

**WARWICKSHIRE POLICE AUTHORITY****FINANCIAL STANDING ORDERS**

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## 1. Introduction

*This section briefly explains what Financial Standing Orders are and outlines their main purpose.*

- 1.1 Any major organisation requires a set of clearly understood rules and regulations for the management of its financial affairs. The statutory and regulatory framework within which the public sector, police authorities and forces operate is complex and designed to achieve proper stewardship and probity in the use of public funds. In addition the Home Office issued a Code of Practice under section 39 of the Police Act 1996 which deals specifically with the financial management of police authorities
- 1.2 To conduct its business effectively the Police Authority and Force (referred to in this document as Warwickshire Police), needs to ensure that it has sound financial management policies in place that are strictly adhered to.
- 1.3 These Financial Standing Orders (FSOs) are part of the Police Authority's Constitution and establish the overall control framework for the administration and control of the financial affairs of Warwickshire Police. The FSOs, which are approved and adopted by the Police Authority, set out the overarching financial responsibilities that ensure business is conducted properly and statutory and regulatory duties are satisfied and should be considered alongside the constitution of the Police Authority, Codes of Conduct for Members, Officers and Staff, Accounting Policies, Financial Procedures and Systems (FiPS), Cost Centre Managers Guide and schemes of delegation.
- 1.4 FSOs govern the respective responsibilities of Warwickshire Police on financial matters, and explain the model for financial management. FSOs confer duties, rights and powers upon the Authority and the Force and provide clarity on the financial accountabilities of groups and individuals. They apply to every member, officer and employee of Warwickshire Police and anyone acting on its behalf.
- 1.5 A modern organisation should be committed to innovation, within a regulatory framework, providing that the necessary risk assessment and approval safeguards are in place. These FSOs are designed to contribute to achieving this balance.
- 1.6 These FSOs identify the financial responsibilities of Police Authority Members, the Chief Executive, the Treasurer, the Monitoring Officer, the Chief Constable, the Director of Resources, the Assistant Director of Resources (Finance) and Cost Centre Managers.
- 1.7 Reference in these Standing Orders to the Police Authority, Treasurer, Chief Constable, Monitoring Officer, Director of Resources or Assistant Director of Resources (Finance) shall be deemed to include reference to any other officer authorised by them to discharge a particular function. Where such authority has been delegated or devolved a written record should be maintained.
- 1.8 In summary, the purpose of Financial Standing Orders is to:
- Maintain sound and proper financial procedures and arrangements for the administration of the financial affairs of Warwickshire Police;
  - Ensure that the financial dealings of the Warwickshire Police are conducted properly and in accordance with statute and best practice;
  - Demonstrate that proper safeguards and controls do exist and provide sufficient assurance to that effect to the Treasurer, who is responsible for ensuring that Warwickshire Police's financial affairs are properly carried out;
  - Provide a framework for financial management and service delivery which will enable, wherever possible, managerial and financial responsibilities to be aligned;

- Encourage the delegation of authority to the most appropriate level, supported by accurate, complete and timely financial information. This principle applies to the financial delegation of authority between the Police Authority and the police force and within the force itself;
- Encourage value for money in the use of Warwickshire Police resources; and
- To safeguard members, officers and employees of the Authority and the Force.

- 1.9 The last point is very important as without clearly defined financial procedures and arrangements, members, officers and employees could find themselves in an invidious and vulnerable situation. The observation of these standing orders is very much in each individual's interest. Any infringement may result in disciplinary proceedings. Such cases will be reported to the Treasurer, who shall determine, after consulting with the Monitoring Officer and Chief Constable, whether the matter shall be reported to the Police Authority.
- 1.10 FSOs are approved by the Police Authority and will be reviewed at regular intervals by the Treasurer in consultation with the Force.
- 1.11 The Chief Executive, Treasurer and Directors are responsible for ensuring that, within their area of responsibility, all members, officers, employees, contractors and agents are aware of the existence and content of the FSOs and that they are complied with.
- 1.12 All members, officers and employees have a duty to abide by the highest standards of probity in dealing with financial issues.
- 1.13 If anyone reading these regulations, or the other policies and procedures that form the control environment, is in any doubt over their meaning or how to comply they should contact the Treasurer, Director of Resources or Assistant Director of Resources (Finance).

## 2. Definitions

2.1 The following provides a definition of the key terms used in this document. A fuller explanation of terms is provided in the glossary.

Warwickshire Police	means collectively the Warwickshire Police Authority and the Warwickshire Police Force.
Police Authority	means the Warwickshire Police Authority as established in accordance with the Police and Magistrates Courts Act 1994.
Chief Executive	means the person appointed under Section 16 of the Police Act 1996. The Act requires the Authority to appoint a Chief Executive but does not define the duties of the Chief Executive. The functions of the Chief Executive as agreed by the Authority are set out in Schedule 1 of the Constitution.
Treasurer	means the officer with overall responsibility for the administration of the police authority's financial affairs, as set out in section 112 of the Local Government Finance Act 1988.
Monitoring Officer	means the person appointed by the Police Authority to act as "Monitoring Officer" under Section 5(1) of the Local Government and Housing Act 1989.
Chief Constable	means the officer appointed under section 11 of the Police Act 1996.
Director of Resources	means the person responsible to the Chief Constable for all financial activities undertaken within the force or contracted out under the supervision of the force. He/she should be a member of the force senior policy team as established under Section 15 of The Police Act 1996. His/her prime responsibility, however, is for ensuring effective and efficient use of the resources available to the force to support the achievement of operational performance.
Assistant Director of Resources (Finance)	Reporting to the Director of Resources this is the Chief Constable's senior financial officer who should possess a formal accountancy qualification. He/she may either be an employee appointed under Section 15 of the Police Act 1996 or an appropriately qualified police officer. He/she is responsible for the day-to-day administration of all financial activities undertaken within the force. He/she will be a member of the force's senior policy team, providing advice on the financial implications of decisions. His/her prime responsibility, however, is to support the Director of Resources in ensuring effective and efficient use of the resources available to the force to support the achievement of operational performance.
Cost Centre Manager	means the person delegated by the Chief Constable to be responsible for the budget for an area of operational activity or support services.
Budget Heads	means that part of the Police Authority's budget so identified in Financial Procedures and Systems (FiPS).

Virement	means the transfer of resources between Budget Heads.
Procedural Standing Orders	means the rules adopted from time to time by the Police Authority that regulate the proceedings and business of the Police Authority.
Contract Standing Orders	means the rules adopted by the Police Authority from time to time that regulate the procedures by which the Warwickshire Police lets contracts for the supply of works, goods and services.
Accounting Policies	means the rules determining the day-to-day accounting arrangements. The Treasurer is responsible for selecting suitable Accounting Policies and ensuring that they are applied consistently. The Assistant Director of Resources is responsible for the annual review of Accounting Policies and for advising the Treasurer accordingly. The Accounting Policies will be set out in the statement of accounts.
Financial Procedures and Systems (FiPS)	means the rules which set out the day-to-day arrangements for the administration of the financial affairs of Warwickshire Police. The Treasurer is responsible for determining the Financial Procedures and Systems (FiPS), which are a key element of the Control Environment. The Assistant Director of Resources is responsible for the continual review of FiPS to ensure that they remain fit for purpose and for advising the Treasurer accordingly.
Cost Centre Managers Guide	means the advice and guidance provide to Cost Centre Managers to enable them to discharge their financial responsibilities. The Director of Resources is responsible for developing, maintaining and promulgating the Cost Centre Managers Guide, which supplements the FiPS.
Schemes of Delegation	means the arrangements by which authority may be delegated or devolved to another officer. The terms of such delegation should be clearly set out in a Scheme of Delegation approved by the Director of Resources who will be responsible for maintaining a complete set of such delegations.

### 3. Financial Management Principles

*This section details the key principles that govern how financial resources are used and managed within the force. These principles are designed to be practical and ensure that Cost Centre Managers have sufficient flexibility to use financial resources appropriately and effectively, but also to provide appropriate safeguards.*

3.1 The requirements for Sound Financial Management (based on a clearly defined and agreed Accountability Framework and Control Environment) are:

- Decisions based on timely, accurate and appropriate information;
- Competent individuals with roles, responsibilities and rights clearly defined and understood
- Operational, performance and financial decision making and accountability aligned
- Budgets set in accordance with defined priorities and performance targets and reflecting the agreed principles of a good and balanced budget;
- Agreed reporting hierarchy used to monitor, review and adjust financial and performance targets during the financial year;
- Accounts prepared and independently audited as prescribed by the statutory framework.

3.2 Within these overall requirements, Warwickshire Police has identified a number of “Key Principles” to ensure that the management arrangements in place will deliver the most protection from harm within the resources available. These principles provide the basic control framework that accompanies the devolution of resources, decision-making and accountability. Detailed procedural guidance for Cost Centre Managers on how to operate financial systems on a day-to-day basis is given in Financial Procedures and Systems (FiPS) and the Cost Centre Managers Guide.

3.3 These Key Principles are:

- Transparency
  - Resource allocation driven by business planning and agreed service outcomes
  - Business planning process to reflect effective and appropriate consultation and scrutiny
  - Accurate, relevant, timely and appropriately tailored financial information determined by user needs
  - Openness and honesty in financial reporting
  - Authority will be assigned within a clearly defined and documented Scheme Of Delegation
  - Accountable Officers responsible for ensuring that all transactions are correctly reflected in the Financial Information System
  - An appropriate ongoing challenge regime will be in place, including professional challenge from the corporate and finance functions of the force
- Empowerment
  - Resource management responsibility devolved to decision makers
  - Clearly defined roles, responsibilities and rights

- Authority to act within defined limits and Scheme Of Delegation
  - Defined escalation process for consideration of resource implications of unforeseen events
  - Accountable Officers will have access to proactive and appropriate professional advice, guidance and services.
- Flexibility
- Accountable Officers involved in the resource allocation process (both financial and human resources)
  - Resource allocation driven by business planning and Force priorities
  - Freedom to manage within assigned authority for allocated budget to achieve agreed outcomes
  - Capacity to respond quickly and effectively to unforeseen operational requirements
  - Clear escalation process
- Accountability
- Operational, performance and financial accountability aligned
  - All budgets have a nominated Accountable Officer
  - Clearly defined roles and responsibilities
  - Accountable Officers are responsible for performance achieved from the resources applied and for reporting exceptions
  - Accountable Officers responsible for regularly reporting to their line managers on their performance to date and forecast performance for the year. In this context performance includes the use of resources allocated to them.
  - Clear accountability framework with performance linked to PDR
  - Accountable Officers will receive:
    - Appropriate training
    - Accurate, relevant, timely and appropriately tailored financial information and reports determined by user needs
    - Appropriate professional advice, guidance and support

### **Cost Centre Managers**

- 3.4 Devolved financial management carries with it responsibility to ensure money is spent legally, within budget, in compliance with FSOs and that value for money is obtained in making that expenditure.
- 3.5 Cost Centre Managers are obliged to accept the responsibilities and comply with the standards set out in these Financial Standing Orders (FSOs) and accompanying Financial Procedures and Systems (FiPs). Cost Centre Managers can, rightly, expect to receive the following support in the execution of these responsibilities:
- Appropriate training to fulfill properly their role
  - Accurate, relevant and timely information and reports

- Professional advice, guidance and support and advice from professionals who are familiar with their business needs.

### **Professional Support and the Role of the Finance Function**

3.6 The Finance Function will provide professional support and challenge to Cost Centre Managers. This includes:

- Giving quality financial advice that reflects the needs of the individual and the organisation
- Providing accurate relevant and timely information appropriate to the needs to the Cost Centre Managers
- Ensuring compliance with the Accountability Framework, Control Environment and Scheme Of Delegation
- Ensuring that professional and corporate standards are complied with

3.7 The Finance Function will maintain the Financial Information System as the only formal source of accounting and financial management information within Warwickshire Police.

3.8 The Finance Function will provide information appropriate to the needs of Statutory Reporting, Members, Chief Officers, Senior Managers, Cost Centre Managers, and other key user groups.

3.9 As part of this professional support structure, the Assistant Director of Resources (Finance) is responsible for:

- Co-ordinating the work of Finance Managers to ensure a consistent and effective service is provided; and
- Ensure the provision of finance training to all members, officers, employees, contractors and agents with delegated financial responsibilities or with a defined role in financial or related processes.

## 4. Financial Responsibilities

*This section outlines the main responsibilities for financial matters and clarifies whether they are a responsibility of the Police Authority, Chief Executive, Treasurer, Monitoring Officer, Chief Constable, Director of Resources, Assistant Director of Resources (Finance), Directors, Cost Centre Managers or Partnership Lead Officers.*

4.1 Responsibilities for financial matters can be split into two groups, namely:

- General responsibilities for sound financial management; and
- Responsibilities relating to key areas of finance.

