

To: Audit Committee

Date: 14th March 2013

By: Alison Bolton, Chief Executive and Ian Perkin, Chief Finance Officer

Title: Scheme of Corporate Governance

Purpose of Report/Issue:

Surrey's Police & Crime Commissioner (PCC) has a Scheme of Corporate Governance which sets out the arrangements he has in place for effective governance and financial management. The Scheme comprises a number of elements as follows:

- **Code of Corporate Governance**
 - how the PCC and Chief Constable will achieve the core principles of 'good governance'
- **Framework of Decision-Making and Accountability**
 - how the PCC will make/publish key decisions and hold the Chief Constable to account
- **Scheme of Consent**
 - the key roles of the PCC and those functions he has delegated to others
- **Financial Regulations**
 - the framework for managing the PCC's financial affairs
- **Contract Standing Orders**
 - rules for the procurement of goods, works and services

These documents have been drawn up in close consultation with the PCC and Chief Constable. The Committee has a role to consider and comment upon them.

Recommendation(s) – That the Committee reviews and comments upon the documents which comprise the Scheme of Corporate Governance

Equalities Implications – There are no equality implications

Risk- Day to day business and clarity of roles will be affected without these processes in place.

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**The Office of the Surrey Police &
Crime Commissioner and Office of
the
Surrey Chief Constable**

Financial Regulations

Approved 22nd November 2012

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THE OFFICE OF THE SURREY POLICE AND CRIME COMMISSIONER AND THE OFFICE OF THE SURREY CHIEF CONSTABLE

INTRODUCTION

To conduct Surrey Police financial business efficiently, the Office of the Police and Crime Commissioner and the Office of the Chief Constable need to ensure that sound financial management policies are in place, which comply with the Home Office Financial Management Code of Practice issued under section 17 of the Police Reform and Social Responsibility Act 2011 and Section 39 of the Police Act 1996 and that these are strictly observed by every police officer and employee under the control and direction of either the Police and Crime Commissioner or the Chief Constable.

The regulations identify the financial responsibilities of the Police & Crime Commissioner (PCC), the Chief Constable (CC), their respective Chief Finance Officers (CFO), the PCC's Chief Executive (CE) and the Assistant Chief Officer (ACO), following the Stage 1 Transfer provided for under the Police Reform and Social Responsibility Act 2011.

Beyond the scope of this document, financial regulations link with other internal regulatory documents. For example, the Scheme of Consent, Contract Standing Orders, financial procedures, guidance and instructions and employee codes of conduct. Should there be any contradiction contained within procedures, instructions or codes of guidance the Financial Regulations will take precedence.

The PCC, CC, both CFOs and the PCC's CE shall maintain a written record where decision-making has been delegated to members of their staff, including seconded staff.

All staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control and for ensuring that the use of these resources is legal, is properly authorised, provides value for money and achieves best value.

The CFOs of both the PCC and the CC are jointly responsible for maintaining a continuous review of the financial regulations and for submitting any necessary additions or changes to the PCC for approval and for reporting, where appropriate, breaches of the financial regulations to the Audit Committee.

The PCC and CC are responsible for ensuring that all police officers and staff under their respective control and direction are aware of the existence and content of, and have access

to these financial regulations and other internal regulatory documents and that these are observed.

Both CFOs are responsible for issuing advice and guidance within their respective corporate bodies to underpin the financial regulations.

Any police officer or member of staff who knowingly, or by negligence, breaches these financial regulations may be subject to disciplinary action and in some instances may incur criminal liability.

FINANCIAL MANAGEMENT

POLICE AND CRIME COMMISSIONER (PCC)

The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to policing and crime reduction, including government grant, council tax precept and other sources of income. Details of the local arrangements relating to income, such as that collected under section 25 of the Police Act 1996, should be set out in local schemes of consent. How this money is allocated is a matter for the PCC in consultation with the CC, or in accordance with any grant terms. The statutory officers of the CC and the PCC will provide professional advice and recommendations.

The PCC shall appoint a Chief Finance Officer (CFO) to be responsible for the proper administration of his/her financial affairs. He or she shall also appoint a Chief Executive (CE) who will act as monitoring officer.

The PCC is responsible for approving the policy framework and budget, monitoring financial outcomes and the approval of medium term financial plans in consultation with the Chief Constable (CC). The PCC is responsible for approving the overall framework of accountability and control, and for monitoring compliance. In relation to these Financial Regulations this includes:

- Police and Crime Plan
- Financial strategy (including reserves)
- Annual revenue budget
- Capital programme
- Medium term financial forecasts
- Treasury management strategy, including the annual investment strategy
- Asset management strategy
- Risk management strategy
- Governance policies

The PCC is responsible for approving procedures for recording and reporting decisions taken and for monitoring compliance with agreed policy and related executive decisions. The PCC is also responsible for approving procedures for agreeing variations to approved budgets, plans and strategies forming the policy framework.

The PCC shall provide his/her CFO with such accommodation and other resources as are in his/her opinion sufficient to allow the duties under this section to be performed

THE CHIEF CONSTABLE

The CC is responsible implementing the strategic direction set by the PCC and has direction and control over the Force's officers and staff. The CC holds office under the Crown, but is appointed by the PCC.

The CC is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the CC, his/her constables and staff, remain operationally independent in the service of the public.

To help ensure the effective delivery of policing services and to enable the CC to have impartial direction and control of all constables and staff within the Force, the CC should have day to day responsibility for financial management of the Force within the framework of the agreed budget allocation and levels of authorisation issued by the PCC.

The CC must ensure that the financial management of their allocated budget remains consistent with the objectives and conditions set by the PCC. The CC will discharge this through his/her CFO who will lead for the Force on financial management.

When the CC intends to make significant change of policy or seeks to move significant sums between budget heads then the approval of the PCC must be sought.

The CC shall appoint a CFO to be responsible for the proper administration of the CC's financial affairs.

The CC is responsible for approving the operational content of any contractual arrangements for any work by Surrey Police for third parties or external bodies, including the identification of all risks related to that work.

The CC shall prepare Financial Instructions to supplement the Financial Regulations and provide detailed instructions on the operation of the specific financial processes delegated to the CC. The CC shall ensure that all employees are made aware of the existence of these Regulations and are given access to them. Where appropriate, training shall be provided to ensure that the Regulations can be complied with.

THE AUDIT COMMITTEE

The Audit Committee shall comprise of between three and five members who must be independent of both the PCC and the CC.

In establishing the Audit Committee the PCC and the CC shall have regard to the CIPFA guidance on Audit Committees.

The Audit Committee shall establish formal terms of reference, covering its core functions, which shall be formally adopted and which it will review on an annual basis.

The Audit Committee is responsible for reviewing the external auditor's reports, the annual audit letter, the internal auditor's work plan and progress, for both the Office of the PCC and the Office of the CC.

The Audit Committee will advise the PCC and the CC according to good governance principles and will adopt appropriate risk management arrangements in accordance with proper practices.

The PCC will approve the Annual Governance Statement and the annual Statement of Accounts after sign off by the PCC's CFO, for both the PCC's office and Surrey Police Force. Approval will be given taking account of the recommendation of the Audit Committee.

The Audit Committee will annually review the PCC approved Annual Treasury Management Policy, which will state the policies and objectives and approach to risk management taken by the PCC in conducting treasury management activities. The Committee will be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

Audit Committee will receive and approve where appropriate recommendations for write-off in excess of the levels that can be written off by the PCC's and the CC's CFOs. The Committee will also review the annual schedule of all amounts written-off.

The Audit Committee will have a key role in scrutinising the integrity arrangements of the Force, including regular review of key processes and practices such as gifts and hospitality and business interests.

The Audit Committee will also be responsible for making recommendations to the PCC on the desirability of making any requested changes to the Financial Regulations.

The PCC and the CC shall be represented at all meetings of the Audit Committee.

THE PCC's CHIEF FINANCE OFFICER

The PCC's CFO has the responsibility for the proper financial administration of the PCC's financial affairs and has a personal fiduciary responsibility to the local Surrey council taxpayer.

The PCC's CFO's statutory responsibilities are set out in:

- Paragraph 6 of Schedule 1 to the Police Reform and Social Responsibility Act 2011
- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit Regulations 2011

His/her CFO is the PCC's professional adviser on financial matters and shall be responsible for:

- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
- ensuring regularity, propriety and Value for Money (VFM) in the use of public funds;
- ensuring that the funding required to finance agreed programmes is available from Central Government, council tax precept, other contributions and recharges;
- reporting to the PCC, the Police and Crime Panel and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
when it appears that any expenditure is likely to exceed the resources available to meet that expenditure;
- advising the PCC on the robustness of the estimates and the adequacy of financial reserves;
- preparing the annual statement of accounts, in conjunction with the CC's CFO;
- ensuring the provision of an effective internal audit service, in conjunction with the CC's CFO;
- securing the treasury management function, including loans and investments;
- advising, in consultation with the CE on the safeguarding of assets, including risk management and insurance
- arranging for the determination and issue of the precept
- liaising with the external auditor; and
- advising the PCC on the application of value for money principles by the Force to support the PCC in holding the CC to account for efficient and effective financial management.

The PCC's CFO has certain statutory duties which cannot be delegated, namely reporting any potentially unlawful decisions by the PCC on expenditure, and

preparing each year, in accordance with proper practices in relation to accounts, a statement of the PCCs accounts including the group accounts for Surrey Police.

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

- must be a key member of the PCC's Leadership Team, working closely with the CE, helping the team to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all strategic business decisions, of the PCC, to ensure that the financial aspects of immediate and longer term implications, opportunities and risks are fully considered, and in alignment with the PCC's financial strategy;
- must lead the promotion and delivery by the PCC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The PCC's CFO must have full access to all relevant financial information as laid down in the Information Sharing Protocol.

The PCC's CFO must have a properly qualified deputy should he/she be unable to perform the duties under section 114 of the Local Government Finance Act 1988.

Section 113 of the Local Government Finance Act 1988 requires that the PCC's Chief Finance Officer must be a member of one or more of the bodies listed below:

The Chartered Association of Certified Accountants
The Chartered Institute of Management Accountants
The Chartered Institute of Public Finance and Accountancy
The Institute of Chartered Accountants in England & Wales
The Institute of Chartered Accountants in Scotland
The Institute of Chartered Accountants in Ireland, and
Any other body of accountants established in the UK and for the time being approved by the Secretary of State for the purposes of this section.

THE PCC'S CHIEF EXECUTIVE

The CE is responsible for the leadership and general administration of the PCC's Office.

The CE is also the PCC's designated monitoring officer, appointed under section 5(1) of the Local Government and Housing Act 1989.

The monitoring officer is responsible for:

- ensuring the legality of the actions of the PCC and his/her officers.
- ensuring that procedures for recording and reporting key decisions are operating effectively
- advising all staff and officers about who has authority to take a particular decision
- advising the PCC about whether a decision is likely to be considered contrary or not wholly in accordance with the policy framework
- consulting the CFO and seeking approval on any matter liable to affect the PCC's finances materially, before any commitments are incurred.
- signing contracts on behalf of the PCC.

THE CHIEF CONSTABLE'S CHIEF FINANCE OFFICER

The CC's CFO has the responsibility for the proper financial administration of the CC's financial affairs and has a personal fiduciary responsibility to the Surrey council taxpayer.

The CFO is responsible to the CC for all financial activities within the Force or contracted out under the supervision of the Force.

The CFO's responsibilities are set out in:

- Paragraph 4 of Schedule 2 and paragraph 1 of Schedule 4 to the Police Reform and Social Responsibility Act 2011
- Section 114 Local Government Finance Act 1988 (formal powers to safeguard lawfulness and propriety in expenditure)
- The Accounts and Audit Regulations 2011

The CFO is responsible for:

- ensuring that the financial affairs of the Force are properly administered and that these financial regulations are observed and kept up to date;
- Reporting to the CC, the PCC and the PCC's CFO and to the external auditor:
 - any unlawful, or potentially unlawful, expenditure by the CC or officers of the CC;
 - when it appears that any expenditure of the CC is likely to exceed the resources available to meet that expenditure

- advising the CC on value for money in relation to all aspects of the Force's expenditure;
- advising the CC, the PCC and the PCC's CFO on the soundness of the budget in relation to the Force;
- liaising with the external auditor;
- working with the PCC's CFO to produce the statement of accounts for the CC and to assist in the production of group accounts for Surrey Police.

The CFO has certain statutory duties which cannot be delegated, namely reporting any potentially unlawful decisions by the Force on expenditure and preparing each year, in accordance with proper practices, a statement of the CC's accounts. The CFO will need to observe the locally agreed timetable for the compilation of the group accounts with the PCC's CFO.

The CFO is the CC's professional adviser on financial matters. To enable him/her to fulfil these duties the CFO:

- must be a key member of the CC's Management Team, helping it to develop and implement strategy and to resource and deliver the PCC's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all strategic business decisions of the CC to ensure immediate and longer term implications, opportunities and risks are fully considered;
- must lead the promotion and delivery by the CC of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; and
- must ensure that the finance function is resourced to be fit for purpose.

Section 113 of the Local Government Finance Act 1988 requires that the CC's CFO must be a member of one of the bodies listed below:

The Chartered Association of Certified Accountants
 The Chartered Institute of Management Accountants
 The Chartered Institute of Public Finance and Accountancy
 The Institute of Chartered Accountants in England & Wales
 The Institute of Chartered Accountants in Scotland
 The Institute of Chartered Accountants in Ireland, and
 Any other body of accountants established in the UK and for the time being approved by the Secretary of State for the purposes of this section.

ACCOUNTING RECORDS AND RETURNS

Maintaining proper accounting records is one of the ways in which the PCC and the CC will discharge their responsibility for stewardship of public resources.

To ensure that proper accounting records are maintained, the PCC's and CC's CFOs will jointly:

- determine the accounting procedures and records, in accordance with recognised accounting practices, and approve the strategic accounting systems and procedures employed by the PCC and the CC.
- make proper arrangements for the audit of the PCC's, CC's and Group accounts in accordance with the Accounts and Audit Regulations 2011.
- ensure that bank reconciliations and other key control reconciliations are regularly performed on a timely basis.
- prepare and publish the audited accounts in accordance with the statutory time-table.

THE ANNUAL STATEMENT OF ACCOUNTS

The PCC's and the CC's CFOs have the responsibility of preparing the respective Annual Statement of Accounts and Annual Governance Statements in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom. The accounts will comprise separate statements for the PCC and the CC as well as a set of group accounts for Surrey Police as a whole.

