relating to payments made to employees pensioners and members are to be retained and stored in accordance with the retention of document policy and statutory requirements.

4.5 TAXATION

The need for this Regulation

Like all organisations, the Authority 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 severe. It is therefore very important for all officers to be aware of their role.

The extent of this Regulation

- 4.5.1 The Director of Finance, in conjunction with the Treasurer, should advise the Chief Constable, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
- 4.5.2 The Director of Finance is required to maintain the Authority's tax records, make all tax payments, receive tax credits and submit tax returns by their due date as appropriate.

5 EXTERNAL ARRANGEMENTS

5.1 PARTNERSHIPS

The need for this Regulation

Working in partnership with others brings a different set of risks that need to be identified

and controlled.

The Police Authority is responsible for approving the policy on partnership arrangements and the budget allocation for specific partnerships as part of the annual budget process. It is also responsible for approving delegations, including frameworks for statutory partnerships and contractual arrangements for any work for third parties or external bodies.

The extent of this Regulation

- 5.1.1 The Chief Constable may form partnerships with other local public, private, voluntary, and community sector organisations to address local needs, subject to advising the Chief Executive regarding each proposal and to reporting to the Community Consultation Committee on their work at least annually.
- 5.1.2 The Director of Finance is required to promote and maintain the same high standards of conduct with regard to financial administration in partnerships that apply to the Authority.
- 5.1.3 The Treasurer and Director of Finance must ensure that the accounting arrangements to be adopted relating to partnerships are satisfactory. They must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. They must ensure that all identifiable risks have been fully appraised before agreements are entered into with external bodies.

5.2 GIFTS, LOANS AND SPONSORSHIP

The need for this Regulation

The Authority is responsible under the Police Act 1996 for setting the terms under which the Force may, in connection with the discharge of its functions, accept gifts of money, and gifts or loans of other property.

The extent of this Regulation

- 5.2.1 Gifts, loans and sponsorship can be defined as the voluntary provision to the Force of non-public funds, services, equipment or other resources. They may be accepted from any source which has genuine and well-intentioned reasons for wishing to support specific projects. In return the provider may expect some publicity or acknowledgement.
- 5.2.2 Gifts, loans and sponsorship must not be accepted where there is a risk of offending the integrity or propriety of the Authority or Force, for example:
 - by accepting offers from sources which come under the direct scrutiny of the police;
 - where the provider seeks endorsement of a product or service in order to gain preferential treatment in supplying or contracting goods and services to the police; or
 - to influence the direction of a particular policy or operation.
- 5.2.3 Such arrangements should only be used to support police activities which can readily be discontinued, since they can be withdrawn at any time on the initiative of the donor.
- 5.2.4 Where gifts, loans, or sponsorship are made from more than one company in a competing market, care must be taken to demonstrate an even-handed approach in accepting or rejecting any offer.

- 5.2.5 Priority must be given to meeting the needs of the Force rather than those of the sponsor, and should avoid:
- potentially sensitive associations with inappropriate sponsors;
 - potentially sensitive associations with companies already in a contractual arrangement to supply goods or services to the Force, which could be construed by competitors as preferential treatment;
 - projects which could distract effort from tackling agreed priorities;
 - projects of dubious or limited benefit in policing terms;
 - offers of gifts, loans or sponsorship with conditions attached;
 - offers of gifts, loans, or sponsorship which could involve the Force in additional costs;
 - offers of equipment which is incompatible;
 - inadequate contractual arrangements; and
 - the risk of becoming unduly dependent on a facility liable to be withdrawn.
- 5.2.6 Where publicity is sought, a commercial agreement should be signed.
- 5.2.7 The Authority delegates to the Chief Constable discretion to accept individual gifts, loans, or sponsorship in accordance with the above guidelines up to a value of £100,000 p.a. Above £100,000 p.a., the Chief Constable must obtain the prior approval of the Finance and General Purposes Committee.
- 5.2.8 The total value of gifts, loans, and sponsorship must not exceed 1% of the approved annual revenue budget annually.
- 5.2.9 The Chief Constable must maintain a complete record of the market value of all gifts, loans, and sponsorship received, and provide details to the Treasurer in an annual report.
- 5.2.10 The Chief Constable should maintain a written policy in respect of gifts, loans, or sponsorship, and make it available to all police officers and police staff.

5.3 WORK FOR THIRD PARTIES

The need for this Regulation

Arrangements should be in place to ensure that any risks associated with work for third parties is minimised and that such work is within the powers of the Authority. This Regulation is not intended to cover operational policing work.

The extent of this Regulation

- 5.3.1 The Chief Constable should approve the contractual arrangements for any work for third parties or external bodies, including the identification of all risks related to that work.
- 5.3.2 If the value of such work is in excess of £50,000, the Finance and General Purposes Committee must be advised.
- 5.3.3 A register of all contracts to do work for third parties should be maintained.

5.4 EXTERNAL FUNDING

The need for this regulation

Arrangements should be in place to ensure that any risks associated with the receipt of external funding are minimised.

The extent of this regulation

- 5.4.1 All receipts of external funding that exceed £25,000 and which do not fall under the capital or revenue budget for the year, shall be specifically reported to the next Finance and General Purposes Committee by the Chief Constable.

APPENDIX 1 : GLOSSARY

Authority

This term is used to describe the Leicestershire Police Authority established under Section 3 of the Police Act 1996 that is responsible for securing the maintenance of an efficient and effective police force for the area described as Leicestershire in Schedule 1 of the Act.

Budget Head

The term Budget Head is used in these Regulations to describe the lowest level of subjective analysis of budget approved by the Authority in the annual budget report or any revisions subsequently made to the budget by the Authority.

Chief Constable

The office of Chief Constable is an appointment under Section 11 of the Police Act 1996 with responsibility for the direction and control of a police force. The police force includes both police officers and police staff appointed to the Force under Section 15 of the Act.

CIPFA

Chartered Institute of Public Finance and Accountancy.

Chief Executive

This term is used to describe the officer with responsibility for the general administration of the Authority. This appointment is made under Section 16 of the Police Act 1996. This officer is also designated the monitoring officer, under Section 5(1) of the Local Government and Housing Act 1989, with responsibility for ensuring the legality of the actions of police authority and its officers.

Code of Practice on Financial Management

The Code of Practice on Financial Management was issued by the Secretary of State for the Home Department under Section 39 of the Police Act 1996. It covers the discharge by police authorities, established under Section 3 of the 1996 Act, of their functions relating to finance. Police authorities must have regard to the Code under Section 6(3) of the 1996 Act.

Director of Finance

This term is used to describe the Chief Constable's senior financial officer, who is responsible to the Chief Constable for all financial activities undertaken in the Force.

Force

This refers to all those working under the direction and control of the Chief Constable as set out in Section 15 of the Police Act 1996. It covers both police officers and police staff, which goes beyond the legal definition of a force but is employed in the Financial Regulations for the sake of brevity and simplicity.

Full Authority

This refers to a meeting of all the members of the Leicestershire Police Authority, as opposed to a Committee.

Police Officers

This term is used to describe all police officers appointed in accordance with Police Regulations.

Police Staff

This term includes all civilian support staff appointed on the terms and conditions agreed by the Police Staff Council.

Treasurer

This term is used to describe the officer with overall responsibility for the administration of the Authority's financial affairs, as set out in Section 112 of the Local Government Finance Act 1988. Since the Authority has ultimate responsibility for all funds spent by the Force, there is no distinction in law between the financial responsibilities of the Authority and the financial responsibilities of the Force.

Virement

This is a technical term used to define the act of transferring resources from one Budget Head to another.