The two groups are dealt with below.

### **General Responsibilities for Sound Financial Management**

4.2 There are four main areas of responsibility within this broad heading, they are:

- Financial decision making – Decisions need to be soundly based on accurate and appropriate information;
- Planning for the use of resources – Setting both the capital (purchase, construct or improve assets e.g. land, buildings etc) and revenue (the service plans) budgets to ensure scarce resources are allocated in accordance with carefully weighted priorities;
- Controlling the use of resources – Budgetary control is used to monitor, review and adjust financial targets during the financial year;
- Accounting for the use of resources – A statutory responsibility to prepare the annual accounts. These are then subject to external audit scrutiny, which assures that all expenditure is legal, the accounts are properly prepared and appropriate accounting practices have been followed.

4.3 The general responsibilities for sound financial management are outlined below and the responsibilities in relation to the key areas of finance are set out in the subsequent sections.

### **Police Authority**

4.4 The powers, duties and functions of the Police Authority are defined in Article 4 of the constitution.

4.5 The key responsibilities in relation to sound financial management are:

- (a) Approve the Accountability Framework and Control Environment;
- (b) Approve the Policing Plan, objectives and performance targets;
- (c) Set the Medium Term Financial Planning Strategic framework;
- (d) Agree the annual budget requirement and set the precept on the advice of the Treasurer;
- (e) Approve the capital programme and the arrangements for financing the programme;
- (f) Review, monitor and implement the Reserves Strategy and approve the use of reserves to support spending;

- (g) Approve the Treasury Management Strategy;
- (h) Approve the Chief Constable's proposed allocation of resources;
- (i) Monitor financial and performance outcomes; and
- (j) Ensure that the Chief Constable has established effective internal control systems to manage financial resources.

### **The Treasurer**

4.6 The Treasurer has statutory responsibilities<sup>1</sup> in relation to the financial administration and stewardship of the authority. The Authority's scheme of delegation to officers set out in the Constitution ascribes certain responsibilities to the Treasurer in accordance with those statutory duties. These Standing Orders provide examples of how the responsibilities of the Treasurer and the Monitoring Officer apply in respect of financial matters. These statutory responsibilities cannot be overridden.

4.7 It is the statutory responsibility of the Treasurer to:

- (a) Ensure that the financial affairs of Warwickshire Police are properly carried out and that the Accountability Framework and Control Environment are observed and kept up to date.
- (b) Report both to members of the Police Authority and to the external auditor any unlawful, or potentially unlawful, expenditure by the members or officers of the authority or force.
- (c) Report both to the Police Authority and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure.
- (d) Secure the preparation of statutory and other accounts.
- (e) Maintain an adequate and effective internal audit function, operating in accordance with the Cipfa Code of Practice on Internal Audit in the United Kingdom 2006 as well as statutory obligations and regulations

4.8 The Treasurer is the Authority's professional adviser on financial matters. The Treasurer's role is to:

- (a) Provide financial advice and information to the Police Authority on all aspects of its activity, including strategic planning and policy-making processes.
- (b) Advise members on all relevant issues associated with best value.
- (c) Advise the Police Authority on financial propriety.
- (d) Ensure that accurate, complete and timely financial management information is provided to the Authority and Chief Constable.
- (e) Make recommendations on the Treasury Management Strategy and ensure the operational delivery of the Strategy.
- (f) Advise, in consultation with the Chief Executive and Chief Constable, on the safeguarding of assets, including risk management and insurance.

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<sup>1</sup> The statutory responsibilities of the Police Authority Treasurer are set out in sections 112 and 114 of the Local Government Finance Act 1988 as amended by section 130 of the Greater London Authority Act 1999. The qualifications required for the Treasurer are set out in section 113 of the same Act, and the Accounts and Audit Regulations 2003 (as amended) impose further responsibilities.

- (g) Arrange for the determination, issue and transfer of the precept.
  - (h) Advise on budgetary matters including any consequent long-term implications.
- 4.9 The Treasurer is also responsible for advising the Authority about whether a decision is likely to be considered contrary to or not wholly in accordance with the budget. Actions that may be 'contrary to the budget include:
- Initiating a new policy
  - Committing expenditure in future years to above the budget level
  - Causing the total expenditure financed from precept, grants and corporately held reserves to be exceeded.
- 4.10 In practice the Treasurer carries out his role with direct support from the Director of Resources and the Assistant Director of Resources (Finance) and a number of aspects of the work associated with the above responsibilities may be formally delegated to these officers.

#### **Chief Constable**

- 4.11 The Chief Constable is responsible for the strategic management of the force as a whole. He/she must report to and provide information for the Police Authority. He/she is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation. The Chief Constable is empowered by the Police Authority to further delegate budgets within this environment.
- 4.12 The Chief Constable is responsible for the strategic management of the resources allocated to the Force within the budget and the Accountability Framework agreed by the Police Authority and should:
- (a) Ensure overall budgetary control is maintained. He/she is empowered to approve proposals involving expenditure not included in the budget provided the amount involved is not significant and does not involve a change in policy and provided the cost can be contained within the overall net budget.
  - (b) Ensure that no increase in the Authority's net budget is made without approval of the Police Authority.
  - (c) Ensure that all Police Authority members are advised of the financial implications of all proposals.
  - (d) Arrange and sign contracts on behalf of the Police Authority in line with the scheme of delegation and contract standing orders.
- 4.13 The Chief Constable may delegate this day-to-day responsibility to accountable officers, who may be the Deputy Chief Constable, Directors and/or other Senior Managers as he/she sees fit within an established Scheme Of Delegation.

#### **Chief Executive**

- 4.14 Section 16 of the Police Act 1996 (the Act) requires the Authority to appoint a Chief Executive. The Act does not define the duties of the Chief Executive. The duties of the Chief Executive, as determined by the Police Authority, are set out in Schedule 1 of the Constitution

#### **Monitoring Officer**

- 4.15 Reference should be made to Authority's scheme of delegation to officers set out in the Constitution which ascribes certain responsibilities to the Monitoring Officer in accordance with his duties under s5(1) of the Local Government and Housing Act 1989. These Standing Orders provide examples of how the responsibilities of the Monitoring Officer apply in respect of financial matters

- 4.16 The Monitoring Officer is responsible for promoting and maintaining high standards of conduct including financial conduct. The Monitoring Officer is also responsible for reporting any actual or potential breaches of the law or maladministration to the Authority and/or Force, and for ensuring that procedures for recording and reporting key decisions are operating effectively.
- 4.17 The Monitoring Officer is responsible for advising all members and officers about who has authority to take a particular decision.
- 4.18 The Monitoring Officer is responsible for advising the Authority and/or Force about whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework.
- 4.19 The Monitoring Officer is responsible for maintaining an up-to-date constitution.

#### **Director of Resources**

- 4.20 Reporting to the Chief Constable the Director of Resources has overall responsibility for the strategic financial management of the force within the framework of the agreed budget and other policies agreed by the Police Authority.
- 4.21 The Director of Resources has overall responsibility for ensuring that the Accountability Framework, Control Environment and Scheme Of Delegation within the Force are adhered to.
- 4.22 He/she should ensure that the strategic and operational processes for developing the Medium Term Financial Planning Strategy, setting the budget, monitoring financial performance during the year, reporting on the actual performance at year-end are in place and operating effectively within the framework agreed by the Police Authority.
- 4.23 With the Chief Executive, the Treasurer and the Chief Constable the Director of Resources should ensure that the Medium Term Financial Planning Strategy is delivered.
- 4.24 The Director of Resources should report to the Police Authority significant changes of policy or events that involve large sums of money.
- 4.25 The Director of Resources should be a member of the Chief Constable's senior management team.

#### **Assistant Director of Resources (Finance)**

- 4.26 The Financial Management Code of Practice, a Home Office document that governs the financial management framework of police authorities and forces, refers to the post of Finance Director. In Warwickshire the role and responsibilities of the Director of Finance are undertaken by the Assistant Director of Resources (Finance).
- 4.27 The Assistant Director of Resources (Finance) is the Chief Constable's senior financial officer and should possess a formal accountancy qualification. He/she may either be an employee appointed under Section 15 of the Police Act 1996 or an appropriately qualified police officer. He/she is responsible for the day-to-day administration of all financial activities undertaken within the force. He/she will be a member of the force's senior policy team, providing advice on the financial implications of decisions. His/her prime responsibility, however, is to support the Director of Resources in ensuring effective and efficient use of the resources available to the force to support the achievement of operational performance.
- 4.28 Reporting to the Director of Resources the Assistant Director of Resources (Finance) has day-to-day responsibility for the financial management of the force within the framework of the agreed budget and other policies agreed by the Police Authority.
- 4.29 The Assistant Director of Resources (Finance) has day-to-day responsibility for ensuring that the Accountability Framework, Control Environment and Scheme Of Delegation within the Force are adhered to.
- 4.30 The Assistant Director of Resources (Finance) is responsible for maintaining up to date Financial Standing Orders, Cost Centre Managers Guide and Financial Procedures and Systems (FIPS) in consultation with the Treasurer who must be satisfied they provide for effective managerial control and review.

### **Directors**

- 4.31 Reporting to the Chief Constable, the Deputy Chief Constable and other Directors will be responsible for:
- (a) Ensuring that overall budgetary control is maintained for the resources allocated to them. He/she will be accountable for the proper management of financial resources devolved to them.
  - (b) Ensuring that appropriate schemes of delegation are in place for their Directorate; and
  - (c) Ensuring that officers and staff in their Directorate comply with Financial Standing Orders, Cost Centre Managers Guide and Financial Procedures and Systems (FiPS) as issued from time to time by the Director of Resources.

### **Cost Centre Managers**

- 4.32 Cost Centre Managers are accountable for the proper management of the resources devolved to them to deliver defined outcomes and/or performance targets. This includes the right to change the deployment of the resources allocated to them in order to deliver the defined outcomes in the most efficient manner provided this does not involve a change in policy or strategic service delivery.
- 4.33 Cost Centre Managers may delegate authority over all or part of the budget allocated to them in accordance with the agreed Scheme Of Delegation. Where such authority has been delegated a written record should be maintained.
- 4.34 Cost Centre Managers are required to comply with Financial Standing Orders, Cost Centre Managers Guide and Financial Procedures and Systems (FiPS) as promulgated from time to time by the Director of Resources or Assistant Director of Resources (Finance).
- 4.35 In addition to their individual responsibilities, every manager has corporate responsibility for the best use of resources to achieve corporate objectives and for the overall affordability, acceptability and sustainability of the organisation.

### **Partnership Lead Officers**

- 4.36 In the absence of specific suitable and properly approved Financial Standing Orders, officers who take on lead responsibility for a partnership or who spend or receive Police Authority monies through a partnership will comply with Financial Standing Orders, Cost Centre Managers Guide and Financial Procedures and Systems (FiPS) as issued by the Director of Resources.

### **Responsibilities Relating to Key Areas of Finance**

- 4.37 The following sections set out the overarching principles and responsibilities for the key areas of finance. They should be read in conjunction with the Financial Procedures and Systems (FiPS), which are determined by the Treasurer and set out the day-to-day arrangements for the administration of the financial affairs of Warwickshire Police, and the Cost Centre Managers Guide, which is issued by the Director of Resources and provides additional advice and guidance.
- 4.38 The following sections set out the responsibilities of the Police Authority, the Treasurer, the Chief Constable, the Monitoring Officer, the Director of Resources, the Assistant Director of Resources (Finance) and Cost Centre Managers. These responsibilities can be delegated to other officers in accordance with the approved Scheme of Delegation. (Where such authority has been delegated a written record should be maintained.)

## 5. FINANCIAL MANAGEMENT AND CONTROL

### 5.1 CONTROL ENVIRONMENT

5.2 The Police Authority is responsible for drawing up and adopting a set of standing orders relating to contracts and financial regulations. These will govern the relationship between the Police Authority and the Police Force in financial matters.

### 5.3 FINANCIAL MANAGEMENT STANDARDS

#### **Why is this Important?**

5.4 All staff and members have a duty to abide by the highest standards of probity in dealing with financial issues. This is achieved by ensuring every one is clear about the standards to which they are working, and the controls that are in place to ensure that these standards are met.

#### **Key Controls**

- Their promotion throughout the Police Authority.
- A monitoring system is in place to review compliance with financial standards and reported to the Police Authority.

#### **Responsibilities of the Treasurer**

5.5 To ensure the proper financial administration of Warwickshire Police.

5.6 To set the financial standards, and to monitor their compliance.

5.7 To ensure proper professional practices are adhered to, and to promote financial management standards, performance and development of finance staff throughout the authority.

5.8 To advise on the key strategic controls necessary to secure sound financial management.

5.9 To ensure that financial information is available to enable accurate and timely reporting of comparisons of national and local financial performance indicators.