The CC's CFO will comply with accounting guidance provided by the PCC's CFO and will supply within a reasonable time-scale all financial and accounting information needed to allow him/her to meet all relevant statutory requirements.

The Audit Committee is responsible for scrutinising the Annual Statement of Accounts and recommending that the PCC formally approves them.

The PCC's CFO will publish the approved and audited accounts of Surrey Police each year in accordance with the statutory time-table.

FINANCIAL PLANNING

POLICY FRAMEWORK

The PCC in consultation with the CC, other relevant partners and key stakeholders, is responsible for agreeing the financial policy framework, budget and precept. In terms of financial planning, the key elements are:

- the Police & Crime Plan, which the PCC is required to submit to the Police & Crime Panel covering the time period up to the next PCC election. Plus any amendments which the PCC makes to the Plan during that period, which also have to be submitted to the Police & Crime Panel.
- the five year Medium Term Financial Plan
- the Revenue Budget
- the Capital Programme

PREPARATION OF THE POLICE & CRIME PLAN

The PCC is responsible for the preparation of the Police & Crime Plan. The PCC must consult with the Chief Constable on its development and the Chief Constable must have due regard to the Plan once agreed. The Plan must also be informed by an understanding of local need. It must include:

- The PCC's police and crime objectives for the area
- The policing of the police area which the CC is to provide
- The financial and other resources which the PCC is to provide to the CC
- The means by which the CC will report to the PCC on the provision of policing
- The means by which the CC's performance in providing policing will be measured and
- The Crime and Disorder Reduction grants which the PCC is to make and the conditions (if any) of those grants.

BUDGETING

Budget format

The general format of the Surrey Police Force revenue budget and capital programme proposed by the CC on the advice of his/her CFO must be approved by the PCC's CFO and must comply with all legal requirements and with the latest guidance issued by CIPFA. Proposed budgets should include the sums allocated to different services and projects, levels of grant income and proposed precept levels and contingency and reserve funds and give a range of alternative financial planning scenarios (optimistic, likely, pessimistic).

Budget & Capital Programme Preparation

The PCC's CFO is responsible for ensuring that the PCC's budget is similarly compiled and properly combined with the Surrey Police revenue and capital budgets to produce a group budget that complies with all statutory requirements, before it is presented for approval to the PCC.

The PCC will be advised by her/his CFO on the appropriate level of general balances, earmarked reserves and provisions to be held and the prudential indicators arising from the application of the Prudential Code of Capital Finance in Local Authorities to the proposed revenue and capital budget.

It is the responsibility of the two CFOs to ensure that the estimates contained within the budget are realistic and prudent.

Once the PCC has approved the proposed budget he/she will need to present it to the Police & Crime Panel for authorisation.

Following completion of the Police & Crime Panel's scrutiny process for reviewing the PCC's Precept Proposal (which will by implication enable the PCC to approve the Revenue and Capital Budget), the PCC's CFO will issue to the billing authorities the statutory Precept Notice.

The CC in consultation with his/her CFO is then responsible for issuing guidance on the general content of the budget within the Force, as soon as possible following the issue of the statutory Precept Notice.

Preparation of five year Medium Term Financial Plan

The PCC and CC share a responsibility to provide effective financial and budget planning for the short, medium and long term. This objective is achieved by preparing a medium term financial revenue plan. This must contain:

- plans that reflect the PCC's consultations with not only the CC, but also other relevant partners and key stakeholders.
- plans for the development of services and the priorities for the allocation of both capital and revenue resources between services that reflect the strategic direction outlined in the Police and Crime Plan.
- the financial effects of all known commitments together with any other proposals for changes to levels of existing services, or the introduction of new services.
- take account of the funding available from central government and other sources and balance the need for expenditure against the impact that proposed plans will have on the Surrey Council Tax payer.

Budget Monitoring and Control

The CC's CFO is responsible for ensuring that regular and appropriate financial information is provided to the PCC's Office, to enable both revenue budgets and the capital programme to be monitored effectively throughout the year.

It is the CC's responsibility to ensure that each element of expenditure and income has a nominated budget manager to take responsibility for that part of the budget, thereby ensuring that income and expenditure is properly monitored and controlled and that appropriate action is taken to avoid the approved budget and capital programme allocations being exceeded. If any problems do arise in achieving a balanced budget the PCC's CFO must be informed.

Variations to Approved Budgets (Virements)

Virements are intended to enable the CC to manage budgets flexibly within the overall policy framework determined by the PCC and, therefore to provide the opportunity to optimise the use of resources to emerging needs.

The CC will only be required to refer back to the PCC when virement would change the overall policy framework determined by the PCC or where a revenue virement might create a future year or continuing commitment. Individual virements between revenue budgets that do not exceed 0.5% of the total net budget in any one year and capital virements that do not exceed 2% of the annual capital budget would not normally require PCC approval. It must be noted that while revenue funds can be vired to cover capital expenditure, revenue expenditure can only be funded from revenue funds.

Out-turn Reporting

The CC's CFO will report on the outturn of income and expenditure to the PCC's CFO as soon as practicable after the end of the financial year.

Budget Preparation Guidance

The CC's CFO will issue guidance on budget preparation to the appropriate officers and staff within Surrey Police to take account of

- Legal requirements.
- Medium term financial plan
- Policing Plan.
- Operational requirements of the Chief Constable.
- Efficiency plans.
- Relevant government guide lines.

CAPITAL PROGRAMME

PROCEDURE FOR APPROVING CAPITAL EXPENDITURE PROPOSALS

The Prudential Code requires that capital expenditure should form part of a capital strategy and should be carefully prioritised in order to maximise the benefit of scarce resources.

The total amount available to fund capital expenditure in any year is determined by the PCC who will take account of the available capital resources i.e. capital grants, capital receipts, loans and under spending carried forward from the previous year.

To initiate the approval process, the Assistant Chief Officer (Support Services) will prepare a rolling programme of proposed capital schemes for consideration by the PCC. A Capital Strategy Board, on which the PCC will be represented by, as a

minimum his/her CFO, will review and prioritise all schemes in the rolling programme by 30th November each year, thereby determining those capital schemes that should be included in the Capital Budget plan for the following three financial years.

Each proposal being put forward for approval will have a supporting business case, which will be compiled on the best information then available and will include detailed estimates of capital financing costs and revenue running costs in line with the requirements of the Prudential Code.

The capital programme, which will be compiled after prioritising the individual projects on the grounds of service need, plus capital costs and consequent revenue costs/savings, will then need to be submitted to the PCC for final approval.

Expenditure incurred on approved projects will be reported to the PCC as part of the normal financial capital reporting process. Where predicted or actual expenditure on projects varies (up or down) from approved budget by more than 10%, an explanation of the variance will be provided by the Assistant Chief Officer (Support Services).

The overall approved capital budget for the financial year may not be exceeded without prior approval of the PCC.

If the Assistant Chief Officer (Support) Services wishes to make changes to the individual projects by substituting a project or projects in the approved capital programme by others on the grounds of priority, this will be allowed provided that (1) a properly costed business case has been compiled that includes all appropriate capital and revenue costs and savings and (2) inclusion of the scheme will not result in the approved capital budget or revenue budgets being exceeded, without the prior approval of the PCC. Any such changes to the capital programme will then be included in the normal capital monitoring reports provided to the PCC's Office by the ACO who has the responsibility for maintaining adequate records for all capital contracts.

Projects which are approved for inclusion in the Capital Budget, but on which no expenditure has been incurred during the financial year, must be re-submitted for approval before they can be included in the following years Capital Budget.

The PCC will be advised by his/her CFO on the most appropriate level of revenue support and appropriate levels of borrowing, under the Prudential Code to support the capital programme. Finance leases or other credit arrangements can only be entered into with the prior approval of the PCC's CFO.

PROPERTY/PREMISES LEASES

Introduction

Leases and hire purchase contracts enable the PCC to obtain the right to use or purchase assets without the burden of formal ownership. Accounting standards classify leases into two types – finance and operating leases – both of which are accounted for quite differently:-

Operating leases

Involve the lessee paying a rental for the hire of an asset for a period of time, normally substantially less than its useful economic life. The lessor retains most of the risks and rewards of ownership of the asset. All rental payments associated with such leases must be classified as revenue expenditure and charged to the Income and Expenditure Account.

Finance leases

These usually involve payment by the lessee to the lessor of the full cost of the asset (i.e. a principal payment) plus interest. The lessee has substantially all the risks and rewards associated with the ownership of the asset, other than legal title. The accounting treatment of a finance lease is more complex: The lease payment must be split into its component elements of principal and interest. All interest payments must be classified as revenue expenditure and charged to the Income and Expenditure Account, but the principal payments can be treated as capital expenditure.

It **cannot** be assumed that lease payments relating to property or premises can automatically be treated as capital expenditure, as the PCC must account for all leases in accordance with accounting standards. All proposed property leases need to be fully assessed prior to the lease being signed, so that they can be correctly classified and the likely on-going financial implications to the revenue budget and capital programme accurately assessed in advance. Otherwise, there is a risk that the PCC will be exposed to significant unplanned costs, to which the PCC is contractually committed for the period of the lease.

All applications for leases will be compliant with the latest version of these financial regulations which take precedence should there be a conflict with any other regulations regarding lease tests.

Lease Classification

In order to classify a lease and accurately quantify the on-going financial and accounting implications, all potential property leases must be assessed by the Force's Financial Accounting team prior to the lease being signed.

The Force's Financial Accounting team will undertake a simple financial test and consider the terms of the proposed lease against a checklist, in order to decide whether the lease should be classified as an operating or a finance lease. To

complete this process, the Force's Financial Accounting Team requires the following information:

- Proposed lease payment per annum.
- Proposed lease term – including, if applicable, details of any break points where the lease could either be terminated or extended.
- Estimated purchase price of an equivalent asset – it is extremely important that these estimates can be substantiated, and all estimates should be based on the professional advice obtained by the Estates Strategy Manager.
- Proposed terms and conditions of the lease – if available a draft copy of the lease should be sent to the Financial Accounting Team. In particular, details of associated property costs (e.g. buildings insurance and maintenance costs, utility costs, service charges) and whether the lessor or the PCC will be responsible for such costs once the lease is signed.
- Contact details of a named individual – the Financial Accounting team may need to discuss the proposed lease, or request further information.

In order to request a lease test, please email to (!Financial Accounting). The proposed lease will then be assessed, and the results fed back to the originating department as soon as possible.

MAINTENANCE OF BALANCES AND RESERVES

The PCC should establish a policy on reserves in consultation with the CC. The PCC will be advised on the reasonable level of reserves that should be maintained by his/her CFO and in particular at the time the annual revenue and capital budget is determined. The General Reserves should, according to Home Office advice be held by the PCC, but a reasonable operational reserve should be allowed to be maintained by the CC.

RISK MANAGEMENT AND BUSINESS CONTINUITY

INTRODUCTION

It is essential that robust integrated systems are developed and maintained for identifying and evaluating all significant risks to the PCC and the CC. This should include the proactive participation of all those associated with planning and delivering policing services.

RISK MANAGEMENT

The PCC and the CC are jointly responsible for approving the risk management policy statement and strategy, and for reviewing the effectiveness of risk management. The CC is also responsible for implementing on an on-going basis the risk management strategy and for promoting a risk aware culture throughout the

Force, including the identification of business continuity plans in the event of an unexpected disaster. The CE is similarly responsible for implementing a risk management strategy in respect of the PCC's Office.

INSURANCE

The PCC will be advised on appropriate arrangements for insurance by his/her CFO, who will determine the appropriateness of using commercial insurance to cover identified risks in conjunction with the CC's CFO. The PCC's CFO will also arrange for actuarial reviews to be taken of any self-assurance funds maintained by the CC. The CC's CFO will be responsible for ensuring that claims against insurance policies are promptly made.

INTERNAL CONTROL

Internal control refers to the systems of control devised by management to help ensure that the PCC's and CC's objectives are achieved in a manner that promotes economical, efficient and effective use of resources and that their assets and interests are safeguarded.

The PCC's CFO, in conjunction with the CC's CFO, is responsible for advising on and implementing effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes and regulations, and other relevant statements of best practice. They should ensure that public funds are properly safeguarded and used economically, efficiently, and in accordance with statute.

It is the responsibility of the CC, with advice from the CC's CFO, to establish sound arrangements to achieve continuous improvement, economy, efficiency and effectiveness and for achieving financial performance targets.

The 'Review of Effectiveness' section of the Annual Governance Statement considers the effectiveness of the system of internal control. This section is informed by all senior colleagues, such as Heads of Profession and Strand Commanders, signing an annual Management Assurance Statement. In so doing, managers are confirming that – to the best of their knowledge – they are satisfied that controls have been operating effectively during the year across their areas of responsibility and that there are no control breakdowns of which they are aware. Considering the content of the Management Assurance Statements plus that of the overarching Annual Governance Statements, together with the work of the internal and external auditors and HMIC reviews, provides sufficient evidence of good governance.

The CC approves the Force Annual Governance Statement, whilst the PCC's and Group version is approved by the PCC.

INTERNAL AUDIT REQUIREMENTS

The Accounts and Audit Regulations 2011 require that the PCC and the CC arrange for an effective internal audit of their affairs, the regulations stating that relevant bodies must maintain adequate and effective systems of internal audit of its accounting records and of its system of internal control. The guidance accompanying the legislation states that proper internal control practices for internal audit are those contained in the CIPFA Code of Practice. In fulfilling this requirement the PCC and CC should have regard to the Code of Practice for Internal Audit in Local Government in the United Kingdom issued by CIPFA. In addition, the Statement on the Role of the Head of Internal Audit in Public Service Organisations issued by CIPFA sets out best practice and should be used to assess arrangements to drive up audit quality and governance arrangements.

In addition to enabling the PCC and the CC to fulfil their requirements in relation to the relevant Accounts and Audit Regulations, Internal Audit is needed:

- to satisfy the PCC and the CC that effective internal control systems are in place; and
- to satisfy the external auditor that financial systems and internal controls are effective and that the Police Fund is managed so as to secure value for money.

It will be the responsibility of the two CFOs to ensure that an adequate and effective internal service is provided and it is the responsibility of the PCC and the CC to ensure that the internal auditors have access to all assets, records, documents, correspondence, control systems and appropriate personnel as well as having the right to access all Surrey Police premises, subject only to security clearance.

The Chief Internal Auditor will prepare an internal audit plan, which will be developed in consultation with the two CFOs before being submitted to the Audit Committee for endorsement. Progress in completing the plan will be reported to each quarterly Committee meeting, together with a report on matters arising from completed audits and the extent to which action has been taken in response to issues raised in those reports.

