

FINANCIAL REGULATIONS

General

1. These Financial Regulations have been prepared in accordance with the requirements of the Home Office Code of Practice on Financial Management.

They were drawn up by the Treasurer of the Authority, in consultation with the Chief Constable, and approved by the Police Authority on 13th December 1994 and amended on 20 September 2005.
2. The main aims of these Regulations are to:-
 - a) provide sufficient safeguards for the Treasurer of the Authority to formally discharge his/her statutory obligations and responsibilities.
 - b) ensure the financial dealing of the Authority and the Force are conducted properly and in accordance with best practice.
 - c) encourage delegation for financial matters to the lowest possible level, both between the Authority and the Force and within the Force, and at the same time maintain adequate control.

The statutory responsibilities of the Police Authority Treasurer mean that the Treasurer is responsible for:

 - ensuring that the financial affairs of the Authority and the Force are properly administered and that Financial Regulations are observed and kept up-to-date.
 - reporting 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.
 - reporting 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.
 - producing a Statement of Accounts.
 - maintaining an effective internal audit function.
3. These Financial Regulations are supported by the Accounting Instructions which have been drawn up by the Chief Constable in consultation with the Treasurer. These Accounting Instructions make further provision for the proper administration of the financial affairs of the Authority and form part of these Regulations.
4. The financial values identified within these Regulations will be kept under review by the Treasurer in conjunction with the Chief Constable and updated as appropriate.
5. References in these Regulations to the Treasurer or the Chief Constable shall be deemed to include a reference to any other officer authorised by them to discharge a particular function.

Administration

6. The Treasurer, as the Authority's financial adviser, shall give information and advice as appropriate, with respect to the Authority's finances, the financial implications of future policies, plans and programmes, financial performance and the financial aspects of their activities.
7. Except to the extent that the Treasurer indicates otherwise, he/she shall participate in all financial negotiations with Government Departments, Local or Public Authorities.
8. If it appears to the Treasurer at any time that a matter is being dealt with by the Authority, or any committee or sub-committee, member or officer thereof, and that matter involves questions relating to the proper administration of the Authority's financial affairs, the Treasurer may require that he/she be involved thereafter in that matter.

Expenditure

9. All persons authorised for the purposes of the Authority's Standing Orders on Contracts shall, when purchasing goods or materials, or arranging the supply of goods and materials, the execution of works or the provision of services, use an official order form, except where the nature of the transaction makes it inappropriate to do so.

10. Arrangements shall be made for the examination, verification and certification of invoices and other vouchers for payment including, where appropriate, provision for the selective examination of such invoices and vouchers. A list of the names of officers authorised to sign such documents, together with specimen signatures, shall be maintained by the Chief Constable.
11. The Chief Constable may provide sums of money as he/she considers appropriate, for such officers as may need them for the purposes of defraying petty cash and other expenses.
12. Where any contract makes provision for part payment of the consideration upon formal certification of satisfactory part performance, such payments shall be made only on certificates issued by persons authorised by or on behalf of the Authority for that purpose in connection with that contract.
13. Payment to employees and former employees of all salaries, wages, gratuities, emoluments and any other sums payable upon the termination of employment, including any redundancy payment, shall be made under arrangements approved by the Treasurer.

Income

14. The Treasurer shall approve the arrangements for the proper recording of all sums due to the Authority and for the prompt and proper accounting for all cash, including its collection, custody, control and deposit.
15. All official receipt forms, receipt books, tickets and other documents of a similar nature shall be approved by the Treasurer.
16. No amount due to the Authority, once established, shall be discharged otherwise than by payment in full, or by writing-off the whole of the amount due, or an unpaid portion thereof. An amount due, or a portion thereof shall not be written off except with the approval of the responsible financial officer (the Treasurer) whether exercised personally or by a member of his staff nominated by him where the amount does not exceed £25,000, or on the authority of the Police Authority where the amount exceeds £25,000 or such other sum as may be prescribed from time to time.

For the avoidance of doubt, amounts due for the purposes of this Regulation shall include amounts payable by any employee of the Authority (as such) or former employees, including rents, mesne profits and similar sums.