5.10 To take reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

5.11 To support the Treasurer in the implementation of the proper financial administration of Warwickshire Police.

### 5.12 MANAGING AND CONTROLLING SPENDING

#### **Why is this Important?**

5.13 Budget management ensures that the resources allocated are used for their intended purposes and that these resources are properly accounted for. Budgetary control is a continual process enabling the organization to review and adjust its budget targets during the financial year.

5.14 By identifying and explaining variances against budgetary targets, the organisation can identify changes in trends and resource requirements at the earliest opportunity. The Police Authority itself operates within an annual cash limit, approved in setting the overall budget. To ensure that the Police Authority does not overspend in total, Cost Centre Managers are required to manage their own expenditure within the cash limited budget allocated to them.

5.15 For the purposes of budgetary control by managers, a Budget Head will normally be a cost centre. However, it may be at a more detailed level in the standard coding structure if this is required by the Scheme Of Delegation.

5.16 Subject to the principles agreed by the Police Authority the arrangements for the transfer of resources between Budget Heads (virements) will be set out in the Virement Scheme approved by the Treasurer and the arrangements for the transfer of resources between years (carry forwards) will be set out in the Carry Forward Scheme.

**Key Controls**

- Budget holders should only be responsible for expenditure that they can influence.
- Each “£” of budgeted expenditure is allocated to a named budget manager.
- Budget managers accept accountability for their budgets, the level of service and performance outcomes to be delivered.
- Budget managers follow an approved certification process for all expenditure.
- Income and expenditure is properly recorded and accounted for.
- The arrangements for the transfer of resources between Budget Heads are set out in the Virement Scheme
- The arrangements of carry forward under and/or overspendings at the end of the financial year are set out in the carry forward scheme.
- A monitoring process is in place to review and challenge performance levels / levels of service in conjunction with the budget and necessary action taken to align service outputs and budget.

**Responsibilities of the Police Authority**

- 5.17 To approve the annual revenue budget and capital programme, the use of reserves to support spending and the precept.
- 5.18 To approve the Chief Constable’s proposed allocation of the budget and to approve any in year changes (virements) that involve a change in policy.
- 5.19 To approve any new spending proposals which:
- (a) Create financial commitments for the current or future years above identified funding.
  - (b) Initiate new policy or cease existing policies.
  - (c) Materially extend or reduce the Police Authority’s services.
- 5.20 The Police Authority will regularly monitor financial performance and will review the overall financial position at the end of each financial year, including the arrangements to transfer resources between years.

**Responsibilities of the Treasurer**

- 5.21 To ensure that a revenue budget and capital programme is prepared on an annual basis for consideration by the Police Authority.
- 5.22 To submit reports to the Police Authority, in consultation with the Chief Constable, where the force is unable to balance expenditure and resources within existing approved budgets.
- 5.23 To prepare and submit reports on the Police Authority’s projected expenditure compared with the budget.
- 5.24 To approve the Virement Scheme administered by the Director of Resources.
- 5.25 To report the outturn to the Police Authority at the year-end and make recommendations on the arrangements to carry forward under / over spendings.

**Responsibilities of the Director of Resources**

- 5.26 To ensure that an appropriate framework of budgetary management and control is in place.
- 5.27 To ensure that the Virement Scheme approved by the Treasurer is implemented throughout the organisation.

### **Responsibilities of the Assistant Director of Resources (Finance)**

- 5.28 To establish an appropriate framework of budgetary management and control which ensures that:
- (a) Budget management is exercised within annual cash limits unless the Police Authority agrees otherwise.
  - (b) Each budget holder has available timely information on receipts and payments on each Budget Heading, to enable them to fulfill their budgetary responsibilities.
  - (c) Expenditure is committed only against the relevant approved Budget Head.
  - (d) All officers responsible for committing expenditure comply with relevant guidance, including financial regulations.
  - (e) Each Budget Head has a single named manager, through a Scheme Of Delegation. As a general principal, budget responsibility should be aligned as closely as possible to decision-making that commits expenditure.
  - (f) Significant variances from approved budgets are investigated and reported by managers regularly.
- 5.29 To administer the Virement Scheme approved by the Treasurer on a day-to-day basis.
- 5.30 To support the Treasurer in the preparation of regular monitoring reports to the Police Authority
- 5.31 To support the Treasurer in reporting the annual outturn to the Police Authority and to administer the carry forward arrangements approved by the Police Authority.

### **Responsibilities of Cost Centre Managers**

- 5.32 To maintain full and effective budgetary control in accordance with the framework set by the Assistant Director of Resources (Finance) and to ensure that all income and expenditure is properly recorded and accounted for.
- 5.33 To ensure that spending remains within the overall cash limit, and that individual Budget Heads are not overspent, by monitoring the budget and, where it appears that areas of the budget are likely to be over or under-spent, taking appropriate corrective action.
- 5.34 To ensure that a monitoring process is in place to review performance levels / levels of service in conjunction with the budget and that any necessary action is taken.
- 5.35 To assist the Assistant Director of Resources (Finance) in the preparation of reports to be submitted to the Police Authority on the service's projected expenditure compared with its budget, in consultation with the Treasurer to the Police Authority.
- 5.36 To seek, in consultation with the Director of Resources, the prior approval by the Police Authority for new proposals which:
- (a) Create financial commitments for the current or future years above identified funding.
  - (b) Initiate new policy or cease existing policies.
  - (c) Materially extend or reduce the Police Authority's services.
- 5.37 A report on new proposals should explain the full financial implications. Unless the Police Authority has agreed otherwise, budget holders must plan to contain the financial implications of such proposals within their cash limit.
- 5.38 To ensure that the transfer of resources between Budget Heads complies with the Virement Scheme and, when necessary, consult with the relevant budget holder where it appears that a

budget proposal, including a Virement proposal, may impact on another budget holder's level of activity.

- 5.39 Subject to the approval of the Police Authority any overspending in total on budgets under the control of a Cost Centre Manager shall be carried forward to the following year, and will constitute the first call on the budget in the following year.
- 5.40 Subject to the approval of the Police Authority an overall net underspend on budgets under the control of a Cost Centre Manager may be carried forward, subject to the total to be carried forward not exceeding total net underspending by the Force.
- 5.41 Balances shall be available for carry forward to support the expenditure of the budget concerned. Where an unplanned deficit occurs the budget holder shall prepare a detailed financial recovery plan for consideration.

#### 5.42 ACCOUNTING POLICIES

##### **Why is this Important?**

- 5.43 The Treasurer is responsible for the preparation of the Police Authority's statement of accounts, in the format required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement of Recommended Practice (SORP), for the financial year ending 31 March. The preparation of the Statement of Accounts is devolved to the Assistant Director of Resources (Finance).

##### **Key Controls**

- Suitable accounting policies are selected and applied consistently.
- Judgments are made and estimates prepared which are reasonable and prudent.
- Statutory and other professional requirements are observed to maintain proper accounting records.
- All reasonable steps have been taken for the prevention and detection of fraud and other irregularities.

##### **Responsibilities of the Treasurer**

- 5.44 To select suitable accounting policies and to ensure that they are applied consistently. The accounting policies will be set out in the statement of accounts which is prepared at 31 March each year.

##### **Responsibilities of the Assistant Director of Resources (Finance)**

- 5.45 To ensure compliance with the accounting policies set by the Treasurer.

##### **Responsibilities of Cost Centre Managers**

- 5.46 To adhere to the accounting policies approved by the Treasurer.

#### 5.47 ACCOUNTING RECORDS

##### **Why is this Important?**

- 5.48 Proper accounting records are one of the ways in which the Police Authority discharges its responsibility for stewardship of public resources. The Police Authority has a statutory responsibility to prepare its annual accounts to present fairly its operations during the year. These are subject to external audit. This provides assurance that the accounts are properly prepared and proper accounting practices have been followed and that arrangements have been made for securing best value in the use of the authority's resources.

**Key Controls**

- All members, finance staff and budget managers operate within the required accounting standards.
- All transactions, material commitments, contingent liabilities and contracts and other essential accounting information have been recorded completely, accurately and on a timely basis.
- Only one system is used for recording all financial transactions
- Procedures are in place to enable accounting records to be reconstituted in the event of failure.
- Balances and reconciliation procedures are carried out to ensure transactions are correct.
- All documents are retained as per the document retention policy.

**Responsibilities of the Treasurer**

- 5.49 To make proper arrangements for the audit of the accounts in accordance with the Accounts and Audit Regulations.
- 5.50 To ensure compliance with the requirement for the Police Authority to approve the draft Statement of Accounts and to prepare and publish the audited accounts of the Police Authority for each financial year, in accordance with the statutory timetable.
- 5.51 To determine the accounting procedures and records for Warwickshire Police.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 5.52 To set the timetable for the preparation of the Statement of Accounts and to issue appropriate guidance.
- 5.53 To comply where practicable with the following principles when allocating accounting duties:
- (a) Separating the duties of providing information about sums due to or from Warwickshire Police and calculating, checking and recording these sums from the duty of collecting or disbursing them.
  - (b) Officers or employees with the duty of examining or checking the accounts of cash transactions shall not themselves be engaged in these transactions.
- 5.54 To develop and maintain a Document Retention Policy and ensure that documents are retained accordingly.
- 5.55 To develop and maintain a Data Archiving Policy for the accounts and financial transactions of the Police Authority and ensure that data is retained accordingly.

**Responsibilities of Cost Centre Managers**

- 5.56 To consult and obtain the approval of the Director of Resources before making any changes to accounting records and procedures.
- 5.57 To maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements.
- 5.58 To supply information required enabling the Statement of Accounts to be completed, in accordance with guidelines issued by the Assistant Director of Resources (Finance).

## 6. FINANCIAL PLANNING

### 6.1 POLICY FRAMEWORK

#### **Why is it important?**

- 6.2 Medium term planning, normally covering a 3 to 5 year planning cycle, enables Warwickshire Police to develop and articulate its plans against which it can monitor its performance. As each year passes, another future year will be added to the medium term plan. Medium term planning ensures that Warwickshire Police is always preparing for events in advance.
- 6.3 It is important that the Warwickshire Police have a clear strategic direction that satisfies the various demands placed upon them and that this is matched by an adequately resourced financial plan that is clearly understood by officers of the Force.
- 6.4 The Policing Plan sets out the policing priorities and objectives of the Force, its performance targets for the forthcoming three years, proposals for overall improvement and how these will be delivered and resourced.
- 6.5 The Medium Term Financial Planning Strategy (MTFPS) and budget is the financial expression of the Authority's plans and policies and the service plan leading to the production of the annual policing plan. Service planning, the MTFPS and the annual budget are therefore closely integrated.
- 6.6 The MTFPS and revenue budget must be constructed so as to ensure that resource allocation reflects the spending plans and priorities of Warwickshire Police. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent.
- 6.7 The MTFPS provides the financial framework for the development of the Policing Plan and articulates the resource implications of the medium term policing strategy.
- 6.8 The annual revenue budget is a restatement of the annual policing plan in financial terms and sets out the financial implications of the Authority's policies. It provides an estimate of the annual income and expenditure requirements of Warwickshire Police and provides the Chief Constable with the authority to incur expenditure and a basis on which to monitor the financial performance of Warwickshire Police.
- 6.9 The Capital Programme sets out the planned investments in the assets stock (i.e. purchase, construct or improve assets e.g. land, buildings etc)

#### **Key Controls**

- There is a clearly articulated and understood policy planning process and timetable that involves members, senior managers and Cost Centre Managers.
- The Policing Plan, MTFPS and Budget are approved by the Policy Authority
- A monitoring process is in place to review regularly the delivery of the policing plan and the budget which enables the service and financial plans to be revised in the light of actual performance

#### **Responsibilities of the Police Authority**

- 6.10 The Police Authority is responsible for determining and approving the overarching policy framework which comprises:
- (a) The three year Policing Plan,
  - (b) The Annual Policing Priorities
  - (c) The three year Medium Term Financial Planning Strategy (MTFPS).
  - (d) The Annual Revenue Budget.
  - (e) The 5-year Capital Programme and financing plan.

- (f) Three year Efficiency and Productivity Target
- (g) Local Strategies for Reducing Crime and Disorder

- 6.11 The general format of the budget will be determined by the Police Authority on the advice of the Treasurer and the Chief Constable and should include the allocation of the budget, proposed use of reserves, proposed precept levels and contingency funds.
- 6.12 The Police Authority is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies.
- 6.13 The Treasurer, the Chief Executive and the Monitoring Officer are also responsible for determining when a decision may be deemed contrary to the budget or policy framework and should therefore be referred to the Police Authority.

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

- 6.14 The Chief Constable is responsible for determining and organising the annual policy planning process and for submitting the Policing Plan to the Police Authority for approval.
- 6.15 The Chief Constable is responsible for securing a resource allocation process that ensures due consideration of the Police Authority's policy
- 6.16 The Chief Constable, in consultation with the Treasurer, will make recommendations to the Police Authority on the allocation of the budget.