The Chief Internal Auditor will present an annual report to the Audit Committee which will include an opinion on the reliance that may be placed on the internal control framework.

The PCC and CC are required to respond promptly to weaknesses, issues and recommendations in audit reports and ensure that all critical or significant actions arising from the audit are carried out in accordance with the agreed action plan included in each internal audit report. The CC's CFO must ensure that the introduction of new systems for maintaining financial records or records of assets, or significant changes to existing systems, are discussed with and agreed by the PCC's CFO and internal audit prior to implementation.

The CC's CFO must notify the PCC's CFO immediately of any suspected fraud, theft, irregularity, improper use or misappropriation of Surrey Police property or resources. Pending investigation and reporting, the CC should take all necessary steps to prevent further loss and to secure records and documentation against removal or alteration. Investigation of internal financial irregularities shall normally be carried out by the Professional Standards Department, who will inform the Chief Constable and will consult with the Head of Internal Audit as appropriate and keep him/her informed of progress. At the conclusion of the investigation the Head of Internal Audit shall review the case to identify any internal control weaknesses that allowed the financial irregularity to happen and shall make recommendations to ensure that the risk of recurrence is minimised.

EXTERNAL AUDIT

Both the PCC and the CC will, from time to time, be subject to audit, inspection or investigation by external bodies such as the External Auditors (currently Grant Thornton), HMIC and HM Revenue and Customs, who have statutory rights of access to all documents, facilities and information necessary for audit and inspection purposes.

The Audit Commission is responsible for appointing the external auditor, who will audit both the PCC's Office and the Force and will carry out his/her functions in accordance with the Code of Audit Practice, which sets out the auditors objectives to review and report upon:-

- the financial aspects of the audited body's corporate governance arrangements.
- the audited body's financial statements.
- aspects of the audited body's arrangements to secure Value for Money.

In auditing the annual accounts the external auditor must ensure that:

- the accounts are prepared in accordance with all relevant guidance and statutory regulations
- that proper accounting practices have been observed in the compilation of the accounts
- that proper arrangements have been made for securing economy, efficiency and effectiveness

The PCC and the CC will be expected to respond to issues arising out of the external audit and to account to the Audit Committee for having implemented agreed actions within a reasonable time frame.

PREVENTING FRAUD AND CORRUPTION

The PCC and the CC have a responsibility for the development and maintenance of an Anti-Fraud and Anti-Corruption strategy which applies to all staff under their operational control.

The strategy should be designed to prevent and detect fraud and corruption and identify a clear pathway for investigation and remedial action. It must be based on a series of inter related procedures covering culture, prevention, the internal control system and training on detection and investigation.

The PCC and the CC and their respective staff must declare any pecuniary interests in contracts and must not accept fees or rewards other than by proper remuneration. Any hospitality or gifts received on behalf of the Force or PCC's Office must be properly recorded in detail in their respective Register of Hospitality and Gifts.

The PCC and CC will maintain a whistle blowing policy that will enable members of their respective staffs, contractors and members of the general public to make allegations of fraud, misuse and corruption in confidence and without recrimination, to an independent contact. The policy will ensure that allegations are properly investigated as to their validity, to ensure that they are not malicious and that the appropriate action is then taken to address any valid concerns identified. All employees must be made aware of the policy.

ASSETS

FIXED ASSETS

The PCC will initially own and fund all Surrey Police assets (land, property, vehicles, equipment, furniture and other items), but the CC is responsible for the direction and control of the Force and will therefore have day to day management of all assets used by the Force.

Assets must be recorded in the Surrey Police Financial Statements in accordance with International Financial Reporting Standards (IFRS) and all relevant expenditure on land and buildings and other assets, above a £10,000 threshold, is to be capitalised and added to the Asset Register. Assets must be reviewed annually for impairment and any resultant diminution is to be reflected in the Financial Statements.

All assets are depreciated except land, assets in the course of construction and, under IFRS, assets held for sale.

Land and buildings are to be recorded in the accounts at current cost (fair value), while all other fixed assets are to be valued at historic cost.

In planning the annual budget and developing the Medium Term Financial Plan, the PCC will consult with the CC in order to ensure a full assessment of the assets and human resources required to meet operational needs.

The CC is responsible for maintaining an up to date Asset Register that will record sufficient detail to allow sound asset management and proper fixed asset accounting to take place.

It is also the responsibility of the CC to physically safeguard all Surrey Police assets and to ensure that contingency plans are in place for the security of assets and continuity of service in the event of a disaster or major systems failure.

The CC must ensure that the title to all Surrey Police land and buildings is properly recorded at the Land Registry.

Assets no longer required are to be disposed of at best value or if of no further economic value, to be written off on the authority of the PCC's CFO and be reported to the Audit Committee.

There are additional databases of assets held separately by the following areas:

- Estates uses Oak Leaf for all property assets;
- ICT records computer assets on the Xasset system; Fleet uses Tranman for vehicles.

Revaluations

Land & buildings are assessed for value by external experts on a rolling five year basis.

Assets under construction (AUC)

AUCs are valued at historic cost and are not depreciated until the year after they are fully completed when they are transferred to the appropriate fixed asset category and valued as described above.

AUCs are controlled by the Financial Accounting Team who will conduct a full annual review.

Intellectual Property

Any intellectual property created by an officer or member of staff of the PCC or the CC during the course of their employment is deemed to belong to the PCC or CC and not the officer or member of staff. Examples of intellectual property are the creation of specific pieces of computer software, particular inventions or written solutions to managerial or operational problems.

In the event that the PCC or CC decides to commercially exploit intellectual property, matters should only proceed after taking appropriate legal advice to ensure that the PCC or CC's rights in the intellectual property are properly protected by patents for example.

The PCC's CFO & the CC's CFO must ensure that the accounting arrangements to be adopted relating to Intellectual Property Rights are satisfactory and appropriate. The PCC's CE must be consulted as to the overall governance arrangements and legal issues when Intellectual Property Rights are a component of proposed agreements with external bodies.

Inventory

Assets valued below the threshold of £10,000 are recorded separately on spread sheets/databases. These include mobile phones, equipment used in covert operations and ICT equipment.

Assets held for sale (surplus assets)

Under IFRS assets classified as held for sale are not depreciated and are valued at the lower of the carrying value or fair value (market value) less cost to sell.

Depreciation

All assets that are subject to depreciation are depreciated on a straight-line basis commencing in the month after capitalisation. Although depreciation is calculated on the estimated life of the specific individual asset concerned, the approximate average depreciation periods are as follows:

Buildings - 25 Years

Equipment - 5 Years

Vehicles - 5 Years

Intangibles – 3 Years

TREASURY MANAGEMENT

The PCC will ensure that the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (The Code) are adopted.

The PCC will approve the Annual Treasury Management Policy, which will state the policies and objectives and approach to risk management of its treasury management activities. The approved policies and practices will be submitted to the Audit Committee for review on an annual basis. The Audit Committee will be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

The PCC will approve suitable treasury management practices (TMPs), setting out the manner in which he/she will seek to achieve those policies and objectives and prescribing how it will manage and control these activities.

The PCC's CFO will implement and monitor treasury management policies and practices in line with the CIPFA Code and other professional guidance.

The PCC's CFO will prepare treasury management reports for the PCC on policies, practices and activities, including as a minimum, an annual strategy, a mid-year monitoring report and an annual report.

The PCC's CFO will ensure that all borrowings and investments are made in compliance with the CIPFA code and in the name of the Surrey PCC.

CASH AND BANKING

The PCC's CFO has overall responsibility for banking arrangements for Surrey Police and is the only individual with authority to open and close Surrey Police bank accounts.

The PCC's CFO must produce in consultation with the CC's CFO a policy on the maintenance of bank accounts, which as a minimum will include the following requirements:-

- all bank accounts to be reconciled on a monthly basis.
- receipts to be issued for all cash seized or obtained by other means.
- all cash held prior to banking to be retained in a secure safe.
- all cash to be banked within 7 working days of the receipt, unless it needs to be retained for evidence or sent for destruction due to contamination in which case the destruction must be authorised by the PCC's CFO on the basis of information supplied by the CC's CFO.
- All bank mandates are to be reviewed and updated annually.
- Clear instructions are to be maintained and issued to all personnel who handle cash.

The PCC's CFO and the CC's CFO will jointly prepare detailed financial instructions for dealing with petty cash and these shall be issued to the appropriate officers and staff.

The petty cash system provides appropriate officers and staff with the cash, bank imprests or pre-paid cash cards to meet minor expenditure on behalf of Surrey Police. The two CFOs will jointly determine reasonable petty cash limits and ensure that a record is maintained of all transactions and petty cash advances made, and periodically review the arrangements for the safe custody and control of these advances.

MONEY LAUNDERING

To be alert to the possibility that Surrey Police might become the subject of an attempted money laundering transaction, suspicious cash deposits in any currency in excess of £12,000 (or equivalent) should be reported to the Serious Organised Crime Agency (SOCA).

The PCC's CFO is the nominated Money Laundering Reporting Officer for Surrey Police and will decide whether a particular transaction gives rise to a suspicion or concern that should be reported to SOCA.

The PCC's CFO & the CC's CFO have a responsibility to ensure that within their respective corporations they undertake appropriate checks to ensure that all new suppliers and counterparties are bona fide.

There is a duty on all officers and staff of the PCC and CC to inform the PCC's CFO if they receive information which may result in them knowing or having reasonable grounds for knowing or suspecting money laundering, fraud or use of the proceeds of crime.

ADMINISTRATION OF EVIDENTIAL & NON-EVIDENTIAL PROPERTY

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

The CC will determine procedures for the safekeeping of the private property of a person, other than a member of staff, under his guardianship or supervision and ensure that these procedures are drawn to the attention of all appropriate officers and members of staff.

There is a duty on all officers and staff to notify the CC in the case of loss or diminution in the value of such private property.

FINANCIAL SYSTEMS AND PROCEDURES

Introduction

The PCC's CFO & the CC's CFO have a statutory responsibility to ensure that the financial systems used by both the PCC and CC are sound, are populated with accurate data, are well administered and contain controls that ensure that transactions are properly processed and errors detected promptly.

The CC through his/her CFO is responsible for operating Surrey Police's accounting systems, which must be kept in a form approved by the PCC's CFO in order to allow the PCC's CFO to meet his/her statutory obligation to compile the Surrey Police Group Accounts.

The CC CFO is responsible for ensuring that a complete audit trail is maintained that allows for all financial transactions to be traced from the accounting records to the original document and vice versa.

The CC must ensure officers and staff using any financial system or procedure receive relevant and appropriate financial training that has been approved by the CC's CFO.

The PCC must ensure that all PCC staff receive relevant financial training that has been approved by the PCC's CFO.

The CC's CFO must ensure that there is a documented and tested business continuity plan to allow key system processing to resume quickly in the event of an interruption. Effective contingency arrangements, including back up procedures, are to be in place to deal with any failure in the computer systems.

Income & Expenditure

The PCC and CC should adopt the ACPO national charging policies and national guidance when applying charges under Section 25 of the Police Act 1996 and bear in mind that the purpose of charging for special services is that those using them should normally pay for them.

The CC's CFO should agree a charging policy for the supply of goods and services, including the appropriate charging of VAT and to review it in line with corporate policies. All charges should be on a full cost recovery basis except where regulations require otherwise, and income fully recovered and banked promptly.

The writing off of bad debt can be authorised by either of the CFOs in respect of their own corporations up to a value of £10,000 in individual bad debt cases and £25,000 cumulatively in any one financial year. To write-off bad debts of more than £10,000 individually and not more than £50,000 cumulatively in any one financial year both CFOs are required to authorise the writing off of the debt.

The Audit Committee should be presented with an annual schedule of all debts written off and will approve where appropriate the writing off of debts in excess of the CFOs delegated authority. Write off of debt that exceeds the authorised limits of the CFOs will be subject to a separate report to the Audit Committee which will cover the reasons for requesting that the Committee authorise the writing off of the bad debt.

Payments To Employees

The CC through the CC's CFO is responsible for all payments of salaries and wages to all employees, including payments for overtime and allowances.

The PCC's CE is responsible for ensuring that all officers and staff working for the PCC are correctly paid all allowances, salaries and wages to which they are entitled.

Payroll transactions shall only be processed through the payroll system and payments to individuals employed on a self-employed consultant or subcontract basis, shall only be made in accordance with HM Revenue & Custom's (HMRC) requirements. If in doubt about the status of an individual to whom payments are to be made advice should be sought from HMRC.

Taxation

Both CFOs have a responsibility to advise the PCC and the CC respectively on all taxation issues that affect Surrey Police.

The CC through the CC's CFO is responsible for maintaining the tax records for Surrey Police and for directing that all tax payments that fall due are processed, all tax credits are received and tax returns submitted by their due date.

Ordering & Paying For Work, Goods and Services

All orders for the supply of Work, Goods and Services must comply with the applicable process set out in Contract Standing Orders. Individual external purchases shall not be made without the authorisation of the Head of Procurement and Contracts where goods or services are available through central supplies, established Contracts or Approved Suppliers.

A Purchase Order must be issued prior to any works, goods or services being supplied with the exception of where such works, goods or services are being purchased via the Government Procurement Card (GPC). There are no circumstances in which it is permitted to raise an official order or use a Government Procurement Card for personal or private purchases.

Officers and staff should declare any links or personal interests that they may have with purchasers, suppliers and contractors if they are engaged in contractual or purchasing decisions on behalf of Surrey Police and will be disqualified from taking part in the selection process of a supplier or contract with which they are connected.

Purchase Cards and Expenses

Purchase cards, are usually issued to staff who regularly order goods and services, with the aim of reducing the transaction costs associated with processing high volume low value transactions. Additionally, purchase cards are issued to senior staff and police officers (equivalent to Chief Superintendent and above) to allow them to

pay for personal expenses necessarily and exclusively incurred while carrying out official police business. Under no circumstances should a Purchase Card be used to pay for any personal expenses that are not incurred as a direct result of carrying out official police business. While prior approval of expenditure incurred by senior claimers is not required, the ACO (Support Services) will on behalf of the Chief Constable, review on a quarterly basis the expenses of senior claimers. The Chief Constable and PCC's Chief Executive will submit details of their expenses to the PCC for review, while the ACO (Support Services) will submit her expenses for review by the Chief Constable.

Holders of purchasing cards will be responsible for ordering and paying for goods and services in accordance with Contact Standing Orders and procedures laid down by the CC's CFO.