Capital and Revenue Expenditure and Income

17. (a) The annual capital and revenue budget shall be approved by the Authority each year.
- (b) Once approved, the budget heads give authority to the Chief Constable to incur expenditure and collect income without the need for further approval from the Authority except where:
 - (i) the Chief Constable proposes a significant change in policy,
 - or (ii) expenditure on an approved budget head would change by more than £500,000.

The Chief Constable will routinely keep the Treasurer informed of virement decisions under this Regulation.

For the avoidance of doubt, budget heads are defined as the summary revenue budgets for employees, premises, transport, supplies and services, agency, central services, capital financing and income, and the capital heads of major building and vehicles, plant and equipment (VPE).
- (c) The approval of the Authority is required, however, in respect of any virement which involves a continuing longer term commitment for which additional provision is required in future budgets.
- (d) The approval of the revised estimates will carry with it approval to exercise the virement needed to reflect the revised estimates.
- (e) The Chief Constable, in consultation with the Treasurer, will maintain a devolved budget scheme to facilitate the effective management of the force budget by devolvement of component budgets to Divisional Commanders and Heads of Department.

The devolved budget scheme will include provision for virement between delegated budget heads and carry forward arrangements between financial years.
- (f) All reports to the Authority will include a section, where appropriate, setting out the financial implications of the proposals being made.

Items of a capital nature below £50,000 can be purchased without the prior approval of the Police Authority provided that they are financed from within existing resources and a report is prepared for the next meeting of the Finance and Resources Panel.

Property

18. The Chief Constable will be responsible for the management of the Authority's estate, including maintenance of this property. All purchases and sales of property should be in accordance with the Authority's Standing Orders on Contracts.
19. Any substantial transaction which has not been considered in the capital budget will require the prior approval of the Authority. For these purposes a substantial transaction will be the capital value of the property being either acquired or disposed of being in excess of £250,000.
20. The Chief Constable shall have the custody of all title deeds under secure arrangements.
21. The Chief Constable will maintain a register of all properties owned by the Authority. Information relating to the assets and their value shall be provided in the asset register in accordance with requirements set out by the Chief Constable.

Financial Performance

22. It shall be the duty of the Chief Constable to monitor and control all expenditure and income for which he/she is accountable throughout the year. In the event that it appears to him/her that he/she will be unable either to contain the expenditure within the budget or achieve the necessary level of income, he/she should report the matter immediately to the Authority which shall issue such instructions as may be appropriate in the circumstances.

Audit

23. The Treasurer shall maintain an adequate and attentive internal audit arrangement and will provide a continuous internal audit under his independent control and direction to examine any financial transactions, procedures, records and other operations. As a part of the examination, cost investigations will be carried out to review, appraise and report upon the effectiveness of internal, financial and other controls, and the extent to which the Authority's assets and interests are accounted for and safeguarded.
24. Any loss or financial irregularity or suspected irregularity, or any circumstances which may suggest the possibility of such loss or irregularity, including any affecting cash stores and other property of the Authority, shall immediately be reported to the Chief Constable and to the Treasurer. The Chief Constable and the Treasurer shall thereafter consult each other about the investigation of the circumstances and take such action as may be jointly agreed.

Insurances

25. The Treasurer shall effect all insurance cover for the Chief Constable and members and officers of the Authority, maintain a register of such insurance, and, except to the extent that he/she indicates otherwise, submit and negotiate all claims made by the Authority in pursuance of such cover.
26. The Chief Constable shall notify the Treasurer of the extent and nature of all new risks to be insured, and any alterations affecting existing insurable risks.
27. Except to the extent that the Treasurer indicates otherwise, the Chief Constable shall inform the Treasurer as soon as practicable of any fire, explosion, flood, accident or other occurrence affecting the property of the Authority and shall arrange likewise for an estimated cost of making good the damage caused thereby.
28. For the purposes of the proper administration of the Authority's insurances, the Chief Constable shall inform the Treasurer of any occurrence involving:-
 - (a) the death of, or injury to, any employee of the Authority while at work;
 - (b) the death of, or injury to, any person where such death or injury occurred on any property owned or used by the Authority, or was occasioned by the conducting of the Authority's undertaking;and shall complete the prescribed insurance form.
29. Subject to compliance with any statutory provision, the Treasurer and the Chief Constable shall have authority to make ex-gratia payments up to a limit of £5,000 or such other sum as may be prescribed from time to time by the Authority.