#### **Responsibilities of the Treasurer**

- 6.17 The Treasurer, in consultation with the Chief Constable, is responsible for making recommendations to the Police Authority on the MTFPS, annual revenue budget and capital programme and financing plans, including the use of reserves and precept levels.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

- 6.18 Following consultation with the Treasurer, the Assistant Director of Resources (Finance) will issue guidelines on budget preparations to budget holders. The guidelines will take account of:
- (a) Legal requirements.
  - (b) Medium term planning prospects.
  - (c) Available resources.
  - (d) Spending pressures.
  - (e) Best Value and other relevant Government guidelines.
  - (f) Efficiency savings.

- 6.19 PERFORMANCE PLANS

#### **Why is it important?**

- 6.20 The Police Authority has a statutory responsibility to publish various performance plans, including the Policing Plan, the Local Strategies for Reducing Crime and Disorder, etc. The Policing Plan sets out the overall priorities and objectives of the Force, its current performance, and proposals for overall improvement.

#### **Key Controls**

- To ensure that all relevant plans are produced and that they are consistent with each other.
- To produce plans in accordance with statutory requirements.
- To meet the timetables set.
- To ensure that a high standard of data quality is maintained.

### **Responsibilities of the Police Authority**

- 6.21 The Police Authority is responsible for approving the Policing Plan and annual policing priorities

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

- 6.22 The Chief Constable is responsible for determining and organising the annual Policing Plan development process and for submitting the Policing Plan to the Police Authority for approval.

### **Responsibilities of Assistant Director of Resources (Finance)**

- 6.23 To advise and supply the financial information that needs to be included in performance plans in accordance with statutory requirements and agreed timetables.
- 6.24 To contribute to the development of corporate and operational targets and objectives and performance information.

### **Responsibilities of Cost Centre Managers**

- 6.25 To contribute to the development of performance plans in line with statutory requirements.

### **6.26 Medium Term Financial Planning Strategy.**

#### **Why is this Important?**

- 6.27 Medium term planning, normally covering a 3 to 5 year planning cycle, enables the Authority to develop and articulate its financial plans and ensure that it has sufficient resources to deliver the Policing Plan.
- 6.28 The Authority is a complex organisation responsible for delivering a wide variety of services. It needs to plan effectively and to develop systems to enable scarce resources to be allocated in accordance with carefully weighed priorities. The medium term financial strategy (MTFPS) and budget is the financial expression of the Authority's plans and policies.
- 6.29 The MTFPS and revenue budget must be constructed so as to ensure that resource allocation properly reflects the spending plans and priorities of the Authority. Budgets (spending plans) are needed so that the Authority can plan, authorise, monitor and control the way money is allocated and spent.

#### **Key Controls**

- MTFPS approved by the Police Authority
- Budget managers accept accountability within the agreed delegations for their budgets and the level of service to be delivered.
- A monitoring process is in place to review regularly the effectiveness and operation of budget preparation and that any corrective action is taken.

### **Responsibilities of the Police Authority**

- 6.30 To approve MTFPS, annual revenue budget and capital programme.

### **Responsibilities of the Treasurer**

- 6.31 In consultation with the Chief Constable to advise the Police Authority on its medium term financial planning process and timetable.
- 6.32 To prepare and submit reports on budget prospects for the Police Authority, including resource constraints set by the Government. Reports should take account of medium term prospects, where appropriate and the implications for council tax levels and the reserves strategy.
- 6.33 To contribute to the development of corporate and operational targets and objectives and performance information.
- 6.34 To advise the Authority on force proposals in accordance with his or her responsibilities under Section 151 of the Local Government Act 1972 and Section 112 and 988 of the Local Government Finance Act.

### **Responsibilities of Director of Resources**

- 6.35 To support the Treasurer in the development of the medium term financial planning process and the preparation of reports setting out the budget prospects for the Police Authority.
- 6.36 To advise on the medium term implications of spending decisions.
- 6.37 To encourage best use of resources and value for money by working with Cost Centre Managers to identify opportunities to improve economy, efficiency and effectiveness, and by encouraging good practice in conducting financial appraisals of development or savings options, and in developing financial aspects of service planning.

### **Responsibilities of Assistant Director of Resources (Finance)**

- 6.38 To support the Treasurer and Director of Resources in the development of the medium term financial planning process and the preparation of reports setting out the budget prospects for the Police Authority.
- 6.39 To implement processes that ensure the provision of accurate and timely financial information in support of the medium term financial planning process.

### **Responsibilities of Cost Centre Managers**

- 6.40 To integrate financial and budget plans into the planning cycle, so that budget plans can be supported by financial and non-financial performance measures.
- 6.41 To consult with other Cost Centre Managers where it appears that a budget proposal is likely to impact on their level of service activity.

## **6.42 RESOURCE ALLOCATION - REVENUE**

### **Why is it important?**

- 6.43 A mismatch often exists between available resources and required resources. A common scenario is that the available resources are not adequate to fulfill need/desire. It is therefore imperative that resource allocation is carefully prioritised and that resources are fairly allocated, in order to fulfill all legal responsibilities. Resources may include staff, money, equipment, goods and materials.

### **Key Controls**

- Overall Revenue Budget and the allocation of the budget together with the Council Tax implications and Reserves Strategy are approved by the Police Authority
- Cost Centre Managers acquire appropriate resources for the specified level of service delivery.
- Resources are acquired using an approved authorisation process.
- Resources are only used for the purpose intended by the Authority, to achieve the approved policies and objectives, and are properly accounted for.
- Resources are secured for use when required.
- Resources are used with the minimum level of waste, inefficiency or loss for other reasons.

### **Responsibilities of the Police Authority**

- 6.44 The Police Authority is responsible for approving the Policing Plan, MTFPS, the annual revenue budget and the allocation of the budget, the use of reserves and the precept.

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

- 6.45 The Chief Constable, in consultation with the Treasurer, will make recommendations to the Police Authority on the allocation of the budget.

**Responsibilities of the Treasurer**

- 6.46 To determine, in consultation with the Chief Constable, the annual resource allocation process.
- 6.47 To prepare and submit reports to the Authority on the aggregate revenue spending plans and on the resources available to fund them, identifying, where appropriate, the implications for the level of council tax to be levied.
- 6.48 To advise on methods available of obtaining funding, such as grants from central government and the use of reserves.

**Responsibilities of Assistant Director of Resources (Finance)**

- 6.49 To organise the annual revenue resource allocation process.
- 6.50 To determine the detailed form of revenue estimates, consistent with the general directions of the Authority and to issue guidance on the preparation of the revenue budget.

**Responsibilities of Cost Centre Managers**

- 6.51 To prepare estimates of income and expenditure in accordance with the guidance and timetable issued by the Assistant Director of Resources (Finance) and having regard to:
- (a) Spending patterns and pressures revealed through the budget monitoring process.
  - (b) Legal requirements.
  - (c) Policy requirements as defined by the Authority.
  - (d) Initiatives already underway.
- 6.52 To work within budget limits and to utilise resources allocated and further allocate resources in the most efficient, effective and economical way.
- 6.53 To identify opportunities to minimise or eliminate resource requirement or consumption without a detrimental effect on service delivery.
- 6.54 RESOURCE ALLOCATION - CAPITAL
- Why is it important?**
- 6.55 Capital expenditure involves acquiring or enhancing fixed assets with a long-term value to the authority, such as land, buildings and major items of plant and equipment, IS/IT hardware and software or vehicles. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

**Key Controls**

- Specific approval by the Authority of the 5 year Capital Programme, which is the key, document for the planning and control of capital expenditure.
- Expenditure on capital schemes subject to the approval of the Police Authority.
- Steps are taken to enable land required for the purposes of the programme to be acquired in due time.
- A scheme and estimate, including associated revenue expenditure, is prepared for each capital project.
- Schedules for individual schemes within block approvals approved by the Police Authority must be submitted to the Chief Constable for approval (for example, minor works), or under other arrangements approved by the Police Authority.

**Responsibilities of the Police Authority**

- 6.56 To approve the Capital Programme and financing plan.
- 6.57 To approve individual capital projects in accordance with the limits set from time to time by the Police Authority.

- 6.58 To approve variations in the total cost of individual projects in accordance with the limits set from time to time by the Police Authority.

**Responsibilities of the Treasurer**

- 6.59 To prepare, in consultation with the Chief Constable, the capital programme and financing plan for the approval of the Police Authority.
- 6.60 To recommend to the Police Authority the arrangements for the approval of individual projects and the variation in the total cost of individual projects.
- 6.61 In consultation with the Chief Constable to report regularly to the Police Authority on the progress on delivering the capital programme.
- 6.62 To approve the guidance concerning capital schemes and controls, for example on project appraisal techniques issued by the Director of Resources.
- 6.63 To determine the definition of 'capital' having regard to Government regulations and accounting requirements.
- 6.64 To give approval to undertake lease/rentals of land, property or accommodation or any other asset.

**Responsibilities of the Director of Resources**

- 6.65 To oversee the capital programme planning process.
- 6.66 To oversee the regular monitoring of individual capital schemes and the overall capital programme.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 6.67 To organise the capital programme planning process.
- 6.68 To organise the regular monitoring of individual capital schemes and the overall capital programme.
- 6.69 Subject to the approval of the Treasurer to issue guidance concerning capital schemes and controls, for example on project appraisal techniques and ensure compliance with that guidance.

**Responsibilities of Cost Centre Managers**

- 6.70 To comply with guidance concerning capital schemes and controls issued by the Director of Resources.
- 6.71 To ensure that all capital proposals have undergone a project appraisal in accordance with guidance issued by the Assistant Director of Resources (Finance).
- 6.72 To regularly monitor the spending on individual capital schemes and the overall capital resources allocated to them and to prepare regular for submission to the Director of Resources on the delivery of the capital projects under their control.
- 6.73 To ensure that adequate records are maintained in respect of all capital contracts.
- 6.74 To ensure that they do not enter into any capital scheme, without the prior approval of the Treasurer and, if applicable, approval of the scheme through the capital programme.
- 6.75 USE OF RESERVES

**Why is it important?**

- 6.76 Reserves are maintained as a matter of prudence and comprise general reserves and reserves earmarked for specific purposes.
- 6.77 It is essential that the level of reserves is adequate to cover potential future commitments without diverting resources from the provision of services unnecessarily.

**Key Controls**

- To maintain reserves in accordance with the Code of Practice on Local Authority Accounting and agreed accounting policies.
- To operate reserves in accordance with an approved scheme of management
- To use a risk based approach to review the adequacy of general reserves
- To regularly monitor the level individual earmarked reserves to ensure that they remain adequate to meet the purpose of the reserve

**Responsibilities of the Police Authority**

- 6.78 To approve the schemes of management for individual reserves
- 6.79 To approve the use of reserves
- 6.80 To regularly monitor the adequacy of reserves.

**Responsibilities of the Treasurer**

- 6.81 To advise on prudent levels of reserves for the Authority, and to report on the opportunity cost of holding excessive reserves.
- 6.82 To produce an annual statement on the adequacy of reserves

**Responsibilities of the Assistant Director of Resources (Finance)**

- 6.83 To regularly monitor the adequacy of reserves
- 6.84 To ensure compliance with the schemes of management approved from time to time by the Police Authority.

## 7. RISK MANAGEMENT AND CONTROL OF RESOURCES

### 7.1 INTERNAL CONTROL

#### **Why is it important?**

- 7.2 The Authority is complex and beyond the direct control of any one individual. It is therefore requires internal controls to manage and monitor progress towards strategic objectives.
- 7.3 Internal control refers to the system of control implemented 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.
- 7.4 The Authority has statutory obligations to meet, and, therefore, require internal controls to identify, meet and monitor compliance with these obligations.
- 7.5 The Authority faces a wide range of financial, administrative and commercial risks, both from internal and external factors, which threaten the achievement of their objectives. Internal controls are necessary to identify, evaluate and control these risks.
- 7.6 The system of internal controls is established in order to provide measurable occurrence of:
- (a) Efficient and effective operations.
  - (b) Reliable financial information and reporting.
  - (c) Compliance with laws and regulations.

#### **Key Controls**

- Effective review on a regular basis.
- Managerial control systems including defining policies, setting objectives and plans, monitoring financial and other performance and taking appropriate anticipatory and remedial action. The key objectives of these systems are to promote ownership of the control environment by defining roles and responsibilities.
- Financial and operational controls systems and procedures, which include physical safeguards for assets, segregation of duties, authorisation and approval procedures and information systems.
- An effective internal audit function operated in accordance with the Cipfa Code of Practice on Internal Audit in the United Kingdom 2006 and Accounts and Audit Regulations.