Ex Gratia Payments

An ex gratia payment is a payment made in circumstances where there is no legal obligation to make such a payment. An example of an ex gratia payment would be where a police officer were recompensed for damage done to personal property in the execution of his/her duty or to a member of the public for providing assistance to a police officer in the execution of his/her duty.

Ex gratia payments can only be authorised by the PCC and CC, although the CC's ACO (Support Services) may be delegated to authorise payments up to the value of £5,000. The PCC must authorise payments of over £5,000. Any claims involving amounts beyond £7,500 should only be made by the PCC after taking legal advice.

Gifts, Loans & Sponsorship

The PCC's CFO & the CC's CFO are responsible for ensuring that all gifts of money, gifts or loans of other property, including sponsorship, which are received by the PCC or the CC or their officers or staff, are properly recorded in the financial statements. As a general rule officers and staff may only accept gifts of low intrinsic value.

The PCC or the CC may accept gifts, loans and sponsorship on behalf of Surrey Police from any source which has genuine and well-intentioned reasons for wishing to support specific police projects. In return the provider may expect some publicity or other acknowledgement, such as displaying an organisation's name or logo. This is acceptable provided that it does not dominate or detract from the purpose of the supported project.

Gifts and loans and sponsorship should not be accepted where there is a risk of offending the integrity or propriety of the police.

Priority shall be given to meeting the needs of Surrey Police rather than those of any sponsor and care should be taken to avoid association with inappropriate sponsors,

giving the impression that sponsors have accrued a commercial advantage, entering into projects of dubious or limited benefit and allowing unacceptable conditions to be attached to sponsorships.

The total value of gifts, loans and sponsorship accepted should not exceed a maximum equivalent value of 1% of the Force annual Net Budget Requirement.

Both CFOs must ensure that registers for Surrey Police Force and the Office of the PCC are maintained which respectively record, all gifts of money, gifts or loans of other property, including sponsorship.

Hospitality

No expenditure on alcohol is permitted in external hospitality situations. All hospitality received should be reasonable in nature and clearly related to work activity.

JOINT WORKING ARRANGEMENTS

Public bodies are increasingly encouraged to provide seamless service delivery through working closely with other public bodies, local authorities, agencies and private sector providers.

In all joint working arrangements the following key principles must apply:

- before entering into the agreement, a risk assessment must be prepared
- such agreements must not impact adversely upon the services provided by Surrey Police
- project appraisal is in place to assess the viability of the project in terms of resources, staffing and expertise
- all arrangements are properly documented
- regular communication is held with other partners throughout the project in order to achieve the most successful outcome
- audit and control requirements are satisfied
- accounting and taxation requirements, particularly VAT, are understood fully and complied with
- an appropriate exit strategy has been produced

Partnerships

The PCC and the CC provide distinctive leadership roles within the community to make Surrey safer through effective and efficient delivery of the right police services for the county. This role can be enhanced through working in successful partnership with other organisations.

Partnerships typically fall into three main categories: Statutory (e.g. Community Safety Partnerships, Local Strategic Partnerships), Strategic (partnerships set up to deliver core policing objectives), and Ad-hoc (locally based informal arrangements agreed by local senior police officers).

Under Section 10 of the Police Reform and Social Responsibility Act 2011, the PCC is given the responsibility for co-operative working. This allows, within the constraints of the relevant funding streams, the PCC to pool funding as they and their local partners deem appropriate. The PCC can commission services or award grants to organisations or bodies that they consider will support their community safety priorities in accordance with their Police and Crime Plan. They may do this individually or collectively with other local partners including non-policing bodies. The PCC must have regard to the relevant priorities of each responsible authority and take account of these when setting the Police & Crime Plan.

When the PCC commissions services, agreement is required on the shared priorities and outcomes expected to be delivered through the contract or grant agreement with each provider. Ring-fenced provision of crime and disorder grants is allowed in support of local priorities. The inclusion of detailed grant conditions directing local authorities how to spend funding need not be the default option. The power to make crime and disorder grants with conditions is contained in section 9 of the Police Reform and Social Responsibility Act 2011. The power to contract for services is set out in paragraph 14 of Schedule 1 and paragraph 7 of Schedule 3 to the Police Reform and Social Responsibility Act 2011.

The PCC has a responsibility to make appropriate arrangements to commission services from either the Force or external providers, following consultation with the CC. The PCC's CFO should be consulted as soon as possible so that advice can be given regarding appropriate accounting arrangements and correct taxation treatment.

It is important to ensure that risk management and project appraisals are in place to assess the viability – both on initiation and on an on-going basis – of all external arrangements and an exit strategy is prepared.

A Memorandum of Understanding (MOU) setting out appropriate governance for partnership projects should be drawn up and signed by the PCC's CE.

The PCC's CFO must report if financial expenditure exceeds the budget given to achieve the objectives set out in the Police & Crime Plan where services are commissioned within community initiatives,

Consortium Arrangements

A consortium is a long-term joint working arrangement with other bodies, operating with a formal legal structure approved by the PCC. Before such an arrangement is entered into, the PCC's CE will establish that the correct legal framework is being used to formalise the arrangement.

The PCC's CFO should be consulted as soon as possible so that advice can be given regarding the treatment of taxation and other accounting arrangements.

A fully costed business case must be produced showing the full economic benefits and associated risks that are foreseen as arising from participation in the consortium.

An MOU setting out appropriate governance for each proposed project should be drawn up and signed by the PCC's CE.

Collaboration

Under sections 22A to 22C of the Police Act 1996 as amended by section 89 of the Police Reform and Social Responsibility Act 2011, CC and PCCs have the legal power and duty to enter into collaboration agreements to improve the efficiency or effectiveness of one or more police forces or Police PCC's Offices. Any collaboration which relates to the functions of a police force must first be agreed with the CC of the force concerned.

The PCC shall hold the CC to account for any collaboration in which the Force is involved.

Any proposal for collaboration must be discussed with both the PCC's CFO and the CC's CFO.

YEAR – END VARIATIONS & LOCAL BALANCES

Any under spend in excess of the approved limit of balances will be taken to the General Reserves.

The CC's CFO, in conjunction with budget-holders, may re-allocate locally held balances, provided that the total amount remains unchanged.

The limit for carrying forward under spends from one financial year to another is 1.0% of the closing budget figure for the financial year.

With the approval of the CC's CFO, a balance greater than the maximum limit may be carried forward from one financial year to another, in order to build up a sufficient sum to fund a specific pre-planned project, provided the amount involved does not exceed 1.0% of the Surrey Police's annual Net Budget Requirement.

EXTERNAL FUNDING

Funds from external agencies can and do provide additional resources to enable Surrey Police to deliver its policing objectives. The main source of such funds will be specific government grants, additional contributions from local authorities (e.g. for ANPR, CCTV and additional PCSOs) and donations from third parties (e.g. towards capital expenditure).

It is the responsibility of the PCC's CFO & the CC's CFO to ensure that all funding notified by external bodies is received and properly accounted for and that all claims for funds are made by the due date and that any audit requirements specified in the funding agreement are met.

The CC must ensure that any conditions placed on Surrey Police in relation to external funding are in accordance with the approved policies of the PCC. If there is a conflict this needs to be taken to the PCC for resolution.

WORK FOR EXTERNAL BODIES

If Surrey Police provides services to other bodies outside of its normal obligations, charges should be made e.g. training, special services etc. Arrangements should be in place to ensure that any risks associated with this work are minimised and that such work is not ultra vires and that the normal work of Surrey Police is not compromised by providing services externally.

The CC's CFO should ensure that proposals for the provision of such services are properly costed, that no contract is subsidised by Surrey Police and that, where possible, payment is received in advance of the delivery of the service, so that Surrey Police is not put at risk from any liabilities such as bad debts.

The CC's CFO must ensure that appropriate insurance arrangements are in place and that all contracts are properly documented.

The submission of tenders for the supply of goods and/or services should be approved as follows:

- a) For tenders up to £1,000,000 by the CC's CFO.
- b) Over £1,000,000 the prior approval of the PCC or delegated post holder is required

PROTOCOL BETWEEN THE CC & THE PCC'S CFO FOR FUNDING SPECIAL UNBUDGETED OPERATIONS

Notwithstanding the normal arrangements for the creation of Gold Commands and the involvement of the PCC's Office, where the CC believes that necessary expenditure for an operational commitment will exceed the budgets and reserves at the Force's disposal and therefore create a budget overspend, he/she will arrange a briefing for the PCC's CFO.

Subject to vetting clearance, this briefing may of necessity be limited to the financial consequences of the commitments being entered into. In deciding whether to arrange a briefing, the CC will make no assumption about the availability of special grant, from any source, or the availability of general reserves to support the operation.

In the light of the level of resources committed to the operation and the likely duration of the operation, the PCC's CFO will agree with the CC, in consultation with the PCC, how the financial commitment will be managed.

The CC will be responsible for ensuring that the operation is managed efficiently (including ensuring that the use of mutual aid and overtime will only be when such use is necessary and appropriate) and will brief the PCC's CFO and the PCC on these issues, including providing a risk assessment including the likely impact on the level of general reserves.

The CC will respond to any request made by the PCC's CFO and/or the PCC for information and will arrange for briefings to take place as necessary. The PCC's CFO will ensure that the requirements of the Local Government Finance Act 1988 are complied with and if this is not the case will, following consultation with the PCC's CE and the External Auditor, seek independent legal advice on the necessity to take action under the Act.

The CC will ensure that the costs of the operation are separately identified and that the CC's CFO highlights them when he/she submits the monthly revenue and capital monitoring reports to the PCC.

The PCC's CFO will ensure that Home Office officials are made aware of the situation at the earliest opportunity should it become likely that a financial claim for support will be made to the Home Office. In this case the PCC's CFO will in consultation with the CC's CFO to arrange for a special grant claim to be formulated and submitted to the Home Office, at the earliest opportunity.

The PCC's CFO will, as appropriate, brief the External Auditor on the situation and of the steps being taken to ensure that the financial standing of the PCC and Surrey Police Force is maintained.

SCHEME OF CONSENT

The Scheme of Consent details the key roles of the PCC, and those functions which he/she delegates to the CE, CFO, staff under the direction and control of the CC, but employed by the PCC, and if appointed, a Deputy PCC.

The Scheme of Consent should be read as part of the overarching, Scheme of Governance, which in addition includes a Code of Corporate Governance, a Framework of Decision Making & Accountability, together with Contract Standing Orders and these Financial Regulations. This will then demonstrate how the overall governance arrangements that are in place to ensure that the activities of both the Surrey PCC and the Surrey Police Force are properly and effectively managed, in a way that secures the combined assets of both and uses and protects and harnesses them to meet jointly agreed strategic objectives, while maximising the value, both financial and operational, that can be obtained for the benefit of the Surrey public.

FINANCIAL REGULATIONS – GENERAL NOTE

It must be recognised that financial regulations cannot foresee every eventuality. The PCC's CFO and the CC's CFO, shall be responsible for interpreting these regulations so as to ensure that the conduct of Surrey Police's financial business is secure, efficient and effective and achieves the highest levels of probity.

POLICE OFFICER & POLICE STAFF CERTIFICATE OF COMPLIANCE

THE FOLLOWING ARE THE SENIOR POLICE OFFICERS & POLICE STAFF WITHIN THE OFFICE OF THE POLICE & CRIME PCC FOR SURREY OR WITHIN SURREY POLICE FORCE WITH PRIMARY RESPONSIBILITY FOR ENSURING THAT THE FINANCIAL REGULATIONS ARE PROPERLY UNDERSTOOD AND OBSERVED

Key Post Holders	
Chief Constable	Chief Supt – Investigation
Deputy Chief Constable	Chief Supt – Tasking & Coordinating
Assistant Chief Constables	Chief Supt - Response
Assistant Chief Officer - Support Services	Chief Supt - Neighbourhoods
Head of Human Resources	Chief Constable’s Chief Finance Officer
Head of ICT	Head of Strategic Change
PCC Chief Executive	PCC Chief Finance Officer

Each individual key post holder listed above is required, upon receipt of the Financial Regulations, to return within one month, a signed dated statement as follows.

I confirm that I have received a copy of the PCCs Financial Regulations and have read and familiarised myself with the contents. I will ensure that, within the area for which I have financial responsibility, the regulations will be complied with. I confirm that all members of my staff have been made aware of those regulations which impact on the activities that they carry out in pursuance of their employment with Surrey Police Force or the Office of the Surrey PCC.

Signed: _____

Print Name: _____

Post: _____

Date: _____

Return to:
 The Chief Finance Officer, The Office of The PCC for Surrey, Mount Browne, Guildford, Surrey.



**SURREY
POLICE**
*With you, making
Surrey safer*

**THE OFFICE OF THE POLICE AND CRIME COMMISSIONER
AND
THE OFFICE OF THE CHIEF CONSTABLE**

CONTRACT STANDING ORDERS

APPROVED XXXXXXXXXX

NOT PROTECTIVELY MARKED

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DEFINITIONS

For the purposes of these Standing Orders, the following terms shall have the meanings set out below:-

“Police Force” means the Sussex/Surrey Police Force as appropriate

“PCC” Means the Sussex/Surrey Police and Crime Commissioner

“Chief Constable” means the Chief Constable of Sussex/Surrey

“CSO” means these Contract Standing Orders

“Purchaser” means the individual within Sussex/Surrey Police tasked with or responsible for the acquisition of the goods works services being sought or the agreement or arrangement being entered into

“Authorised Officer of Sussex/Surrey Police” means any Sussex/Surrey Head of Department or Business Lead, or rank above occupying a post at the relevant time as listed separately in this document

“Designated Officer” means a Procurement Officer not associated with the tender or a PCC Officer where the tender value exceeds the EU Threshold

“Current Quotation” means a quotation dated within 90 days (maximum) of the Purchase Order*

*Quotations may be sought from suppliers to remain ‘open’ for a period of up to 90 days (maximum) and used to support more than one Purchase Order (where the goods/services/quantities are alike) within that period. After such time has expired a revised quotation should be sought from the supplier.

INTRODUCTION

Sussex and Surrey have combined their procurement functions to establish a Joint Procurement Service. This new operating model works across Sussex & Surrey and builds resilience and depth and moves the function to a more consultative and proactive service.

One of the key improvements required is the focus on contract management alongside the tendering function. Contract management has been a secondary exercise and a lower priority. Within the new structure specific roles have been created to address this.

By bringing the two forces contracts registers together there is the potential to make cost savings, the Opportunity Assessment Exercise, where savings are anticipated from contract rationalisation and applying the most cost effective contract and contract alignment.