Settlement of Claims

30. The Chief Constable and Treasurer to report jointly details of all compensation payments of more than £10,000 settled locally, together with the lessons learnt to the next available meeting of the Audit Committee.

Banking Arrangements

31. No officer, except by or under the authority of the Treasurer, shall make any arrangements with the Authority's Bankers, or operate any Banking, Building Society, National Giro or similar account.

Borrowings, Investment and Trust Funds

32. The Treasurer shall be the Authority's registrar of stocks, bonds and mortgages.
33. All borrowings shall be effected in the name of the Authority.
34. The Treasurer shall be responsible for all matters in connection with the borrowing and re-borrowing of monies, together with any other matters related to the raising or repayment of loans, but will delegate day-to-day responsibility for the Treasury Management function and borrowing to the Chief Constable in accordance with arrangements determined by the Treasurer.
35. The terms and conditions for borrowing money shall be in accordance with the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Local Authorities.
36. The investment of monies in hand and any sale or realisation of investments shall be authorised by the Treasurer under the scheme of delegation to the Chief Constable.
37. All investments of monies under its control shall be made in the name of the Authority or in the name of the nominees approved by that Authority.
38. All securities (other than title deeds of land or buildings), the property of, or in the name of the Authority, or its nominees, shall be held in custody of the Treasurer or the Authority's Bankers, as appropriate.
39. All trust funds shall, wherever possible, be in the name of the Authority.
40. All officers acting as trustees by virtue of their official position, shall deposit all securities relating to the trust with the Treasurer, unless the deed provides otherwise.

Custody of Cash and Other Property

41. The Chief Constable shall be responsible for the safe custody of all cash, stores and other property under his/her control.
42. Inventories of plant equipment and furniture shall be maintained in the form and to the extent approved by the Treasurer.
43. Where it is necessary for an employee of the Authority to take custody of property which is not the property of the Authority, that employee shall ensure that, wherever practicable, a complete inventory is prepared, and that arrangements are made to secure the appropriate safe custody of each item of such property.

Sponsorship

44. The Chief Constable shall be informed of all offers of gifts, loans of property and sponsorship which must comply with the Conditions approved by the Authority.
45. All proposed gifts, loans and sponsorship above £25,000 will be referred to the Authority before acceptance. All other gifts, loans or sponsorship must be arranged in accordance with the appropriate accounting instruction.
46. The Chief Constable will maintain a record of the market value of all gifts, loans and sponsorship received and produce an annual report to the Authority at the end of each financial year accordingly. The total value of gifts, loans and sponsorship shall not exceed a maximum equivalent value of 1% of the annual revenue budget.

Unofficial Funds

47. A private fund shall only be established with the approval of an appropriate senior officer and the Chief Constable shall be made aware of the existence of all voluntary unofficial funds.

48. Private funds must be audited each year by independent auditors. Copies of the audited accounts must be sent to the appropriate officer and thereafter to the Chief Constable.

Other Matters

49. The Treasurer shall make the necessary arrangements to facilitate the prompt preparation and completion of the final accounts of the Authority at the end of each financial year.
50. Before any final claim applying for the payment of grant is submitted to any Government department, it shall be sent to the Treasurer for examination and certification.
51. Where any amount recoverable in any court is due to the Authority and remains unpaid after payment has been formally demanded in writing, proceedings may be instituted without further reference to the Authority unless the Chief Constable, the Treasurer or Legal Adviser wishes the matter to be referred.
52. The Treasurer is hereby authorised, in any case where it seems to him/her appropriate so to do in the interests of the proper administration of the Authority's financial affairs, and following approval by the Chief Constable in each such case:-
- (a) to enter any land, buildings, vehicle or plant owned or used by the Authority;
 - (b) to have access to, to possess or to take copies of, any records, documents or correspondence;
 - (c) to have access to any information stored by mechanical, electric or electronic means; and
 - (d) to interview any person including any employee of the Authority;
- and be given all possible assistance in the exercise of this authority.
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