#### **Responsibilities of the Police Authority**

- 7.7 The Police Authority is responsible for determining the control environment and internal control arrangements for Warwickshire Police.
- 7.8 The Police Authority is responsible for agreeing procedures for registering members' interests, on which the Chief Executive to the Police Authority shall advise and administer the procedures and the register.

#### **Responsibilities of the Treasurer**

- 7.9 To advise the Police Authority on effective internal control systems.
- 7.10 To assist the Authority to put in place an appropriate control environment and effective internal controls that provide reasonable assurance of effective and efficient operations, internal financial controls and compliance with laws and regulations.

**Responsibilities of the Director of Resources**

- 7.11 To establish sound arrangements for planning, appraising, authorising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance targets.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 7.12 To manage processes to ensure that established controls are being adhered to, and to evaluate their effectiveness, in order to be confident in the proper use of resources.
- 7.13 To organise the provision of appropriate financial information to enable budgets to be monitored effectively. He/she must monitor the control of expenditure against budget allocation and report to the Police Authority on variances
- 7.14 To update existing controls and establish and implement new ones.
- 7.15 To ensure staff have a clear understanding of the consequences of a lack of control.
- 7.16 To ensure that Cost Centre Managers have arrangements in place for the maintenance and security of records and for the security and continuity of service in the event of disaster are in place.

**Responsibilities of the Cost Centre Managers**

- 7.17 To comply with the arrangements for planning, appraising, authorising and controlling their operations in order to achieve economy, efficiency and effectiveness and for achieving their financial performance targets as determined by the Assistant Director of Resources (Finance).
- 7.18 To control income and expenditure within their area and to monitor performance. He/she should also take any action necessary to avoid exceeding their financial allocation.
- 7.19 To ensure that records are properly maintained and securely held.
- 7.20 To ensure that sound arrangements for the security and continuity of service in the event of disaster are in place.

7.21 INTERNAL AUDIT

**Why is it important?**

- 7.22 The Police Authority has statutory obligations to maintain an effective internal audit function.
- 7.23 The Treasurer has statutory responsibilities for the overall financial administration of the Police Authority's affairs and for maintaining an adequate and effective internal audit.
- 7.24 Internal audit reports contain recommendations that directly contribute to improving the level of internal control. Internal audit provides an independent review of the control environment as a contribution to the proper, economic, efficient and effective use of resources and can provide an opinion on level of assurance that the Authority can take from the operation of these controls.

**Key Controls**

- Internal Audit it remains independent in its planning and operation.
- The Chief Internal Auditor has direct access to the Chair of the Police Authority, Chief Executive, Chief Constable, the Director of Resources and the Audit Committee
- The Chief Internal Auditor has access to the premises, personnel and records of the Force and will receive any information and explanation considered necessary to satisfy their objectives, not withstanding the need to maintain operational policing and security.
- Internal Audit comply with the current Accounts and Audit Regulations and the Code of Practice for Internal Audit in Local Government in the UK.
- External audit plans are formulated with the Treasurer and officers and approved by the Police Authority
- The Police Authority receive reports from External Audit on their findings and recommendations.

**Responsibilities of the Police Authority**

- 7.25 To approve the Strategic and Annual Audit Plans and ensure that the delivery of those plans is regularly monitored.

**Responsibilities of the Treasurer**

- 7.26 To develop and keep under review a risk based internal audit plan in accordance with best professional practice that take account of the characteristics and relative risks of the activities involved.
- 7.27 Where an appropriate response to audit recommendations has not been made within a reasonable period, the Treasurer may refer the matter to the Police Authority.
- 7.28 To investigate promptly any fraud or irregularity of which he/she becomes aware and to report to the Chief Executive and the Chief Constable who will consider any legal proceedings and disciplinary action.
- 7.29 To report annually to the Chief Constable and to the Audit Committee on the main issues raised by internal audit during the year.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 7.30 To ensure that internal auditors are able to:
- (a) Access Police Authority premises at reasonable times.
  - (b) Access all assets, records, documents, correspondence and control systems relevant to audit.
  - (c) Require and receive any information and explanation considered necessary concerning any matter under consideration.
  - (d) Require any employee of the Police Authority to account for cash, stores or any other Police Authority property under his/her control.
  - (e) Access records belonging to third parties, such as contractors when required.
- 7.31 To ensure that auditors are provided with any information and explanations that they seek in the course of their work.
- 7.32 To consider and respond promptly to recommendations in audit reports.
- 7.33 To ensure that any agreed actions arising from audit recommendations are carried out in a timely and efficient fashion.

- 7.34 To notify the Treasurer and Internal Audit immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of the Police Authority's property or resources. Pending investigation and reporting, to ensure that all necessary steps to prevent further loss and to secure records and documentation against removal or alteration are taken.
- 7.35 To ensure that new systems for maintaining financial records, or records of assets, or changes to such systems, are discussed with and agreed by the Police Authority's Chief Internal Auditor, prior to implementation.
- 7.36 To independently audit any covert accounts and to certify that this has been carried out on an annual basis.
- 7.37 EXTERNAL AUDIT
- Why is it important?**
- 7.38 The Local Government Finance Act 1982 set up the Audit Commission for local authorities and police authorities in England and Wales which is responsible for appointing external auditors to each Police Authority. The Treasurer is responsible for working with the external auditor and for advising the Police Authority and Chief Constable on their responsibilities in relation to external audit. The external auditor has the same rights of access as the internal auditor to all documents that are necessary for audit purposes.
- 7.39 The general duties of the external auditor are governed by regulations 5 and 6 of Part II of the Audit Commission Act 1998.
- 7.40 Regulation 5 states that by examination of the accounts and otherwise the Auditor shall satisfy him/herself that:
- (a) The accounts are prepared in accordance with regulation 27 (of the Audit Commission Act 1988);
  - (b) The accounts comply with the requirements of all other statutory provisions applicable to the accounts;
  - (c) Proper practice has been observed in compilation of accounts.
  - (d) The body whose accounts are being audited has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 7.41 Regulation 6 states that the auditor shall comply with the code of audit practice applicable to the accounts being audited as that code is for the time being in force. (This is currently the Code of Practice on Local Authority Accounting in the United Kingdom 2008).
- 7.42 The external auditors also review the financial aspects of the audited body's corporate governance arrangements and aspects of the audited body's arrangements to manage its performance, including the preparation and publication of specified performance information and compliance in respect of the preparation and publication of the policing plan.

#### **Key Controls**

- External auditors are appointed by the Audit Commission normally for a minimum period of five years.
- The Audit Commission prepares guidelines, which the external auditors follow when auditing the authority's statement of accounts.
- External audit plans are formulated with the Treasurer and officers and approved by the Police Authority
- The Police Authority receives reports from External Audit on their findings and recommendations.

**Responsibility of the Treasurer**

- 7.43 To sign the accounts.
- 7.44 To co-ordinate the response to the Authority's Police Use of Resources evaluation.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 7.45 To determine and implement the timetable for preparing the statutory accounts and to advise staff and external auditors accordingly.
- 7.46 To ensure that external auditors are given access at all reasonable times to premises, personnel, documents and assets which the external auditors consider necessary for the purposes of their work.
- 7.47 To ensure that all paperwork and systems are up to date and available for inspection.

## 7.48 PREVENTION OF FRAUD AND CORRUPTION

**Why is it important?**

- 7.49 The Police Authority will not tolerate fraud and corruption in the administration of its responsibilities whether from inside or outside the authority.
- 7.50 The Police Authority's expectation of propriety and accountability is that members and staff at all levels will lead by example in ensuring adherence to legal requirements, rules, procedures and practices.
- 7.51 The Police Authority also expects that individuals and organisations (e.g. suppliers, contractors, and service providers) that it comes into contact with, will act towards the Police Authority with integrity and without thought or actions involving fraud and corruption.

**Key Controls**

- The culture and tone of the authority is one of openness, honesty and opposition to fraud and corruption.
- All members and staff act with integrity, and lead by example.
- All individuals and organisations associated in any way with the Police Authority will act with integrity.
- Senior managers are required to deal swiftly and firmly with those who defraud the Police Authority or who are corrupt.

**Responsibilities of the Treasurer**

- 7.52 To maintain adequate and effective audit arrangements.
- 7.53 To ensure that all investigations of financial irregularities are reported to the Chief Constable, the Director of Resources, Assistant Director of Resources and the Audit Committee.
- 7.54 To ensure that where financial impropriety is discovered, and sufficient evidence exists to believe that a criminal offence may have been committed, that the police are called in operationally to determine with the Crown Prosecution Service whether any prosecution will take place.

**Responsibilities of the Director of Resources**

- 7.55 To ensure that all significant suspected irregularities are reported to the Treasurer to the Police Authority.
- 7.56 To instigate appropriate disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

**Responsibilities of the Assistant Director of Resources (Finance).**

7.57 To maintain a register of all financial irregularities and their subsequent consequences.

**Responsibilities of Cost Centre Managers**

7.58 To ensure that all financial irregularities are reported to the Director of Resources.

## 7.59 MONEY LAUNDERING

**Why is it important?**

7.60 Money laundering is the term used for a number of offences involving the proceeds of crime or terrorist funds. It also includes the possessing, or in any way dealing with, or concealing, the proceeds of crime.

7.61 The Proceeds of Crime Act 2002 and Money Laundering Regulations 2003 place some important obligations on all staff. It also places specific obligations upon professional advisors from a wide range of sectors, including Tax Advisors, Accountants, Auditors and Legal Advisors. Such professionals are required to fulfil a range of obligations to prevent money laundering.

**Key Controls**

- Establishment of Money Laundering Policy
- Appointment of Money Laundering Reporting Officer.

**Responsibilities of the Chief Executive**

7.62 To act as the nominated officer for the purposes of the Money Laundering Regulations 2003 and associated legislation and/or guidance.

**Responsibilities of the Director of Resources**

7.63 To develop, in consultation with the Chief Executive and Treasurer, a Money Laundering Policy

7.64 To receive money laundering reports from other Officers and to report them to the National Criminal Intelligence Service.

## 7.65 RISK MANAGEMENT

**Why is it important?**

7.65 Risk management is an integral part of good management and corporate governance. The effective identification and management of risk is key to making organisations successful in delivering their objectives whilst protecting the interests of their stakeholders. Good risk management allows an organisation to:

- have increased confidence in achieving its desired outcomes
- constrain threats to acceptable levels
- take informed decisions about exploiting opportunities.

7.67 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 financial and organisational well-being of the organisation. In essence it is, therefore, an integral part of good business practice.

7.68 Risk management is concerned with evaluating the measures an organisation already has in place to manage identified risks and then recommending the action the organisation needs to take to control these risks effectively.

#### Key Controls

- Procedures are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the authority.
- 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 claims within required timescales
- Acceptable levels of risk are determined and insured against where appropriate
- The authority 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 Police Authority**

- 7.69 To approve the authority's risk management policy, framework and strategy and to promote a culture of risk management awareness throughout the authority
- 7.70 To develop and maintain a Risk Register and to ensure mitigating actions are taken to minimise the impact of those risks.

#### **Responsibilities of the Treasurer**

- 7.71 To advise the Police Authority on appropriate arrangements for insurance.
- 7.72 In conjunction with the Chief Constable to prepare and promote the Authority's risk management policy statement.
- 7.73 To undertake a risk assessment of reserves at least annually and to make recommendations to the Police Authority on an appropriate and prudent level of general reserves in the context known medium term financial pressures and known risks

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

- 7.74 In conjunction with the Treasurer to prepare and promote the Authority's risk management policy statement.
- 7.75 To ensure the development and maintenance of a Corporate Risk Register and to ensure mitigating actions are taken to minimise the impact of those risks.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

- 7.76 To issue guidance on the identification and management of risks including ensuring the development of risk registers in all business areas.
- 7.77 To effect insurance cover, through external insurance and internal funding, and to negotiate all claims in consultation with other officers, where necessary.

#### **Responsibilities of Cost Centre Managers**

- 7.78 To develop a risk register in accordance with the guidance issued from time to time by the Assistant Director of Resources
- 7.79 To notify the Director of Resources immediately of any loss, liability or damage that may lead to a claim against the authority, together with any information or explanation required by the finance director or the authority's insurers.
- 7.80 To take responsibility for risk management, having regard to advice from the Assistant Director of Resources (Finance) and other specialist officers (e.g. crime prevention, fire prevention, health and safety).

- 7.81 To ensure that there are regular reviews of risk within their area of responsibility.
- 7.82 To notify the Assistant Director of Resources (Finance) promptly of all new risks, properties or vehicles that require insurance and of any alterations affecting existing insurances.
- 7.83 To consult the Assistant Director of Resources (Finance) and the Chief Executive on the terms of any indemnity that the authority is requested to give.
- 7.84 To ensure that employees, or anyone covered by the authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim.
- 7.85 SECURITY OF ASSETS

**Why is it important?**

- 7.86 The Police Authority holds assets in the form of property, vehicles, IT, equipment, furniture and other items worth many millions of pounds. It is important that assets should be safeguarded and used efficiently in the delivery of services, and that there should be arrangements for the security of both assets and service operations.