Both forces operate to a joint strategy, policy and procedures. These Contract Standing Orders apply to both Sussex and Surrey.

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CONTRACT STANDING ORDER 1 – SCOPE OF ORDERS

- 1.1 All expenditure for the supply of goods works services to Sussex/Surrey Police must comply with the applicable Process set out in Section 3
- 1.2 Any disposal of Surrey Police assets or property shall comply with the applicable Process set out in Section 3 (Sussex refer to their Financial regulations)
- 1.3 The applicable Processes set out in these Orders shall also apply to contractors who are permitted by Sussex/Surrey Police to sub-contract competitive bids for the supply of goods, works or services and in-house service providers required by Sussex/Surrey Police to compete with external persons or bodies
- 1.4 These contract standing orders should be used in conjunction with the Procurement Policy.
- 1.5 These contract standing orders shall apply where Surrey or Sussex is a lead force for collaboration.

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SECTION 3 - EXEMPTIONS

- 2.1 No exception can be made to undertaking a tender process where it is a requirement under European or UK legislation
- 2.2 Subject to 2.1 above these Contract Standing Orders shall not apply to:-
- Contracts of Employment
 - Contracts of Insurance (where the proposal has been examined by Sussex/Surrey Police's current insurance broker)
 - Contracts for legal advice, assistance or advocacy
 - Goods, works or services provided by statutory undertakers or other bodies where they have monopoly status e.g. mutual aid
- 2.3 Subject to 2.1 above Contract Standing Orders shall not apply where the relevant:-
- Chief Constable in consultation with the PCC (or in their absence respective designated deputies) direct otherwise
 - The PCC after consideration resolve to waive them on such conditions as they may specify in the resolution
- 2.4 All requests for exception under 2.3 above shall follow the process set down in Appendix 2 which also contains the detail of the information required in the Waiver document

SECTION 3 – THE PROCESSES

Process 1 - goods works & services up to £500

Process 2 - goods works & services £500 - £5,000

Process 3 - goods works & services £5,000 - £50,000

Process 4 - goods works & services £50,000 Upwards

(EU Thresholds - £173,934 goods & services, £4,348,350 works) over the life of the contract.

Process 5 - Consultancy

Process 6 - Disposal of assets (applicable to Surrey only)

Process 7 – Goods & services supplied by Sussex/Surrey Police

Individual external purchases shall not be made without the authorisation of the Head of Procurement and Contracts where goods or services are available through central supplies, established Contracts or Approved Suppliers

Acceptance of a quotation/tender for goods, services and consultancy shall be in writing and signed by the Officer responsible as directed below:-

Up to £1,000,000 – Chief Constable's Chief Finance Officer (of relevant Force)

£1,000,000 and above – The PCC or delegated post holder (of relevant OPCC)

3.1 PROCESS 1 (UP TO £500)

3.1.1 Purchaser to obtain quotation for order (verbal quotation acceptable)

3.1.2 Purchase to raise an Official Purchase Order

3.1.3 The use of a Government Procurement Card is the preferred method and the guidelines for their use available on the Joint Procurement Service intranet page.

3.1.4 Where a product is available on the National Procurement Hub electronic catalogue the requisition should be processed through the system, except where there are significant price or availability factors making this impractical.

3.2 PROCESS 2 (£500 - £5,000)

- 3.2.1 Where there is a contract or appropriate framework agreement in place the purchaser shall obtain a quotation under the agreement.
- 3.2.2 Where there is no contract in place the Purchaser is to obtain a minimum of 1 (one) current, written quotation (received by post, fax or email) **or alternatively** price(s) shown in a current suppliers catalogue(s) may be used
- 3.2.3 Purchaser to raise an Official Purchase Order.

3.3 PROCESS 3 (£5,000 - £50,000)

- 3.3.1 Purchaser to obtain a minimum of 3 (three) current written quotations (received by post, fax or email)
- 3.3.2 Provided the Purchaser intends to accept the lowest of the quotations - an Official Purchase Order is raised.
- 3.3.3 If the Purchaser wishes to accept a quotation other than the lowest quotation or is unable to obtain the minimum number of quotes required, the Purchaser shall provide a written justification to the Head of Procurement & Contracts or his/her deputy and obtain written consent to accept that quotation or (as applicable) the lowest of the quotes obtained.
- 3.3.4 Recommendations to exercise extension options must be approved by the Head of Procurement and Contracts and reported to the Joint Procurement Board.

3.4 PROCESS 4 (£50,000 UPWARDS)

- 3.4.1.1 Any initiation of procurement activity, award or extension of contract shall require the respective Portfolio Lead/Budget Holder and Head of Procurement & Contract's approval.

For all tenders of £50k and above In addition to the above the Portfolio Lead/Budget Holder will be required to present a Procurement Options Paper to the Joint Procurement Board for consideration and approval

The Head of Procurement and Contracts shall inform the Portfolio Lead/ Budget Holder of the outcome before further progression

A summary of the options deciding on the appropriate route to tender is provided in

- 3.4.2 The Joint Procurement Service shall give public notice :-
 - (a) via the Joint Surrey & Sussex Police electronic Procurement Portal; and

(b) in the Official Journal of the European Union in cases valued over the EU threshold

3.4.3 The public notice shall :-

(c) specify details of the contract into which Surrey or Sussex Police wish to enter; and

(d) invite persons or bodies interested to apply to tender; and

(e) specify a time limit of not less than 14 days (or the minimum timescale applicable in cases valued over the EU threshold) in which such applications are to be submitted to the Joint procurement Service

Note- No additional information may be provided via the Surrey & Sussex Police Procurement Portal, than is given in the notice published in the Official Journal of the European Union

3.4.4 After the expiry of the time limit specified in the public notice, invitations to tender shall be sent to a minimum of 5 (five) suppliers. If it is not possible or it is undesirable for some reason to shortlist 5 invitees then a request must be made in writing to the Head of Procurement & Contracts justifying the number of tenderers invited (a minimum of 2) and permission obtained to invite tenders from that lower number

3.4.5 All Suppliers submitting tenders will be subjected to appropriate financial and capability checks before decision of an award is completed.

3.4.6 Every invitation to tender shall be competed electronically via the electronic Quotation/Tendering System

3.4.7 Tenders shall be kept secure electronically and unopened until the time and date specified for their opening

3.4.8 No tender received after the time and date specified shall be considered

3.4.9 All tenders received by the time and date specified shall be opened together in the presence of the Head of Procurement & Contracts and a designated Officer and recorded on the Tender Opening Log

3.4.10 Criteria for the award of contracts shall be disclosed within the tender invitation and these criteria shall be strictly observed by Officers designated to evaluate the tender.

3.4.11 Where appropriate a Framework agreement may be used for requirements over £50,000 following the guidance set out in section 6 for use.

3.4.12 Recommendations to exercise extension options must be approved by the Head of Procurement and Contracts and reported to the Joint Procurement Board.

3.5 PROCESS 5 – CONSULTANCY SERVICES

- 3.5.1 All proposed Contracts for Consultancy Services shall require the prior approval of the Joint Procurement Board.
- 3.5.2 Any extension of Contract for Consultancy Services (irrespective of value) shall also require prior approval of the Joint Procurement Board
- 3.5.3 Where the approval of the Joint Procurement Board cannot be achieved within the required timescales such approval may be sought outside of the Joint Procurement Board by the Surrey DCC (Chair of the Joint procurement Board), Sussex Director of Finance and the Surrey ACO
- 3.5.4 All proposed Contracts for Consultancy Services with an estimated value at or in the excess of the EU threshold must comply fully with the tendering process detailed in Process 4
- 3.5.5 Where the estimated value is below the EU threshold the applicable process shall be followed, that is Process 1 to 3 dependent on value, unless the relevant PCC and Chief Executive in consultation with the Head of Procurement & Contracts direct otherwise. Requirements of the Joint Procurement Board shall still be required
- 3.5.6 Regardless of 3.6.4 above the Purchaser or Authorised Officer must consult with the Head of Procurement & Contracts to establish an appropriate agreement that clearly and carefully specifies the services to be supplied, the agreed programme for delivery and the price and terms for payment together with all other terms and conditions that are agreed prior to the Consultant undertaking such services

3.6 PROCESS 6 – DISPOSAL OF ASSETS (SURREY ONLY)

- 3.6.1 Dependent on the estimated value the same competitive process for the disposal of goods shall be followed as that set out in Process 1 to 4 except:-
(a) where the value does not exceed the figure indicated for Process 1 and prior written agreement has been obtained for their disposal from an Authorised Officer; or
(b) in the case of the sale of land or buildings the Process set out in Appendix 1 shall be followed

3.7 PROCESS 7 – CONTRACTS FOR THE SUPPLY OF GOODS AND SERVICES BY SUSSEX/SURREY POLICE

- 3.8.1 Any Contract or Agreement for the supply of goods and/or services by Sussex/Surrey Police shall be for the best market value for Sussex/Surrey Police unless the relevant Chief Constable, Director of Finance or the ACO directs otherwise and such agreement is provided in writing. Costs should be in line with ACPO guidance on charging for services.

3.8.2

In all such Contracts or Agreements Officers are required to seek to minimise any risk to or liability of Sussex/Surrey Police to a proportionate level. Where there is likely to be any significant risk or liability assumed by Sussex/Surrey Police no Agreement, Contract or Process shall be entered into without the prior agreement of an Authorised Officer of Sussex/Surrey Police in consultation with Procurement Management

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SECTION 4 – ESSENTIAL CONDITIONS OF CONTRACT

4.1 Every Contract shall :-

- (a) be made in writing under English Law and unless under seal must be signed by the Chief Constable's Chief Finance Officer or delegated individual or Chief Executive of PCC (dependant on value) and the Contractor
- (b) clearly and carefully specify the goods, services or works to be supplied, the agreed programme for delivery and the price and terms for payment together with all other terms and conditions that are agreed
- (c) contain an Anti-Corruption Clause to protect Sussex/Surrey Police against fraud
- (d) use an appropriate model form of Contract approved by or in consultation with Procurement Management
- (e) include performance bonds for contracts of a value greater than £1m and to be a consideration in other contracts where appropriate
- (f) include contract monitoring provisions including; establishing key performance indicators, frequency of reporting requirements, the mechanism to bring issues to the attention of the contractor and the time for the contractor to respond and or remedy.
- (g) require the contractor to notify of any interests they are aware of between the Sussex/Surrey PCC/Force and themselves
- (h) make provision to protect any intellectual property rights of Sussex/Surrey Police and where this applies register such rights with the Joint Procurement Service and if suitable with appropriate bodies.
- (i) be executed under seal where Procurement Management advise that it is appropriate to do so.
- (j) Include sufficient insurance cover as approved by the Joint Insurance Manager.

SECTION 5 – FRAMEWORK AGREEMENTS / CALL OFF CONTRACTS

Note – A Framework Agreement or a Call Off Contract is where the supplier's offer to supply the goods, works or services is held open for a guaranteed period of time, ready for acceptance by the purchaser for what could be a single contract or a series of mini-contracts, each 'calling off' under the terms and conditions established.

- 5.1 Where a Framework Agreement has been established by Sussex/Surrey Police, then this must be used regardless of the value of the individual order being placed
- 5.2 Any Framework Agreement awarded must be established using the applicable Process as set out in Section 3.
- 5.3 Multi-supplier Framework Agreements may be used with the prior agreement of the Head of Procurement & Contracts. Such Agreements shall require a mini competition to be conducted with all capable suppliers before the placement of any orders made under it
- 5.4 Where a Framework Agreement has been established by another body and is available for use by Sussex/Surrey Police then the Purchaser may use such Framework Agreement subject to obtaining prior written agreement from the Head of Procurement & Contracts.
- 5.5 No such Framework Agreement shall be used where a Sussex/Surrey Police Framework Agreement already exists.
- 5.6 Each Framework Agreement used by Sussex/Surrey Police shall be reviewed by the Head of Procurement & Contracts at intervals of not more than 4 years and where appropriate each shall be re-tendered using the applicable Process
- 5.7 Before using a Framework the purchaser will ensure that Sussex/Surrey Police are able to access the agreement and that they understand the instructions for appropriately using the agreement.
- 5.8 Where a mini-competition is required the competition process will be processed through the electronic tender portal to all suppliers on the framework.

SECTION 6 – CONSORTIUM ARRANGEMENTS

Note – In this context a Consortium can include either a loose or a formal arrangement between two or more public authorities to purchase goods, works or services from a Supplier

- 6.1 Where a Consortium Contract has been established by another body and is available for use by Sussex/Surrey Police then the Purchaser may use such Contracts subject to obtaining prior written agreement from the Head of Procurement & Contracts
- 6.2 No such Consortium Contract shall be used where a Sussex/Surrey Police Contract for those goods works or services already exists subject to obtaining prior written agreement from the Head of Procurement & Contracts

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SECTION 7 – CONTRACTS AND AGREEMENTS OF A COMPLEX OR UNUSUAL NATURE, CONTRACTS OF STRATEGIC IMPORTANCE

- 7.1 Irrespective of the financial value, no Contract, Agreement or Process shall be undertaken by any Officer without the prior agreement of the Head of Procurement & Contracts or Chief Executive of PCC where such Contract or Agreement is of strategic importance, unusual or complex nature.
- 7.2 In all such Contracts or Agreements Officers are required to seek to minimise any risk to or liability of Sussex/Surrey Police to a proportionate level. Where there is likely to be any significant risk or liability assumed by Sussex/Surrey Police no Agreement, Contract or Process shall be entered into without the prior agreement of the Head of Procurement & Contracts or relevant Chief Executive of PCC and/or Insurance and Risk Management
- 7.3 The acceptance of any significant risk liability or indemnity, other than those ordinarily provided for under corporate insurance policies, shall be determined by the relevant Chief Executive of PCC.
- 7.4 Choice of Procurement procedures are detailed in appendix III.

SECTION 8 – CONTRACT MANAGEMENT

- 8.1 For each Contract awarded following Process 4 the Purchaser must appoint a Contract Manager whose name should be notified to the Contractor and whose responsibilities should include:-
- (a) monitoring performance of the Contractor against the Contract
 - (b) monitoring the continuing level of operational and financial risk (including risk of fraud) to which Surrey Police are exposed
 - (c) facilitating the resolution of issues between the Contractor and key Sussex/Surrey Police user(s).
 - (d) ensuring the prompt settlement of invoices correctly and properly submitted by the Contractor in accordance with the Contract
 - (e) Recommending whether extension options within contracts are used. (Note all extensions are approved by the Head of Procurement and Contracts).

