

**WARWICKSHIRE POLICE AUTHORITY**  
**20 January 2010**

**Control Environment and Financial Standing Orders**

**Joint Report of the Chief Constable, Treasurer to the Authority and Chief Executive of the Authority**

**Summary**

1. This report proposes changes to the overarching Control Environment to reflect the changed management culture following the implementation of the 150 Forward Change programme and submits updated Financial Standing Orders for consideration and approval by the Police Authority.

**Recommendations**

1. It is recommended that:
  - a. the Police Authority approve the principles of the Control Environment set out in this report and that
  - b. the attached Financial Standing Orders be approved and implemented with effect from 1 April 2010.

1. Background

1.1 All major organisations require a set of clearly understood rules and regulations for the management of its affairs. The Police Authority Constitution provides the framework for such rules and regulations.

1.2 The purpose of this Constitution is to:

- help the Police Authority and its members to provide clear leadership to the community in partnership with citizens, businesses and other organisations;
- support the active involvement of citizens in the process of Police Authority decision-making;
- encourage openness and transparency by ensuring that those who make decisions are clearly identifiable to local people, and that they explain the reasons for decisions;

- promote high standards of conduct by members and officers and provide a means of holding decision-makers to public account;
- enable efficient and effective decision-making and improve the delivery of services to the community

1.3 The overarching rules and regulations are set out in the Authority's Standing Orders, which are Schedule 3 of the Constitution and comprise:

- Procedural Standing Orders
- Contract Standing Orders
- Financial Standing Orders

1.4 The statutory and regulatory framework within which police authorities 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.

1.5 A modern organisation should be committed to innovation, within a regulatory framework, providing that the necessary risk assessment and approval safeguards are in place. The Authority's Control Environment should be designed to achieve this balance.

## 2. Control Environment

2.1 To conduct its business effectively the Police Authority needs to ensure that it has in place a control environment involving sound financial management policies that are strictly adhered to.

2.2 The Control Environment should actively encourage innovation but within a regulatory framework that ensures that the necessary risk assessment and approval safeguards are in place. The Control Environment therefore has a number of key documents of which Financial Standing Orders, along with Contract Standing Orders, are key.

2.3 As part of the Constitution of the Police Authority the Financial and Contract Standing Orders establish the overarching control framework and guiding principles for the administration and control of our financial affairs.

2.4 The Financial Standing Orders set out the overarching responsibilities and ensure that business is conducted properly and that statutory and regulatory duties are satisfied.

2.5 In addition to the Constitution and Contract Standing Orders and Financial Standing Orders are supported by:

- Accounting Policies, which set out our accounting arrangement and are determined by the Treasurer,
- Financial Procedures and Systems (FiPS) which set out the day to day rules and regulations for all financial and related

arrangements and are developed and maintained by the Assistant Director of Resources (Finance) but requiring the approval of the Treasurer,

- the Cost Centre Managers Guide which provides further detailed guidance on the operation of day to day processes and are developed and maintained by the Assistant Director of Resources (Finance) and
- Schemes of Delegation which are key as they give individuals their delegated authority and set out the boundaries within which each individual can utilise that delegated authority. While the overall shape of the Schemes of Delegation will be determined by the Director of Resources and the principles, rules and regulations contained in FSO, FiPS etc it is the responsibility of the person delegating their authority to someone else to ensure that this is appropriately documented in a Scheme of Delegation.

2.6 The Control Environment therefore comprises a whole suite of documents and each element of the Control Environment should be viewed in that context.

### 3. Financial Standing Orders

3.1 The proposed revised Financial Standing Orders are attached.

3.2 As set out above they govern the respective responsibilities of Warwickshire Police Authority and the Force on financial matters, and explain the model for financial management. They 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 Authority or the Force and anyone acting on their behalf.

3.3 The Financial Standing Orders 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. Reference in the Financial Standing Orders to the Police Authority, Treasurer, Chief Constable, Director of Resources or the Assistant Director of Resources (Finance) should be taken to include reference to any other officer authorised by them to discharge a particular function provided the scope of that delegated authority has been set out in a written scheme of delegation.

3.4 In summary, the purpose of Financial Standing Orders is to:

- Maintain sound and proper financial procedures and arrangements for the administration of the Authority's financial affairs;
- Ensure that the financial dealings of the Authority 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;
- 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 resources; and
- To safeguard members, officers and employees of the Authority and the Force.

3.5 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 Standing Orders is very much in each individual's interest. Any infringement may result in disciplinary proceedings.

#### 4. Contract Standing Orders

4.1 A separate report on this agenda proposes temporary changes to Contract Standing Orders in respect of minor purchases (below £10,000).

4.2 It is suggested that a more fundamental review of Contract Standing Orders be undertaken to ensure that they reflect the principles of devolved accountability set out above.