**Key Controls**

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

**Responsibilities of the Treasurer**

- 7.87 To determine the arrangements for the maintenance of asset registers and inventories and for the write off of assets and stock.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 7.88 To ensure that an asset register is maintained in accordance with the arrangements determined by the Treasurer.
- 7.89 To ensure that inventories are maintained in accordance with the arrangements determined by the Treasurer.
- 7.90 To determine the arrangements for the care, security and safe custody of assets including stocks, stores and cash.
- 7.91 To determine the arrangements for accounting for stocks and stores in accordance with the Accounting Policy set by the Treasurer.

**Responsibilities of Cost Centre Managers**

- 7.92 To ensure that the use of property is supported by documentation identifying terms, responsibilities, risk assessment, insurance liabilities and duration of the use.

- 7.93 Where there is no contractual obligation, expenditure on rented property shall be subject to consultation by the Director of Resources.
- 7.94 To ensure compliance with the arrangements for the care, security and safe custody of assets including stocks, stores and cash as determined by the Assistant Director of Resources (Finance).
- 7.95 To ensure that an inventory of moveable, attractive and valuable assets is maintained in accordance with arrangements defined by the Assistant Director of Resources (Finance).
- 7.96 To consult the Assistant Director of Resources (Finance) in any case where security is thought to be defective or where it is considered that special security arrangements may be needed.
- 7.97 To provide information as required ensuring that the Asset Register is accurate and up to date.
- 7.98 To record all disposal of assets which shall be disposed of in accordance with the provisions of in the Authority's standing orders relating to contracts.
- 7.99 To arrange for the valuation of assets for accounting purposes to meet requirements specified by the Treasurer.
- 7.100 To ensure that all employees are aware that they have a personal responsibility with regard to the protection and confidentiality of information, whether held in manual or computerised records, in accordance with the "Force Information Security Policy".
- 7.101 Where land or buildings are surplus to the requirements, a recommendation for the sale of land should be the subject of a report by the Chief Constable to the Police Authority.
- 7.102 To ensure that lessees and other prospective occupiers of land and buildings are not allowed to take possession or enter the land until a lease or agreement, in a form approved by the Chief Executive to the Police Authority, in consultation with the Treasurer to the Police Authority, has been established as appropriate.
- 7.103 INTELLECTUAL PROPERTY
- Why is it important?**
- 7.104 Intellectual property is a generic term that includes inventions and writings. If the employee creates these during the course of employment, then as a general rule they belong to the employer, not the employee. Various acts of Parliament cover different types of intellectual property.
- 7.105 Certain activities undertaken within the Police Authority may give rise to items that may be patentable. These come within the scope of intellectual property.

**Key Controls**

- In the event that the Police Authority decides to become involved in the commercial exploitation of inventions, the matter should proceed in accordance with the Police Authority's intellectual property procedures.
- All applications for the registration or safeguarding of any intellectual property rights (including patents) must be made in the name of the Police Authority

**Responsibilities of the Assistant Director of Resources (Finance)**

- 7.106 To develop and disseminate good practice through the intellectual property procedures.
- 7.107 TREASURY MANAGEMENT
- Why is it important?**
- 7.108 Many millions of pounds pass through the Police Authority's books each year. A few Local Authorities suffered high profile losses through inappropriate treasury management procedures. This led to the establishment of Codes of Practice. These aim to provide assurances that the Authority's money is properly managed in a way which balances risk with

return, but with the overriding consideration being given to the security of the Authority's capital.

- 7.109 The Police Authority has adopted 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.

#### **Key Controls**

- A treasury management policy statement is maintained, stating the policies and objectives of its treasury management activities.
- Suitable treasury management practices (TMPs) are in place, 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 Police Authority**

- 7.110 To approve the annual Treasury Management Strategy.
- 7.111 To approve the Banking arrangements for Warwickshire Police.
- 7.112 To receive reports on its Treasury Management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, and an annual report after its close, in the form prescribed in its Treasury Management Policies.

#### **Responsibilities of the Treasurer**

- 7.113 To recommend to the Police Authority an Annual Treasury Management Strategy.
- 7.114 To implement and monitor of Treasury Management policies and practices in accordance with the approved Treasury Management Strategy.
- 7.115 To report regularly and at least twice a year or other such period as specified in the CIPFA Code of Practice to the Police Authority on its Treasury Management activities.
- 7.116 To arrange for the execution and administration of treasury management decisions in accordance with the Treasury Management Strategy and Policies and CIPFA's Standard of Professional Practice on Treasury Management.
- 7.117 To arrange borrowing and investments of the Police Authority in such a manner as to comply with the CIPFA Code of Practice on Treasury Management and the authority's Treasury Policy Statement.
- 7.118 To recommend to the Police Authority the banking arrangements for Warwickshire Police.
- 7.119 To operate bank accounts as are considered necessary within the terms of the banking arrangement, including the opening or closing any bank account after consulting with the Assistant Director of Resources (Finance).
- 7.120 To ensure that all investments of money are made in the name of the Police Authority or in the name of nominees approved by Police Authority.
- 7.121 To ensure that all securities which are the property of the Police Authority or its nominees and the title deeds of all property in the Police Authority's ownership are held in the custody of the Chief Executive to the Police Authority.
- 7.122 To effect all borrowings in the name of the Police Authority.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

- 7.124 To develop, maintain and implement a code of guidance on banking for application across the force.

- 7.125 To provide officers and employees of the Police Authority with cash or bank imprest accounts to meet minor expenditure on behalf of the Police Authority and to prescribe rules for operating these accounts.
- 7.126 To maintain a record of all petty cash advances made and periodically review the arrangements for the safe custody and control of these advances.
- 7.127 To reimburse imprest account holders as often as necessary to restore the floats but normally not more than monthly.

#### **Responsibilities of Cost Centre Managers**

- 7.128 To follow the guidance on banking issued by the Director of Resources.
- 7.129 To ensure that no loans are made to third parties and no interests are acquired in companies, joint ventures, or other enterprises without the approval of Police Authority, following consultation with the Treasurer to the Police Authority.
- 7.130 To ensure compliance with the guidance issued from time to time by the Assistant Director of Resources (Finance) for the operation of Imprest Accounts in their area of responsibility.
- 7.131 STAFFING

#### **Why is it important?**

- 7.132 In order to provide the highest level of service, it is crucial that the Authority recruits and retains high caliber, knowledgeable staff, qualified to an appropriate level. An appropriate staffing strategy and policy should exist, in which staffing requirements and budget allocation should be matched.

#### **Key Controls**

- That procedures are in place for forecasting staffing requirements and cost.
- That procedures are in place for monitoring staffing expenditure against budget.
- That controls are implemented that ensure that staff time is used efficiently and benefits the Police Authority.
- Checks are undertaken prior to employing new staff to ensure that they are appropriately qualified, experienced and trustworthy

#### **Responsibilities of the Police Authority**

- 7.133 The Police Authority is responsible for determining how its own support will be organised.

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

- 7.134 The Chief Constable is responsible for providing overall management to staff. He/she is also responsible for ensuring that there is proper use of the evaluation or other agreed systems for determining the remuneration of a job.
- 7.135 The Chief Constable is responsible for controlling total staff numbers by:
- (a) Advising the Police Authority on the budget necessary in any given year to cover estimated staffing levels.
  - (b) Adjusting the staffing numbers to that which can be funded within approved budget provision, varying the provision as necessary within that constraint in order to meet changing operational needs.
  - (c) The proper use of appointment procedures.
- 7.136 The Chief Constable is responsible for determining the arrangements for the monitoring of actual staff numbers and costs against agreed budgets.

**Responsibilities of the Director of Resources**

- 7.137 To implement the arrangements for monitoring actual staff numbers and costs against agreed budgets as determined by the Chief Constable.
- 7.138 To act as an advisor on areas such as National Insurance, pension contributions as appropriate.

**Responsibilities of Cost Centre Managers**

- 7.139 To produce an annual staffing budget which is an accurate forecast of their staffing levels and is equated to an appropriate revenue budget provision (including on costs and overheads).
- 7.140 To monitor staff activity to ensure adequate control over such costs as sickness, overtime, training and temporary staff.
- 7.141 To ensure that the staffing budget is not exceeded without due authority, and that it is managed to enable the agreed level of service to be provided.
- 7.142 To comply with the arrangements for monitoring actual staff numbers and costs against agreed budgets as determined by the Chief Constable.

## 8. SYSTEMS AND PROCEDURES

### 8.1 SYSTEMS AND PROCEDURES: GENERAL

#### **Why is it important?**

- 8.2 Warwickshire Police has systems and procedures relating to the control of the Police Authority's assets, including purchasing, costing and management systems and is increasingly reliant on computers for their financial management information. The information must therefore 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.

#### **Key Controls**

- Basic data exists to enable the authority'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.

#### **Responsibilities of the Police Authority**

- 8.3 The Police Authority is responsible for approving procedures for reporting key decisions to them and the financial information associated with those decisions.

#### **Responsibilities of the Chief Executive**

- 8.4 The Chief Executive should provide a system for record keeping for all the authority's decisions.

#### **Responsibilities of the Monitoring Officer**

- 8.5 The Monitoring Officer shall ensure that the Chief Executive has in place an adequate system of record keeping for all the Authority's decisions.

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

- 8.6 The Chief Constable should provide a system for record keeping for all the force's decisions.

#### **Responsibilities of the Treasurer**

- 8.7 It is the responsibility of the Treasurer to ensure that a proper scheme of delegation has been established and is operating effectively, including the limits of their authority.
- 8.8 The Treasurer is responsible for determining the procedures in respect of payments, income collection, placing orders and debt write off, including, where appropriate approval limits.
- 8.9 The Treasurer is responsible for making arrangements for the proper administration of the Police Authority's financial affairs, including to:
- (a) Issue advice, guidance and procedures for the Police Authority's officers and others acting on its behalf.
  - (b) Determine the accounting systems, form of accounts and supporting financial records.
  - (c) Establish arrangements for audit of the Police Authority's affairs.
  - (d) Approve any significant changes to be made to existing financial systems or new systems introduced.

### **Responsibilities of the Director of Resources**

- 8.10 The Director of Resources should ensure that the scheme of delegation and financial policies and procedures determined by the Treasurer are established and operating effectively.
- 8.11 To establish arrangements that ensure compliance with the copyright, designs and patents legislation in respect of computer equipment and software.
- 8.12 To ensure that, where appropriate, computer systems are registered in accordance with the Data Protection legislation and that staff are aware of their responsibilities under the legislation.
- 8.13 To ensure that relevant standards and guidelines for computer systems are observed.

### **Responsibilities of the Assistant Director of Resources (Finance)**

- 8.14 The Assistant Director of Resources (Finance) is responsible for the operation of the Police Authority's accounting system, the form of accounts and the supporting financial records. Any changes by the force to the existing financial systems or the establishment of new systems must be approved by the Treasurer. Any changes to Financial Procedures & Systems (FiPS) by Cost Centre Managers to meet their own specific needs should be agreed in advance by the Assistant Director of Resources (Finance) and, if appropriate, the Treasurer.
- 8.15 To ensure that accounting records are properly maintained and held securely.
- 8.16 To establish Document Retention and Data Archiving policies and ensure that vouchers and documents with financial implications are retained in accordance with those policies.
- 8.17 To ensure that a complete management trail, allowing financial transactions to be traced from the original document to the accounting records and vice versa, is maintained.
- 8.18 To incorporate appropriate controls to ensure that, where relevant:
  - (a) All input is genuine, complete, accurate, timely and not previously processed.
  - (b) All processing is carried out in an accurate, complete and timely manner.
  - (c) Output from the system is complete, accurate and timely.
- 8.19 To ensure that the organisational structure provides an appropriate segregation of duties to provide adequate internal controls and minimise the risk of fraud or other malpractice.
- 8.20 To ensure there is a documented and tested disaster recovery plan to allow information system processing to resume quickly in the event of an interruption.
- 8.21 To ensure that systems are documented and staff trained in operations.
- 8.22 To consult with the Treasurer in situations where it is considered that the right application of these standing orders will be likely to work against the best interests of the Police Authority.
- 8.23 To establish a scheme of delegation in respect of payments, income collection and placing orders, including variations and showing the limits of their authority.
- 8.24 To ensure that computer equipment and software are protected from loss and damage through theft, vandalism etc.