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SECTION 9 – CALCULATING CONTRACT VALUE

9.1 Where like goods services works are required the Contract Value used for calculating the relevant threshold shall be calculated by aggregating the estimated total annual value of the like goods services works and multiplying this by the number of years that the proposed Contract is to run for both Forces.

Where the Contract does not specify the length of the period it is to run, then four years shall be taken as the multiplier

9.2 In no case shall an Officer divide a Contract into a number of constituent parts in order to avoid compliance with the processes set out in these Contract Standing Orders

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SECTION 10 – DECLARATION OF AN INTEREST IN A CONTRACT OR AN AGREEMENT, RECEIPT OF GIFTS BENEFITS AND/OR MONEY

Note - It is an offence under the Local Government Act 1972 for any Officer to be paid or to accept any fee or reward whatsoever other than his/her proper remuneration. It is also a requirement under that Act to declare in writing any pecuniary interest (direct or indirect) that an Officer has or becomes aware of in respect of a Contract placed by his/her Authority.

The following CSO is in addition to those statutory obligations.

- 10.1 Any Officer who has either a potential or established interest in any Contract or Agreement placed or to be placed for or on behalf of Sussex/Surrey Police shall:-
- declare that interest immediately to the Head of Procurement & Contracts by completing a Declaration of Interest/Hospitality Pro-forma (refer to respective Force's policy and procedures).
 - Immediately remove him/herself from the Process
- 10.2 Such Interests will be construed as (but not limited to):-
- Any employee who is also employed (full or part time) by any of the other parties to the Contract
 - Any employee who is a director, partner or substantial shareholder of or has a financial interest in any of the other parties to the Contract
 - Any employee who has family members who are owners, employees or have another substantial interest in any of the other parties to the Contract
 - Any Officer who receives or is offered a gift benefit and/or money as a result of or in connection with their employment or service with Sussex/Surrey Police shall immediately declare such gift benefit and/or money to the Head of Procurement & Contracts by completing a Declaration of Interest/Hospitality/Gift Pro-forma (refer to respective Force's policy and procedures).
- 10.3 The Head of Procurement & Contracts will review and make recommendations to the ACO (Surrey) or Director of Finance (Sussex) regarding the interest declared and or the suitability of the hospitality/gift offered
- 10.4 The Head of Procurement & Contracts will notify the Officer of any further action necessary (declaration of interest) or whether the hospitality/gift offered can be accepted
- The Head of Procurement & Contracts shall record all such declarations of interest, hospitality, gifts (accepted and declined) on the Force Register (refer to respective Force's policy and procedures).

- 10.5 In respect of the acceptance of hospitality nothing in these Contract Standing Orders shall be construed as limiting any obligation imposed by either :-
- a) Police Regulations (in respect of police officers) or
 - b) Statute (in respect of police staff)
- 10.6 Officers may accept hospitality provided by other police or local authorities or by partnership bodies or as part of a course of instruction provided it is reasonable to do so.
- 10.7 If the Officer is in any doubt about whether any other offer of hospitality should be accepted he/she should first consult with the Head of Procurement & Contracts

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SECTION 11 – CONTRACT REGISTER

- 11.1 The ACO shall maintain a Register of all such Contracts awarded following Process 4 and 5 specifying the name of the Contractor, the goods works services to be supplied, the length of the Contract, its expiry date and the value
- 11.2 Copies of the Register maintained under 11.1 above shall be made available (if requested) to both Forces, the PCC, PCC Chief Executive and PCC CFO

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SECTION 12 – BREACH OF CONTRACT STANDING ORDERS

- 12.1 Failure to comply with these Contract Standing Orders may result in the application of the relevant Forces or PCC's disciplinary procedures
- 12.2 Any breach of these Contract Standing Orders must in the first instance be reported in writing to the Head of Procurement & Contracts
- 12.3 The Head of Procurement & Contracts will record all substantiated breaches on a Register and shall notify the ACO (Surrey), Director of Finance (Sussex) in writing specifying (as a minimum) the nature, risk and implications of the breach
- 12.4 The ACO/Director of Finance shall review the breach reported and in consultation with the Head of Department or Business Lead take the appropriate form of action
- 12.5 Where the application of the relevant Force's or PCC's disciplinary procedures are recommended the ACO or Director of Finance shall report the breach to the respective Deputy Chief Constable for consideration or relevant PCC/Chief Executive as appropriate
- 12.6 Contracts will be subject to routine audit to review compliance with these Standing Orders.

APPENDIX I - DISPOSAL OF POLICE & CRIME COMMISSIONER'S BUILDINGS, HOUSES AND LAND – SURREY ONLY

The sale of Sussex/Surrey PCC's buildings, houses and land will be arranged in conjunction with the relevant PCC's Estates and Valuation Consultants. Property to be sold will be placed on the open market in order to ensure that a full market price is obtained. The only exceptions will be when police houses are sold to resident officers or when property owned by the PCC can be combined with adjacent land to form a development plot thereby enhancing the value of the whole plot.

Written instructions will be given to the Estates and Valuation Consultants for each building, house or land to be sold. The consultants will undertake local research and then recommend in writing a sale price and most suitable method of disposal (estate agent, specialised consultant, auction, local advertisement etc). Authority to proceed will be given in writing by the Commercial Asset Manager. Once marketing has been completed the Estates and Valuation Consultants will recommend a purchaser. Written authority to proceed with the sale will be given by the Commercial Asset Manager. The Force Solicitor will arrange the legal formalities.

When a police house is sold to a resident officer the Estates and Valuation Consultants will obtain a valuation from 3 local estate agents and then recommend in writing a reasonable market price. A formal letter to the resident advising him/her of the non-negotiable price will be sent by the Commercial Asset Manager.

When valuing a police house for sale either to a resident or on the open market the Estates and Valuation Consultants will advise on any development potential the plot has. If there is potential that area of land will be removed from the sale and retained by the PCC. In some circumstances it may be necessary to refuse to sell a house to a resident officer because of the development potential of the plot.

If an approach is made to the relevant PCC to sell land to form part of a larger development site the Estates and Valuation Consultants will negotiate direct with the adjoining landowners or their representatives and then submit formal recommendations. Authority to proceed with the sale under these circumstances will be given by the Commercial Asset Manager following discussions with the ACO/Director of Finance.

APPENDIX II - THE PROCESS THAT SHOULD BE FOLLOWED WHEN SEEKING AN EXCEPTION TO CONTRACT STANDING ORDERS

Waivers of Contract Standing Orders

If a request for an Urgent Waiver to Contract Standing Orders is sought then the following process should be followed.

1. The **Urgent Waiver** Proforma should be completed and submitted in the first instance to the Head of Procurement & Contracts for review and endorsement.
2. The endorsed Proforma is then forwarded to the ACO/Director of Finance for approval.
3. The approved Proforma is then forwarded to the relevant Chief Constable for further approval and acceptance.
4. If the Chief Constable accepts and approves the case to waive the Proforma should then be forwarded to the PCC or his/her nominated deputy for endorsement.
5. A copy of the pro-forma should also be made available at the same time to the Chief Executive of the PCC or his/her nominated deputy for recording the decision.

An Urgent waiver is not acceptable in situations where it may be reasonable to have foreseen the requirement.

If a Waiver of Contract Standing Orders is sought for other reasons then the following process should be followed.

1. The **Standard Waiver** Proforma should be completed to include the following information:
 - The department / division seeking the waiver
 - Details of the proposed Contract
 - Details of the proposed Contractor
 - The total value of the proposed Contract
 - A detailed explanation of why an exception is being sought – including the validity of the case to waive and an assessment of the consequences if the correct tender procedure were followed;

Supporting documentation to the Standard Waiver Proforma should include as a minimum:-

A business case for the proposed spend (e.g. what are the costs and benefits to support that expenditure);

- The resulting budget implications of the spend;
- Whether the initiating Officer, the Head of Procurement & Contracts or the ACO/Director of Finance are aware of the contractor carrying out work for the PCC or Force before and if so did the contractor carry out the Contract to a reasonable standard?
- Whether the Head of Procurement & Contracts is reasonably confident (given the information available) that the contractor is financially reliable.
- Any other background information or details that the Chief Constable / PCC will need to know in order to make the decision.
- A contact person and number for further papers or enquiries.

The Standard Waiver Proforma and supporting documentation should be submitted in the first instance to the Head of Procurement & Contracts for review and endorsement.

2. The endorsed Proforma is then forwarded by the Head of Procurement & Contracts to the ACO/Director of Finance for approval.
3. The approved Proforma is forwarded by the ACO/Director of Finance to the relevant Chief Constable or his / her nominated deputy for approval and acceptance.
4. If the Chief Constable accepts and approves the case to waive the Chief Constable shall make a report setting out the following information to the PCC.

The report should include:-

- The department / function seeking the waiver
- Details of the proposed Contract
- Details of the proposed Contractor
- The total value of the proposed Contract
- A detailed explanation of why an exception is being sought
- A risk assessment of the Waiver – officers seeking the exception should set out the consequences of following the correct tender procedure
- Whether the proposed Contractor has carried out work for the Force / PCC before and if so whether this was carried out to a reasonable standard
- Whether the proposed contractor is reliable / financially sound
- Any other background information or details that the panel will need to know in order to make the decision
- A contact person for further queries

Following consideration and discussion of the waiver with the PCC the decision is recorded and communicated.

All waivers are required to be reported to the audit committee post event in a timely manner. Waivers cannot be used to avoid complying with requirements in EU Legislation to tender for goods and services above the OJEU Thresholds.

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APPENDIX III – CHOICE OF PROCUREMENT PROCEDURE

Tendering procedures

- 5.9 Contracts should be awarded by competitive tender using either the open procedure, or restricted procedure, save where use of the negotiated procedure or the competitive dialogue procedure is appropriate. The choice of tendering procedures is set out below:

Open Procedure

- 5.10 This may be used where there is no easily identifiable and stable marketplace. Public notice is required in accordance with 3.5, unless an exemption applies. Tenders are issued to all those expressing interest.

Restricted Procedure

- 5.11 This may be used where there is an established marketplace and many competing companies. Public notice is required in accordance with 3.5, unless an exemption applies. A pre-qualification questionnaire is normally issued to all those expressing interest. An invitation to tender is issued to only those successful after pre-qualification. A minimum of 3 persons (5 in the case of a procurement subject to the EU procurement regulations) expressing interest **must** be invited to tender or if there are less than 3 suitable persons, the Chief Constable, the Chief Executive or the Treasurer **must** keep a record of the reasons for this with the project file.

Negotiated Procedure

- 5.12 This may be used in cases where the open or restricted procedures are not considered appropriate. The procedure is most likely to be used in cases where the requirement is difficult to fully specify, the requirement does not permit prior overall pricing, or where best value is likely to be achieved. In any of those circumstances, the Chief Financial Officer of the Chief Constable may decide to use the negotiated procedure in consultation with the Chief Financial Officer of the PCC. Public notice is required as under Contract Standing Order 62.1 unless an exemption applies. A pre-qualification questionnaire is normally issued to all those expressing interest. An invitation to negotiate is only issued to those successful after pre-qualification.

Competitive Dialogue Procedure

- 5.13 This may be used in cases where the open or restricted procedures are not considered appropriate, and Sussex/Surrey Police wishes to award a particularly complex contract. The Force(s) may be aware of their broad

needs but does not know in advance what is the best technical, legal, or financial solution for satisfying their needs. Competitive dialogue is a structured process of identifying one or more solutions to meet the needs of Sussex/Surrey Police. It always involves a competitive tender, and the most economically advantageous award criteria must be used. The Chief Executive of the PCC or the CFO of the PCC may decide to use the competitive dialogue procedure in consultation with the PCC. Public notice is required as under 3.5. A pre-qualification questionnaire is normally issued to all those expressing interest. An Invitation to Competitive Dialogue is only issued to those successful after pre-qualification.

Specialist procedures

- 5.14 The Chief Finance Officer of the Chief Constable may use these procedures as enhancements to the standard tendering procedures, where appropriate

Framework Agreements

- 5.15 Framework agreements are used in the case of repetitive purchases to choose suppliers who, when the time comes, will be able to meet the Council's needs. Framework agreements may be set up in conjunction with the open procedure, restricted procedure, negotiated procedure, or competitive dialogue procedure set out above.
- 5.16 Where a framework agreement requires a mini-competition to be used all suppliers **must be** invited to bid with an evaluation criteria set out in the offer document.

Dynamic Purchasing System

- 5.17 Dynamic purchasing systems are intended to address commonly used purchases. They are a kind of electronic framework agreement, which bidders can join at any point during its lifetime. The open procedure must be used to establish the system up to the award of contracts. The system must be wholly electronic. Public notice is required as under 3.5.

Electronic Auctions

- 5.18 Electronic auctions may be used in conjunction with the open, restricted, negotiated, or negotiated procedures, or the reopening of competition within a framework, or on the opening for competition of contracts to be awarded through a dynamic purchasing system

**The Office of the Surrey Police &
Crime Commissioner**

**Scheme of Consent and
Delegation**

November 2012

Ian Perkin
Police & Crime Commissioner CFO

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Introduction

The Scheme of Consent details the key roles of the Police and Crime Commissioner, and those functions which he/she designates to the Chief Executive, Chief Finance Officer, staff under the direction and control of the Chief Constable but employed by the Police & Crime Commissioner, and if appointed, a Deputy Police and Crime Commissioner.

This Scheme of Consent document is part of an overarching Scheme of Governance and should be read with the other documents such as Contract Standing Orders and Financial Regulations.

Standing Orders and Financial Regulations also specify powers given to the Chief Executive, the Chief Finance Officers, the Chief Constable and the Assistant Chief Officer, either individually or jointly. This Scheme of Consent aims to clarify those powers which, for the benefit of good business practice, are given by the Police and Crime Commissioner to members of the police staff who are under the direction and control of the Chief Constable. The Police and Crime Commissioner may limit these powers and/or remove consent at any time.

This Scheme provides a framework which makes sure that business is carried out efficiently, ensuring that decisions are not unnecessarily delayed.

This Scheme does not identify all the statutory duties which are contained in specific laws and regulations.

The Scheme is to be reviewed annually.

The Police and Crime Commissioner may set out reporting arrangements on any authorised powers.

Powers are given to the Chief Constable by laws, orders, rules or regulations. Also, national conditions of employment give powers to the Police and Crime Commissioner or the Chief Constable or, as in the case of police regulations, the Secretary of State for the Home Department.