### **Responsibilities of Cost Centre Managers**

- 8.25 To ensure that the schemes of delegation, approved by the Director of Resources are in place and operating effectively
- 8.26 To ensure compliance with the policies, procedures and guidance issued from time to time by the Director of Resources. Any changes to force financial instructions and procedure notes by budget holders to meet their own specific needs should be agreed in advance by the Director of Resources

8.27 Cost Centre Managers should ensure that officers and staff in their area of responsibility receive relevant financial training that has been approved by the Director of Resources.

8.28 Cost Centre Managers should ensure that, where appropriate, computer and other systems are registered in accordance with Data Protection legislation and that staff are aware of their responsibilities under the freedom of information legislation.

8.29 INCOME

**Why is it important?**

8.30 Income can be a vulnerable asset and effective income collection systems are necessary to ensure that all of the income due is identified, collected, receipted and banked properly.

**Key Controls**

- All income due to the Warwickshire Police is identified and accounted for correctly.
- 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 Police Authority/Force is paid without delay to the Police Authority's bank or national giro account, and properly recorded.
- Effective action is taken to pursue non-payment within defined timescales.
- Formal approval for write off is obtained.
- Appropriate write off action is taken within defined timescales.
- 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 "Retention of Documents Policy".
- 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 Treasurer**

8.31 To determine the arrangements for the collection of all income due to the Warwickshire Police, debt recovery procedures and the write off of bad debts ensuring an appropriate separation of duties.

**Responsibilities of the Assistant Director of Resources (Finance)**

8.32 To implement the arrangements for the collection of all income due to the Warwickshire Police and the write off of bad debts as determined by the Treasurer.

8.33 To establish a charging policy for the supply of goods or services, including the appropriate charging of VAT and review it regularly, within corporate policies.

8.34 To establish secure arrangements for cash handling to safeguard against loss or theft.

8.35 To establish arrangements for the transfer of official money between employees of the Police Authority. The receiving officer must sign for the transfer cash.

8.36 To ensure that income is paid fully and promptly into the appropriate Police Authority bank account in the form in which it is received. Appropriate details should be recorded on to paying in slips to provide an audit trail.

8.37 To ensure income is not used to cash personal cheques or other payments.

### **Responsibility of Cost Centre Managers**

- 8.38 To notify the Assistant Director of Resources (Finance) of outstanding income relating to the previous financial year as soon as possible after 31 March in line with the timetable determined by the Director of Resources.
- 8.39 To assist the Assistant Director of Resources (Finance) in collecting debts that they have originated, by providing any further information requested by the debtor and in pursuing the matter on the Police Authority's behalf.
- 8.40 To ensure that the processes established by the Assistant Director of Resources (Finance) are complied with in their area of responsibility.

### 8.41 PAYMENTS TO EMPLOYEES AND MEMBERS

#### **Why is it important?**

- 8.42 Staff costs are the largest item of expenditure for most Police Authority services. It is, therefore, important that there should be controls in place to ensure that payments are made only where they are due for services to the Police Authority and that payments accord with individual's conditions of employment.

#### **Key Controls**

- Proper authorisation procedures and adherence to corporate timetables for:
  - Starters
  - Leavers
  - Variations
  - Enhancements
- Frequent reconciliation of payroll expenditure against approved budget.
- All appropriate payroll documents are retained and stored for the defined period in accordance with the "Document Retention" and "Data Archiving" Policy.

#### **Responsibilities of the Chief Executive**

- 8.43 To authorise the payment of Members' expenses and allowances in accordance with the Authority's approved scheme and to vary such allowances from time to time in accordance with the provisions of the Scheme or after any independent review of such a Scheme.

#### **Responsibilities of the Treasurer**

- 8.44 To determine the arrangements for the payment of salaries, wages, compensation, allowances, expenses or other emoluments to Members and to existing and former employees ensuring an appropriate separation of duties.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

- 8.45 To ensure that adequate and effective systems and procedures are operated for the payment of salaries, wages, compensation or other emoluments to existing and former employees.
- 8.46 To record and control tax, superannuation and other deductions.
- 8.47 To make arrangements for payment of all travel and subsistence claims or financial loss allowance.
- 8.48 To make arrangements for paying members travel or other allowances upon receiving the prescribed form duly completed and authorised.
- 8.49 To provide advice and encouragement to secure payment of salaries and wages by most economical means.

#### **Responsibilities of Cost Centre Managers**

- 8.50 To ensure appointments are made in accordance with the regulations of the Police Authority and approved establishments, grades, scale of pay and that adequate budget provision is available.

- 8.51 To notify the Assistant Director of Resources (Finance) of all appointments, terminations, or variations that may affect the pay or pension of an employee or former employee, in the form and to the timescale required by the Assistant Director of Resources (Finance).
- 8.52 To ensure compliance with the systems and procedures determined by the Assistant Director of Resources (Finance) in respect of human resource and payroll systems, including travel and subsistence expenses.
- 8.53 To ensure that payroll transactions are processed only through the payroll system. Budget holders should give careful consideration to the employment status of individuals employed on a "self employed or sub contract" basis. Her Majesty's Revenue and Customs (HMRC) applies a tight definition for employee status and in cases of doubt, advice should be sought from the Assistant Director of Resources (Finance).
- 8.54 To ensure that the details of any employee benefits in kind are notified to the Assistant Director of Resources (Finance) to enable full and complete reporting within the Income Tax Self-Assessment system.

#### **Responsibilities of Members**

- 8.55 To submit claims for members' travel and subsistence allowances on a monthly basis and in any event, within one month of the year-end.
- 8.56 ORDERING AND PAYING FOR WORK, GOODS AND SERVICES

#### **Why is it important?**

- 8.57 Public money should be spent with demonstrable probity and in accordance with the Police Authority's policies. The Police Authority's procedures should help to ensure that services can receive value for money in their purchasing arrangements. These procedures should be read in conjunction with the Police Authority's contract standing orders.
- 8.58 Every member of staff and member of the Police Authority has a responsibility to declare any links or personal interests that they may have with purchasers or suppliers and / or contractors if they are engaged in contractual or purchasing decisions on behalf of the Police Authority.

#### **Key Controls**

- All goods and services are ordered only by appropriate persons and recorded.
- All goods and services shall be ordered in accordance with the Police Authority's contract standing orders unless they are procured from internal sources within the Police Authority.
- Goods and services received are checked to ensure they are in accordance with the order.
- Payments are authorised by officers who can certify that goods have been received to price, quantity and quality.
- All payments are made to the correct person, for the correct amount and are properly recorded, regardless of the payment method.
- All appropriate payment documents are retained and stored for the defined period in accordance with the Police Authority's "Retention of Documents Policy".
- All expenditure, including VAT, is accurately recorded against the right budget and any exceptions corrected.
- In addition, the effect of e-business / e-commerce & electronic purchasing requires that processes are in place to maintain the security and integrity of data for transacting business electronically.
- That separation of duties will be enforced as far as reasonably practicable.

**Responsibilities of the Treasurer**

- 8.59 To approve the arrangements for ordering and paying for goods and services, including arrangements for payment by purchase card or credit card.

**Responsibilities of the Assistant Director of Resources (Finance)**

- 8.60 To determine the detailed processes and systems for ordering and paying for goods and services, including arrangements for payment by purchase card or credit card, in accordance with the arrangements approved by the Treasurer, ensuring appropriate separation of duties.
- 8.61 To ensure compliance with Contract Standing Orders.
- 8.62 To ensure that payments are made by the most economical means.
- 8.63 Apart from petty cash, purchase cards, credit cards and other payments from advance accounts, the normal method of payment of money due from the Police Authority shall be by cheque or other instrument drawn on the Police Authority's bank account or National Giro account by the Assistant Director of Resources (Finance).
- 8.64 To provide advice and guidance to Cost Centre Managers on all procurement related matters to encourage best value for money is obtained.

**Responsibilities of Cost Centre Managers**

- 8.65 To ensure compliance with the arrangements for the ordering and paying for goods and services as issued by the Assistant Director of Resources (Finance).
- 8.66 To ensure that the provisions of contract standing orders have been complied with.
- 8.67 To ensure that best value for money from purchases is obtained by taking appropriate steps to obtain competitive prices for goods and services of the appropriate quality, with regard to the guidelines and best practices issued by the Assistant Director of Resources (Finance).
- 8.68 To notify the Assistant Director of Resources (Finance) immediately of any expenditure to be incurred as a result of statute/court order where there is no budgetary provision.
- 8.69 To ensure that all appropriate payment records are retained and stored for the defined period in accordance with the "Document Retention Policy".

## 8.70 TAXATION

**Why is it important?**

- 8.71 Like all organisations, the Police 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.

**Key Controls**

- Budget managers are provided with relevant information and kept up to date on tax issues.
- Budget managers are instructed on required 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 Assistant Director of Resources (Finance)**

- 8.72 To complete all Her Majesty's Revenue and Customs (HMRC) returns regarding PAYE.

- 8.73 To complete a return of VAT input and outputs to HM Customs and Excise.
- 8.74 To provide details to Her Majesty's Revenue and Customs (HMRC) regarding the Construction Industry Tax Deduction Scheme.
- 8.75 To provide advice and guidance for Police Authority employees on taxation issues in the 'Accounting Manual' and the 'Tax Manual'.

**Responsibilities of Cost Centre Managers**

- 8.76 To ensure that the correct VAT liability is attached to all income and that all VAT recoverable on purchases complies with HM Customs and Excise Regulations.
- 8.77 To ensure that, where construction and maintenance works are undertaken, the contractor fulfils the necessary Construction Industry Tax Deduction requirements.
- 8.78 To ensure that all persons employed by the Police Authority are added to the authority's payroll and tax deducted from any payments, except where the individuals are bona-fide self-employed or are employed by a recognised staff agency.

## 9. EXTERNAL ARRANGEMENTS

### 9.1 EXTERNAL ARRANGEMENTS

#### **Why is it important?**

- 9.2 Collaboration, Joint Working and External Funding is increasingly important in enabling the Warwickshire Police to deliver effective and appropriate protection from harm.
- 9.3 There are a multitude of funding sources from Central Government grants to a range of grants from external agencies and support from other organizations. Whatever the source, funding conditions need to be carefully considered to ensure that they are compatible with the Authority's aims and objectives.
- 9.4 External funding is potentially a very important source of income, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the authority. Police Authorities are increasingly encouraged to provide seamless service delivery through working closely with other agencies and private service providers. However, in some instances, although the scope for external funding has increased, such funding is linked to tight specifications and may not be flexible enough to link to the authority's overall plan.
- 9.5 There is also a financial risk to the Authority when entering into long term financial commitments especially where ongoing external funding is not guaranteed. It is also important to ensure that any conditions attached to external funding are fully met to avoid the repayment of grant or incurring unclaimable expenditure. It is therefore important to have a financial system of control in place to negate any risks inherent in this type of funding arrangement.
- 9.6 Current legislation enables the Police Authority within limits to provide a range of services to other bodies. Such work may enable a unit to maintain economies of scale and existing expertise. Arrangements should be in place to ensure that any risks associated with this work is minimised and that such work is within the Authority's legal powers.

#### **Key Controls**

- The Police Authority approve frameworks for any partnerships, sponsorship arrangements and the contractual arrangements for any work for third parties or external bodies.
- Appropriate systems and processes are in place and appropriate advice and guidance is available to Cost Centre Managers.
- Arrangements are in place which ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the accountable body are clearly understood.
- Arrangements are in place which ensure that funds are acquired only to meet the priorities approved in the policy framework by the full authority.
- All match-funding requirements are given due consideration prior to entering into long-term agreements and that future revenue budgets reflect these requirements.
- All proposals are properly costed and all risks are properly evaluated
- Contract Standing Orders define the arrangements for entering into contracts for work for third parties
- A Register of contracts for work for third parties is maintained.
- A register of all partnerships is maintained
- Partnership Arrangements are formally documented
- A register of all sponsorship is maintained

### **Responsibilities of the Police Authority**

- 9.7 The Police Authority is responsible for approving delegations, including frameworks for any statutory partnerships, and also for approving the contractual arrangements for any work for third parties or external bodies.
- 9.8 The Police Authority is responsible for approving Contract Standing Orders, which sets out the arrangements to be followed for entering into contracts for undertaking work for third parties.

### **Responsibilities of the Treasurer**

- 9.9 The Treasurer is responsible for approving the financial aspects of all systems and processes relating to External Arrangements, External Funding or Work for Third Parties including the accounting and auditing arrangement and, with the Director of Resources, is responsible for promoting and maintaining the same high standards of conduct with regard to financial affairs in partnerships.

### **Responsibilities of the Director of Resources**

- 9.10 To ensure the systems and processes in respect of External Arrangements approved by the Treasurer are implemented.
- 9.11 To ensure compliance with Contract Standing Orders.

### **Responsibilities of the Assistant Director of Resources (Finance)**

- 9.12 To organise the implementation of the systems and processes in respect of External Arrangements approved by the Treasurer.
- 9.13 Issue guidance with regard to the financial aspects of third party contracts and the maintenance of the contract register.
- 9.14 Ensure that a risk assessment process is carried out for any contract.

### **Responsibility of Cost Centre Managers**

- 9.15 To ensure compliance with the systems and processes approved by the Treasurer and any further guidance issued from time to time by the Director of Resources.
- 9.16 To ensure that any match-funding is in place prior to entering into the agreements and that future revenue budgets reflect these requirements.
- 9.17 To ensure that all claims for funds are made by the due date.
- 9.18 To ensure that the project progresses in accordance with the agreed project and that all expenditure is properly incurred and recorded.
- 9.19 To ensure that all contracts entered into with third parties are entered into the Contracts Register.
- 9.20 To ensure that appropriate insurance arrangements are made in respect of contracts for work for third parties.
- 9.21 To ensure that the Police Authority is not put at risk from any bad debts.
- 9.22 Ensure that no contract for work for third parties is subsidised by the Police Authority
- 9.23 Provide appropriate information to the Assistant Director of Resources (Finance) to enable a note to be entered into the statement of accounts in respect of work for third parties.

## 9.24 PARTNERSHIPS

### **Why is it important?**

- 9.25 The vision of Warwickshire Police relies on working closely with our partners to achieve our policing objectives. It is important therefore to ensure that the risks, associated liabilities, benefits and responsibilities of all partnership agreements are clearly established and monitored, whilst at the same time providing a seamless service delivery. The scope and detail of governance arrangements and assurances required before entering into partnership arrangements will vary depending on the size and significance of the partnership concerned.
- 9.26 The main reasons for entering into a partnership are:
- (a) As a consequence of a legal requirement to do so
  - (b) The desire to find new ways to share risk
  - (c) The ability to access new resources
  - (d) To provide new and better ways of delivering services
  - (e) To forge new relationships
- 9.27 A partner is defined as either:
- (a) An organisation (private or public) undertaking, part funding or participating as a beneficiary in a project or
  - (b) A body whose nature or status gives it a right or obligation to support the project.
- 9.28 Partners participate in projects by:
- (a) Acting as a project deliverer or sponsor, solely or in concert with others
  - (b) Acting as a project funder or part funder
  - (c) Being the beneficiary group of the activity undertaken in a project.
- 9.29 Partners have common responsibilities:
- (a) To be willing to take on a role in the broader programme appropriate to the skills and resources of the partner organization
  - (b) To act in good faith at all times and in the best interests of the partnership's aims and objectives
  - (c) Be open about any conflict of interests that might arise
  - (d) To encourage joint working and promote the sharing of information, resources and skills between public, private and community sectors
  - (e) To hold confidentially any information received as a result of partnership activities or duties that is of a confidential or commercially sensitive nature
- 9.30 Throughout the life of the partnership, it is the responsibility of partners to communicate regularly with each other so that the progress of the project is routinely monitored to identify areas where action may be required to fulfill the objectives of the partnership and to identify and share problems in order to promote their successful resolution.

**Key Controls**

- To recognise the statutory context in which the proposed partnership is to be established
- To identify the objectives the proposed partnership is designed to achieve
- To demonstrate how those objectives will support the Authority and Force's vision to set out in the Policing Plan and how the achievement of that vision will be promoted,
- To identify and assess all known risks associated with the proposed partnership and the extent to which those risks affect the viability of the proposals
- To identify and assess through a robust project appraisal process the viability of the proposals in terms of resources, staffing and expertise
- To identify and assess the contractual, legal and financial frameworks of the proposed partnership and to ensure that those arrangements comply with the Police Authority's financial regulations and contract standing orders
- To identify and agree with other partners the roles and responsibilities of each of the other partners involved in the proposals and the lines of accountability from the proposed partnership to the Police Authority, to the force and to other partners
- To be satisfied that other partners have carried out similar assessments for their own purposes, so far as practicable, of the matters referred to above.
- To ensure that the proposed partnership and its operation will not affect adversely any of the services provided by or for the Police Authority and Force.

**Responsibilities of the Police Authority**

- 9.31 The Police Authority is responsible for approving the frameworks for statutory and other partnerships, and, where participation is discretionary, for ensuring that by doing so it will support their objectives as set out in the Policing Plan.
- 9.32 Ensuring regular communication between partners so progress can be monitored.

**Responsibilities of the Treasurer**

- 9.33 The Treasurer is responsible for determining the arrangements for the operation of Partnerships and ensuring that these arrangements reflect the controls set out above.
- 9.34 In consultation with the Director of Resources, to promote the same high standards of conduct with regard to financial affairs in partnerships which apply throughout the Authority.
- 9.35 To determine the accounting and auditing arrangements to be adopted relating to partnerships and joint ventures and to consider the overall framework. He/she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.

**Responsibilities of the Director of Resources**

- 9.36 To ensure the implementation of the arrangements for the operation of Partnerships approved by the Treasurer and to consult the Treasurer on any instances of non compliance with these arrangements.
- 9.37 To review and maintain a force policy for Partnerships. This will cover:
- (a) Definition of the partnership arrangement, the participating partners and the lead partner.
  - (b) Setting aims & objectives for the partnership, highlighting in particular the benefits for Warwickshire Police.

- (c) Identification of critical success factors.
- (d) Identification and management of risk.
- (e) Identification of legal, financial and technical implications.
- (f) A framework for governance and accountability.
- (g) Accounting and Auditing arrangements
- (h) A requirement to have in place a formal agreement.
- (i) The maintenance of a register of partnerships.

#### **Responsibilities of the Assistant Director of Resources (Finance)**

- 9.38 To implement systems and processes that ensure compliance with the arrangements for the operation of Partnerships approved by the Treasurer.
- 9.39 To support the Director of Resources in the review and maintenance of the force policy for Partnerships.
- 9.40 Ensure that the financial impact of partnership arrangements in the Medium Term Financial Planning Strategy.
- 9.41 Ensure appropriate audit arrangements are in place that incorporate partnership arrangements

#### **Responsibility of Cost Centre Managers**

- 9.42 To Ensure compliance with the Force policy on the operation of Partnerships issued by the Director of Resources.
- 9.43 Ensure compliance with the systems and processes in respect of Partnerships determined by the Assistant Director of Resources (Finance)
- 9.44 In the absence of suitable and properly approved Financial Standing Orders, officers who take on lead responsibility for a partnership or spend or receive Warwickshire Police monies through the partnership will comply with Financial Standing Orders, Cost Centre Managers Guide and Financial Procedures & Systems (FiPS) issued by the Director of Resources. Any variation to these should be sought in advance of entering into an agreement.
- 9.45 Declare conflicts of interest in advance of entering into partnership negotiations.
- 9.46 Before entering into a partnership arrangement ensure that it is cost effective, the objectives of the partnership are compatible with the aims and objectives of Warwickshire Police, that all conditions can be complied with and provision exists to meet the liabilities created by entering into a partnership agreement for example employment contracts and potential redundancies.
- 9.47 Secure any funding required before entering into a partnership agreement.
- 9.48 Ensure clarity over respective roles and responsibilities of each partner.
- 9.49 Communicate regularly with partners throughout the duration of the arrangement to avoid problems and ensure issues are identified early.
- 9.50 Ensure appropriate governance arrangements are in place and seek legal advice where appropriate.
- 9.51 Ensure proper exit strategies are in place and clearly understood.
- 9.52 To ensure that all partnership arrangements are entered in the Partnership Register.
- 9.53 To provide appropriate information to the Director of Resources to enable appropriate information to be entered into the Authority's statement of accounts concerning material items.



## SECTION 10 – GLOSSARY

### 10.1 Accounting Policies

These set out the accounting practices adopted in preparing the statement of accounts. Wherever possible they accord with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice and with Financial Reporting Standards (SSAPs and FRSs). They therefore ensure that the Authority complies with 'proper accounting practice' under the terms of the Local Government and Housing Act 1989.

### 10.2 Assistant Director of Resources (Finance)

Reporting to the Director of Resources this is the Chief Constable's senior financial officer who should possess a formal accountancy qualification. He/she is responsible for the day-to-day administration of all financial activities undertaken within the force. He/she will be a member of the force's senior policy team, providing advice on the financial implications of decisions.

### 10.3 Best Value

Under the "Modern Local Government" White Paper the principle of Best Value is one of continuous improvement and is to establish a duty to deliver services to clear standards covering both cost and quality taking account of the most effective, efficient and economic means. This is achieved by undertaking fundamental Best Value Reviews of services, as set out in the Performance Plan, which look to challenge, compare, consult and compete.

### 10.4 Budget Heads

Is that part of the Police Authority's budget delegated to a cost centre manager as defined in Financial Procedures and Systems (FiPS).

### 10.5 Carry Forwards

This refers to the transfer of resources between accounting years.

### 10.6 Chief Constable

This is the officer appointed under section 11 of the Police Act 1996.

### 10.7 Chief Executive to the Police Authority

Section 16 of the Police Act 1996 (the Act) requires the Authority to appoint a Chief Executive. The Act does not define the duties of the Chief Executive, but the Authority have agreed that the main duties will be to ensure appropriate legal and personnel advice to them, effective support for the Authority, their committees and schemes, and act as proper officer. The Authority has also appointed the Chief Executive to act as Monitoring Officer under Section 5 of the Local Government and Housing Act 1989, as amended.

### 10.8 CIPFA

Chartered Institute of Public Finance and Accountancy.

### 10.9 Consistency

The concept that the accounting treatment of like items within an accounting period from one period to the next is the same.

### 10.10 Contingency Liability

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Authority's control, or
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

### 10.11 Contract Standing Orders

These govern the handling of contracts and the relative responsibilities of the police authority and the force.

### 10.12 Cost Centre Manager

Ordinarily the cost centre manager will be the person delegated by the Chief Constable to be responsible for the budget for an area of operational activity or support services.

#### **10.13 Cost Centre Manager's Guide**

The Cost Centre Managers Guide supplements the FiPS by providing advice and guidance to Cost Centre Managers and is therefore an integral part of the overall Control Environment.

#### **10.14 Depreciation**

The measure of the cost or revalued amount of the benefits of the fixed assets that have been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

#### **10.15 Director of Resources**

This is the person responsible to the Chief Constable for all financial activities undertaken within the force or contracted out under the supervision of the force. He/she should be a member of the force senior policy team as established under Section 15 of The Police Act 1996. His or her prime responsibility, however, is for ensuring effective and efficient use of the resources available to the force to support the achievement of operational performance. Reference in this document to the Director of Resources includes reference to the Assistant Director of Resources (Finance).

#### **10.16 Financial Procedures & Systems (FiPS)**

These are a key element of the Control Environment and set out the day-to-day arrangements for the administration of the financial affairs of Warwickshire Police. The Assistant Director of Resources is responsible for the continual review of FiPS to ensure that they remain fit for purpose and for advising the Treasurer accordingly.

#### **10.17 Fixed Assets**

Tangible assets that yield benefits to the police authority and the service it provides for a period of more than one year.

#### **10.18 Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the police authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

#### **10.19 Impairment**

A reduction in the value of a fixed asset below the amount shown on the balance sheet.

#### **10.20 ISIT**

Information software and information technology.

#### **10.21 Monitoring Officer**

The Monitoring Officer is responsible for warning the Authority of actual or potential illegality or maladministration arising from their decisions or proposals. The statutory duties arise from the Police Act 1996 in its application of Section 5 of the Local Government and Housing Act 1989, as amended, (including Part III of the Local Government Act 2000, regarding the conduct of members).

#### **10.22 Partnership**

The financial regulations refer to those statutory partnerships where we are required to work towards objectives with other bodies, pooling resources.

#### **10.23 Police Authority**

The Police Authority means Warwickshire Police Authority as established in accordance with the Police and Magistrates Courts Act 1994.

**10.24 Procedural Standing Orders**

These are the rules adopted from time to time by the Police Authority that regulate the proceedings and business of the Police Authority.

**10.25 Prudence**

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

**10.26 Revaluation**

An increase or decrease in the value of an asset shown on the balance sheet to reflect its current value.

**10.27 Schemes of Delegation**

Where authority has been delegated or devolved to another officer the terms of that delegation should be clearly set out in a Scheme of Delegation.

**10.28 The Force**

This refers to all those working for the Chief Constable. It covers both police officers and employees appointed under section 15 of the Police Act 1966 (excluding those who fall under section 15.3 who are not under the control and direction of the Chief Constable).

**10.29 Treasurer to the Police Authority**

This is the officer with overall responsibility for the administration of the police authority's financial affairs, as set out in section 112 of the Local Government Finance Act 1988.

**10.30 Virement**

This refers to the transfer of resources from one budget head to another.

**10.31 Warwickshire Police**

This refers collectively Warwickshire Police Authority and Warwickshire Police Force.