Under Section 18(3) (c) and (6) of the Police Reform & Social Responsibility Act 2011 ('the Act'), the Police and Crime Commissioner is prohibited from delegating functions to a police constable (i.e. any warranted police officer). There can therefore be no direct delegation of any function by the Police and Crime Commissioner to the Chief Constable.

Following the initial ('Stage 1') transfer period, all police staff (including those under the direction and control of the Chief Constable) will be on contracts of employment with the Police and Crime Commissioner. Therefore, the Police and Crime Commissioner is able to delegate functions to police staff up to the time that they transfer their employment to the Chief Constable under the Stage 2 proposals contained within the Police Reform & Social Responsibility

Act 2011. The formal consents, listed in section 6 of this document, are therefore those given to either the Chief Constable's Assistant Chief Officer, or the Chief Constable's Chief Finance Officer, who are not police officers, thereby allowing the Chief Constable to carry out effective day to day operational management of Surrey Police Force.

The powers given to police staff under the direction and control of the Chief Constable should be exercised in line with the Police and Crime Commissioner's consent, the law, standing orders and financial regulations, and also policies, procedures, plans, strategies and budgets.

The Chief Constable will lead the Force in a way that is consistent with the attestation made by all constables on appointment ensuring that all members of the Surrey Police Force act impartially.

The Chief Constable is responsible for maintaining the Queen's peace and has direction and control over the Force's officers and staff.

The Chief Constable is accountable for the exercise of police powers, and to the Police and Crime Commissioner for the delivery of efficient and effective policing, and management of resources and expenditure by the Force.

The Chief Constable will notify and brief the Police and Crime Commissioner of any matter or investigation on which he/she may need to provide public assurance, either alone or with the Police and Crime Commissioner (all Police and Crime Commissioners are designated as Crown Servants under the Official Secrets Act 1989(a) making them subject to the same provisions in relation to sensitive material as Government Ministers).

The Chief Constable is the operational voice of policing in the Force area and will, where appropriate, regularly explain to the public the operational actions of officers and staff under their command.

The Chief Constable can enter into collaboration agreements with other Chief Constables, other policing bodies and partners that improve the efficiency or effectiveness of policing, and with the agreement of their respective Police and Crime Commissioners.

The Chief Constable will make necessary arrangements to involve and work with communities and partner organisations in order to solve local policing problems

The Chief Constable will remain politically independent of their Police and Crime Commissioner.

The Chief Constable will manage all complaints against Force officers, except in relation to the Chief Constable, and ensure that the Police and Crime Commissioner is kept informed to enable him/her to discharge their statutory obligations in relation to complaints in a regular, meaningful, and timely fashion. The Assistant Chief Officer (Support Services) will deal with

complaints against members of the police staff. Serious complaints and conduct matters must be passed to the Independent Police Complaints Commission.

The Chief Constable will exercise the power of direction and control in such a way that the Police and Crime Commissioner will be able to access all necessary information and staff within the Force.

Surrey Police Force will support the Police and Crime Commissioner in the delivery of the strategy and objectives set out in the Police and Crime Plan.

Surrey Police Force will provide the Police and Crime Commissioner with access to information, officers and staff as required. These arrangements are detailed in the Information Sharing Protocol and the Protocol between the two Chief Finance Officers.

The Surrey Police Force Chief Officers Group will have regard to the Strategic Policing Requirement when exercising and planning their policing functions in respect of the Force's national and international policing responsibilities.

1. Key Roles of the Police and Crime Commissioner

1.1.1 The key roles of the Police and Crime Commissioner are to:

- ensure the provision of an efficient and effective police service for the area
- set the annual revenue and capital budgets
- formulate a Council Tax Precept proposal for submission to the Police and Crime Panel and to allocate funds and the operational use of assets to the Chief Constable
- appoint and, if necessary, dismiss the Chief Constable. The Chief Constable will consult the Police and Crime Commissioner on posts above the rank of Chief Superintendent and police staff equivalent
- hold the Chief Constable to account on behalf of the people of Surrey ensuring they have regard to the Police and Crime Plan and the Strategic Policing Requirement
- set the strategic direction and objectives for Surrey Police through the Police and Crime Plan, monitoring the performance of the Force against the agreed priorities
- scrutinise, support and challenge the overall performance of the Force
- make crime and disorder reduction grants
- produce an annual report
- have regard to statutory responsibilities, e.g. Freedom of Information Act 2000 and all human rights and equality laws
- maintain an effective Independent Custody Visiting Scheme for monitoring facilities for people being held in custody

- provide the local link between the police and communities, working to translate the legitimate desires and aspirations of the public into action
- have a duty to collaborate with other policing bodies.

The Police and Crime Commissioner is the legal contracting body who owns all the assets and liabilities, with the responsibility for the financial administration of his/her office and the Force, including all borrowing limits.

The Police and Crime Commissioner will receive all funding, including the government grant, precept and other sources of income related to policing and crime reduction. All funding for the Force must come via the Police and Crime Commissioner. How this money is allocated is for the Police and Crime Commissioner to decide in consultation with the Chief Constable, subject to any grant terms or conditions. The Police and Crime Commissioner should approve bids for grant funding in line with the Financial Regulations.

The Police and Crime Commissioner will be held to account by the Police and Crime Panel, who will scrutinise his/her decisions. The Panel has a check and balance role only in respect of the Police and Crime Commissioner and not the Chief Constable.

The Police and Crime Commissioner may appoint a Deputy to exercise his/her functions, with the exception of those which cannot be delegated.

The Police and Crime Commissioner will be responsible for handling complaints and conduct matters in relation to the Chief Constable, monitoring complaints against officers and staff and complying with the requirements of the Independent Police Complaints Commission.

General principles of scheme of consent

- 2.1 The Police and Crime Commissioner may ask that a specific matter is referred to him/her for a decision and not dealt with under powers of consent.
- 2.2 The scheme does not attempt to list all matters which form part of everyday management responsibilities.
- 2.3 Giving consent to members of the police staff under this scheme does not prevent individuals from referring the matter to the Police and Crime Commissioner for a decision if this is thought appropriate (for example, because of sensitive issues or any matter which may have a significant financial implication).
- 2.4 When a member of the police staff is considering a matter that is outside their area of professional expertise, they should ensure that

they consult with officers who have the relevant professional expertise before making any decision.

- 2.5 All key decisions that members of police staff make under powers given to them by the Police and Crime Commissioner must be recorded and be available for inspection.
- 2.6 The Police and Crime Commissioner will want to be involved in any projects/areas of work which may have a significant impact on the people of Surrey. They will want to be involved in the scoping, tendering process and evaluation of any business case.
- 2.7 In this document, reference made to the Chief Executive, the Chief Finance Officers, Chief Constable and the Assistant Chief Officer includes individuals authorised by them to act on their behalf.
- 2.8 Senior members of the police staff are responsible for making sure that the staff whom they supervise know about the provisions and obligations of this Scheme of Consent.
- 2.9 The person appointed as the Chief Executive (who will also be the Monitoring Officer) and the Chief Finance Officers (section 127 officers) have statutory powers and duties relating to their positions and therefore do not rely on matters being delegated to them to carry these out.
- 2.10 The Scheme of Consent provides members of police staff with the legal power to carry out duties of the Police and Crime Commissioner. In carrying out these duties, individuals must comply with all other statutory and regulatory requirements and relevant professional guidance including:
 - The Police and Social Responsibility Act 2011 and other relevant legislation issued under this Act.
 - Financial Regulations
 - Home Office Financial Management Code of Practice
 - CIPFA Statement on the role of the Chief Finance Officer of the Police and Crime Commissioner and the Chief Finance Officer of the Chief Constable.
 - Contract Regulations
 - The Police and Crime Commissioner's governance framework
 - The Police and Crime Commissioner's and the Chief Constable's employment policies and procedures.
 - The Data Protection Act 1998 and the Freedom of Information Act 2000
 - Health and safety at work legislation and codes.
 - CIPFA Code of Practice on Local Authority Accounting

2.11 When carrying out any duties, the Police and Crime Commissioner and staff must have regard to the following:

- The views of the people in Surrey.
- Any report or recommendation made by the Police and Crime Panel on the annual report for the previous financial year.
- The Police and Crime Plan and any guidance issued by the Secretary of State.

(This list is a summary and is not exhaustive)

2.12 The Police and Crime Commissioner may appoint any member of police staff to carry out any function, with the exception of those listed below:

- Issuing the Police and Crime Plan
- Determining objectives in the Police and Crime Plan
- Calculation of, and decision on, budget requirements
- Making recommendations to the Home Secretary in relation to the appointment of the Chief Constable
- Making representations in relation to the appointment of Chief Officer posts
- Being consulted in relation to the appointment or removal of Chief Officer posts
- Suspension of the Chief Constable, or asking him/her to resign or retire
- Attendance at the Police and Crime Panel for specified duties
- Preparing the annual report

2.13 The Police and Crime Commissioner may give additional consent under section 18 of the Police and Social Responsibility Act 2011 Act. This scheme is a record of the formal consents that are in effect at the time of its publication. The Police and Crime Commissioner's governance framework, including the Scheme of Consent, will be reviewed annually.

With the exception of those matters listed in paragraph 2.12, the scheme allows any person, with appropriate authority, to delegate that power further.

2.14 The Police and Crime Commissioner must not restrict the operational independence of the Force or that of the Chief Constable who leads it. The Act provides for the Chief Constable to have a general power to do anything which is calculated to facilitate the exercise of functions of a Chief Constable, but until a Stage 2 transfer agreement is approved by Ministers, all contracts and contracts of employment will be made in the name of the Police and Crime Commissioner.

- 2.15 To enable the Police and Crime Commissioner to exercise the functions of their office effectively, they will need access to information and officers and staff within the Force. This access must not be unreasonably withheld or obstructed by the Chief Constable, or restrict the Chief Constable's direction and control of the Force.
- 2.16 The Police and Crime Commissioner has wider responsibilities than those solely relating to the Force, namely:
- the delivery of community safety and crime reduction
 - the ability to bring together Community Safety Partnerships at a Force level
 - the ability to make crime and disorder reduction grants for their Force area.
 - a duty to ensure that all collaboration agreements with other local policing bodies and forces deliver better value for money and enhance the effectiveness of policing capabilities and resilience.
 - the enhancement of the delivery of criminal justice in their area.

3. Functions delegated to the Deputy Police and Crime Commissioner (if appointed)

- 3.1 The Police and Crime Commissioner may appoint a Deputy to exercise his/her functions (except those which can not be delegated, these are listed in paragraph 2.12). The Deputy Police and Crime Commissioner can give consent to the Chief Executive to carry out any functions (with the exception of those listed in paragraph 2.12) in his/her absence (defined as leave or illness).

4 Functions delegated to the Chief Executive, Office of the Police and Crime Commissioner

Introduction

The Chief Executive is the head of the Police and Crime Commissioner's staff and is also the Monitoring Officer for the Police and Crime Commissioner.

The formal consents, listed below, are those given to the Chief Executive, which are in effect at the time of the publication of the scheme.

General

- 4.1 To act as 'Monitoring Officer' under section 5(1) of the Local Government and Housing Act 1989.

- 4.2 To prepare the Police and Crime Plan in consultation with the Surrey public and Chief Constable for submission to the Police and Crime Commissioner.
- 4.3 To produce an annual report.
- 4.4 To provide information to the Police and Crime Panel as reasonably required to enable the Panel to carry out its functions.
- 4.5 To sign those contracts on behalf of the Police & Crime Commissioner which are required to be executed under the common seal of the Police and Crime Commissioner and to sign and affix the seal.
- 4.6 To consider whether, in consultation with the Chief Finance Officer, to provide indemnity to the Police and Crime Commissioner (and Deputy Police and Crime Commissioner if appointed) in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004 and to deal with or make provision to deal with other matters arising from any proceedings relating to them.
- 4.7 To consider and approve, in consultation with the Chief Finance Officer, provision of indemnity and/or insurance to individual staff of the Police and Crime Commissioner in accordance with the Local Authorities (Indemnities for Members and Officers) Order 2004.

Financial

- 4.8 To approve expenses in exceptional cases in the provision of police advice and assistance to international agencies where:
 - The full cost is £4,000 or more (including air flights, accommodation and salary costs of the police officer or member of staff) or
 - It is a sensitive case involving travel to a politically sensitive country.
- 4.9 To manage the budget of the Office of the Police and Crime Commissioner, along with the Chief Finance Officer, particularly to:
 - order goods and services provided for in the revenue budget.
 - ask for and accept quotations and tenders for goods and services provided for in the revenue budget
- 4.10 To fix fees for copies of documents and extracts of documents members of the public ask for under the Local Government (Access to Information) Act 1985, the Freedom of Information Act 2000, or the Data Protection Act 1998.

Human Resources

- 4.11 To appoint and dismiss, in consultation with the Police and Crime Commissioner, staff who are not under the direction and control of the Chief Constable.
- 4.12 To make recommendations to the Police and Crime Commissioner with regard to staff terms and conditions of service, in consultation with the Chief Finance Officer, for those not under the direction and control of the Chief Constable.
- 4.13 To undertake the management of staffing resources for all staff employed by the Police and Crime Commissioner (and not under the direction or control of the Chief Constable) in line with agreed policies and procedures.
- 4.14 To process all appeals made by police officers retired due to ill health, and to implement the subsequent awards made, in line with the provisions of the Police and Pensions Regulations, subject to second stage transfer.
- 4.15 To settle appeals against decisions of the Senior Administrator of the Local Government Pension Scheme, in line with the Occupational Pension Schemes (Internal Dispute Resolution Procedures) Regulations 1996.
- 4.16 To appoint Independent Custody Visitors and terminate appointments if necessary.

Other

- 4.17 To affix the common seal of the Police and Crime Commissioner:
 - To all contracts, agreements or transactions in respect of which there is no consideration
 - To contracts, agreements or transactions:
 - which grant or convey an interest in land
 - where it is determined by the Head of Procurement & Contracts, the Police and Crime Commissioner (or Deputy Police and Crime Commissioner if appointed) there is a particular need for the seal to be attached.
- 4.18 To exercise the statutory powers of the Police and Crime Commissioner for professional standards, on behalf of the Deputy Police and Crime Commissioner (if appointed), as delegated to them on a temporary or permanent basis.
- 4.19 To authorise people to make, defend, withdraw or settle any claims or legal proceedings on the Police and Crime Commissioner's behalf,

taking appropriate legal advice and consulting with the Chief Finance Officer if there are significant financial implications.

- 4.20 To consider, with the Police and Crime Commissioner, any complaint made against the Chief Constable, and where appropriate, to make arrangements for the complaint to be properly investigated.
- 4.21 To respond to consultations on proposals affecting the Police and Crime Commissioner, if necessary, after first taking the views of the Police and Crime Commissioner, the Chief Finance Officer or the Chief Constable, as appropriate.
- 4.22 To obtain legal or other expert advice and to appoint legal professionals whenever this is considered to be in the Police and Crime Commissioner's best interests and for his/her benefit.
- 4.23 To make arrangements to institute, defend or participate in any legal proceedings in any case where such action is necessary.
- 4.24 To make sure, in consultation with the Chief Constable, appropriate arrangements are made to gather the community's views on the policing of Surrey and preventing crime.

5 Functions delegated to the Chief Finance Officer, Office of the Police and Crime Commissioner

Introduction

The Chief Finance Officer is the financial adviser to the Police and Crime Commissioner and has statutory responsibility to manage his/her financial affairs as set out in sections 112 and 114 of the Local Government Finance Act 1988, and the Accounts and Audit Regulations 2011.

The Chief Finance Officer must ensure that the financial affairs of the Police and Crime Commissioner and the Force are properly administered having regard to their probity, legality and appropriate standards.

The Deputy Chief Finance Officer is authorised to undertake the functions of the Chief Finance Officer in his/her absence.

The formal consents, listed below, are those given to the Chief Finance Officer, which are in effect at the time of the publication of this scheme.

- 5.1 To approve the arrangements for the treasury management function, including the day to day management, the production of the treasury management strategy and supporting policies and procedures.

- 5.2 To approve the arrangements for securing and preparing the Police and Crime Commissioner's accounts and seek assurances that there are appropriate arrangements in place for the preparation of the Force's accounts.
- 5.3 To sign off the group Annual Statement of Accounts.
- 5.4 To seek assurances that there are appropriate arrangements in place within the Force for its financial management.
- 5.5 To be responsible for all banking arrangements, together with creating, closing or authorising all bank accounts.
- 5.6 To undertake the day to day financial management of the Police and Crime Commissioner's budget.
- 5.7 To commit expenditure within the approved budget to meet the policies and objectives agreed with the Police and Crime Commissioner and reflected in the Policing Plan.
- 5.8 To manage grants awarded by the Police and Crime Commissioner or Deputy Police and Crime Commissioner if appointed.
- 5.9 To be responsible for investing and borrowing money, as necessary, in line with the treasury management strategy.
- 5.10 To authorise payments, without having to get approval and regardless of whether or not provision has been made in the revenue budget in relation to:
 - payments we have to make by law
 - payments ordered by the court
 - payments due under any agreement entered into by the Police & Crime Commissioner.
- 5.11 To act as 'Money Laundering Reporting Officer' under the Proceeds of Crime Act 2002 and Money Laundering Regulations 2003.
- 5.12 To sign cheques on behalf of the Police and Crime Commissioner or Deputy Police and Crime Commissioner, if appointed.
- 5.13 To prepare and annually review draft financial and contract regulations, in consultation with the Force, for approval by the Police and Crime Commissioner, or Deputy Police and Crime Commissioner, if appointed.
- 5.14 To prepare and annually review a draft expenses and benefits framework for approval by the Police and Crime Commissioner.

- 5.15 To determine when all other goods are surplus to requirements or obsolete and arrange for disposal in line with financial regulations.
- 5.16 To provide for an adequate and effective internal audit service.
- 5.17 To report to the Police and Crime Commissioner and the external auditor any unlawful or potentially unlawful spending by the staff of the Police and Crime Commissioner, or the Force's officers.
- 5.18 The write off of bad debt can be authorised by either the Police and Crime Commissioner's CFO or the Chief Constable's CFOs in respect of their own corporations up to a value of £10,000 in individual bad debt cases and £25,000 cumulatively in any one financial year. For write off of bad debts of more than £10,000 individually and not more than £50,000 cumulatively in any one financial year, both CFOs are required to authorise the writing off of the debt. The Audit Committee is to be presented with an annual schedule of all debts that have been written off and will approve where appropriate the writing off of debts in excess of the CFOs' delegated authority.
- 5.19 To make arrangements for the effective management and control of the Surrey Homes Scheme.

6. Functions delegated to the Chief Constable's Assistant Chief Officer (Support Services) and the Chief Constable's Chief Finance Officer

Financial (Key roles of the Chief Constable's Chief Finance Officer)

- 6.1 To ensure that the financial affairs of Surrey Police are properly administered having regard to probity, legality, and appropriate standards in line with the role's statutory responsibilities.
- 6.2 To assist the Police and Crime Commissioner in planning the Force's budget.
- 6.3 To provide all necessary financial information and records to the Police and Crime Commissioner's Chief Finance Officer to allow him to carry out his statutory role.
- 6.4 To manage the budget of the Chief Constable, as approved by the Police and Crime Commissioner for Surrey Police.
- 6.5 To commit expenditure within the approved budget to meet policies and objectives agreed with the Police and Crime Commissioner and reflected in the Police and Crime Plan.
- 6.6 In accordance with financial regulations, the Chief Constable's Chief Finance Officer may transfer or move revenue budgets between

budget headings, on a permanent or temporary basis provided the value of the virements does not exceed 0.5% (in total in any year) of the value of the total net budget. The movement of capital budgets is similarly allowed between budget headings on a permanent or temporary basis, provided the value of virements does not exceed 2% (in total in any year) of the total capital budget, subject to the fact that capital budgets cannot be transferred to the revenue budget. All virements outside these limits must be reported to the Police and Crime Commissioner's Chief Finance Officer.

- 6.7 To undertake the day to day management of the insurance function in line with the strategy approved by the Police and Crime Commissioner on an annual basis.
- 6.8 To approve non exceptional cases in the provision of police advice and assistance to international agencies.
- 6.9 To be responsible for managing the payroll and pensions functions.
- 6.10 To keep the Police and Crime Commissioner informed of how the approved capital programme is put into effect.

The writing off of bad debt can be authorised by either the Police & Crime Police and Crime Commissioner's CFO or the Chief Constable's CFO in respect of their own corporations up to a value of £10,000 in individual bad debt cases and £25,000 cumulatively in any one financial year. For write of bad debts of individually more than £10,000 and cumulatively not more than £50,000 in any one financial year, both CFOs are required to authorise the writing off of the debt. The Audit Committee should be presented with an annual schedule of all debts that have been written off and will approve where appropriate the writing off of debts in excess of the CFOs' delegated authority

- 6.11 To sign all contracts on behalf of the Police and Crime Commissioner, irrespective of value, once they have been properly approved, except those which are required to be executed under the common seal of the Police and Crime Commissioner. In these cases the Chief Executive is authorised to sign and affix the seal.

Financial (Key roles of the Chief Constable's Assistant Chief Officer (Support Services))

- 6.11 The Assistant Chief Officer (Support Services) will approve business cases for revenue and capital expenditure below £300,000 in total, with the exception of expenditure proposals of an exceptional nature.
- 6.12 The Assistant Chief Officer (Support Services) will approve all agreements for the provision of police services to other organisations with a value below £100,000. (This does not apply to the provision of

mutual aid by the Chief Constable to another force under section 24 of the Police Act 1996, or the provision of advice or assistance to international organisations under the Police Act 1996, which are operational matters. However these are subject to consultation with the Police and Crime Commissioner).

Procurement (Key roles of the Chief Constable's Chief Finance Officer)

- 6.13 To undertake the day to day management of the procurement function in accordance with the contract regulations.
- 6.14 To approve all requests to go out to tender for contracts below £1,000,000 in the name of the Police and Crime Commissioner, with the exception of any contract, regardless of its value, felt to be of an exceptional nature. Requests to go out to tender for contracts above £1,000,000 must be approved by the PCC
- 6.15 To approve the award of all contracts up to £1,000,000. However, the Police and Crime Commissioner must be notified in writing of the outcome of the tender process for all contracts in excess of £1,000,000 and approve accordingly.
- 6.16 To approve all unforeseen variations and extensions for contracts:
- with an original value of £50,000 or above which the Joint Procurement Board must then consider and approve

Comment [SCC1]: Amounts?

Comment [SCC2]: By the commissioner?

Comment [SCC3]: By the commissioner?

Comment [SCC4]: Amount?

Property (Key roles of the Chief Constable's Chief Finance Officer)

- 6.17 To undertake the day to day management of the property function subject to the provision of financial regulations.
- 6.18 To acquire freeholds up to £500,000 and leaseholds with a contract rental value of up to £500,000 over the lifetime of the lease, in the name of the Police and Crime Commissioner.
- 6.19 To approve all requests to grant a lease with a total contract value up to £500,000 over the lifetime of the lease
- 6.20 To dispose of all properties with an estimated value up to £500,000 included on the annual schedule submitted to, and approved by, the Police and Crime Commissioner at the beginning of each financial year.
- 6.21 To dispose of all properties with an estimated value of £500,000 or above, which have previously been approved by the Police and Crime Commissioner when the property is being disposed of to the highest

bidder and the price equals or exceeds the agreed estimate. The Police and Crime Commissioner must be notified of this disposal in writing.

- 6.22 To keep a register of all property and major assets owned by the Police and Crime Commissioner or leased by him/her showing a current value in excess of £10,000.
- 6.23 To let temporarily surplus police houses.

Personnel (Key roles of the Chief Constable's Assistant Chief Officer (Support Services))

- 6.24 To manage, as far as is allowed by government directives, the numbers, locations, ranks and grading of police staff and police officers within the overall workforce budget approved by the Police and Crime Commissioner (except for posts at chief officer level which the Police and Crime Commissioner must be consulted on).
- 6.25 To appoint all Surrey police officers and staff (after consultation with the Police and Crime Commissioner on posts above the rank of Chief Superintendent and police staff equivalent).
- 6.26 To authorise, in line with police staff conditions of service, the suspension or dismissal of any staff not appointed by the Police and Crime Commissioner.
- 6.27 To approve the retirement, in the interests of the efficiency of the service, of employees and to report to the Police and Crime Commissioner on this issue each year.
- 6.28 To approve the appointment or secondment of police officers for central services or overseas duty.
- 6.29 In line with the terms of any approval given by the Secretary of State, to grant leave with pay, and the payment of appropriate fees and charges, for police officers chosen to take degree courses at university.
- 6.30 To bring national agreements on salaries, wages and conditions into effect on the clear understanding that decisions on any issues which are sensitive or have major financial implications will be referred to the Police and Crime Commissioner.
- 6.31 To approve payments under any bonus or performance-related payment schemes approved by the Police and Crime Commissioner, honoraria payments made for taking on extra duties and responsibilities, or similar special payments. However, all payments relating to the Chief Constable's Review/Bonus Scheme can only be approved by the Police and Crime Commissioner.

- 6.32 To negotiate with, and reach agreements with, recognised trade unions and staff associations on any matters that can be decided locally. All agreements reached must be reported back to the Police and Crime Commissioner.
- 6.33 To grant essential or casual car-user allowances.
- 6.34 To make awards under any staff-suggestion scheme.
- 6.35 To authorise the pensions board to make decisions relating to individual cases on officers pensions.
- 6.36 To approve the retirement of police officers and police staff up to and including the rank of Chief Superintendent on the grounds of ill health, and the payment of ordinary and ill-health pensions and other payments, as appropriate, following advice from the Force Medical Examiner or a medical practitioner. However, the Police and Crime Commissioner must be consulted on the retirement of the Deputy Chief Constable and Assistant Chief Constables. All ill-health retirements must be reported to the Police and Crime Commissioner.
- 6.37 To provide financial assistance to police officers (and, if considered appropriate, police community support officers, members of the special constabulary and police staff) in legal proceedings taken by or against them, as long as they act in good faith and exercise reasonable judgement in performing their police duties. This action must be taken in line with Home Office advice and after consulting the Chief Executive (who will take legal advice if necessary).

Legal (Key roles of the Chief Constable's Assistant Chief Officer (Support Services))

- 6.38 To approve the financial settlement of all claims or requests for compensation felt to be non significant because:-
- The compensation to be paid is £50,000 or less (to include multiple or linked claims/claimants) except in the case of accident claims where the threshold will be £200,000 or less , or ex gratia payments for damage caused by officers and staff where the threshold will be £5,000 or less.
 - they do not involve a high profile claimant including Association of Chief Police Officer (ACPO) rank police officers
 - there is no particular public interest in the case
 - there is no real risk that the Police and Crime Commissioner or the Chief Constable will be exposed to serious public

criticism, or serious weaknesses in the organisation's policies and procedures will be revealed.

- it is not in the nature of a test case.

6.39 To approve all requests for financial assistance to officers and staff involved in legal proceedings or inquests except those felt to be significant because:-

- they involve a high profile claimant
- there is a particular public interest in the case
- there is no real risk that the Police and Crime Commissioner or the Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation's policies and procedures will be revealed.

6.40 To ensure that correct legal advice is taken to institute, defend or participate in legal actions to protect the interests of Surrey Police and the Office of the Police and Crime Commissioner.

6.41 To settle employment tribunal cases and grievances of staff under the direction and control of the Chief Constable with the exception of those cases felt to be exceptional because:-

- they involve a high profile claimant
- there is a particular public interest in the case
- there is a real risk that the Police and Crime Commissioner or Chief Constable will be exposed to serious public criticism or serious weaknesses in the organisation or polices and procedures will be revealed.

Other

6.42 The Chief Constable's Chief Finance Officer will determine when all other goods are surplus to requirements or obsolete and arrange for their disposal in line with financial regulations.

6.43 The Chief Constable's Chief Finance Officer can buy or lease the vehicles, machinery, equipment and services needed and to make arrangements for them to be used, disposed of, returned and replaced as appropriate.

6.44 The Chief Constable's Chief Finance Officer to exercise the powers and duties of the Police (Property) Regulations 1997 by:

- authorising, where appropriate, requests to donate unclaimed lost property to charity; and
- approve the keeping of unclaimed lost property if it can be put to good use for police purposes

7 Urgent matters

7.1 If any matter which would normally be referred to the Police and Crime Commissioner (or Deputy Police and Crime Commissioner, if appointed) for a decision arises and cannot be delayed, the matter may be decided by the appropriate chief officer.

7.2 The appropriate chief officers authorised to decide urgent matters are:

- the Chief Executive (all issues other than operational matters);
- the PCC Chief Finance Officer (financial and related issues)
- the Chief Constable (operational issues affecting Surrey Police Force).

7.3 Urgent decisions taken must be reported to the Police and Crime Commissioner as soon as practically possible.