

CLEVELAND POLICE

**STANDING FINANCIAL
INSTRUCTIONS**

March 2011

Review Date: March 2012

STANDING FINANCIAL INSTRUCTIONS

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CLEVELAND POLICE

STANDING FINANCIAL INSTRUCTIONS

1.0 INTRODUCTION

1.1 Purpose

These Standing Financial Instructions (SFIs) relate to those budgets and financial activities delegated to the Chief Constable by the Police Authority.

Their purpose is to:

- Ensure that the financial affairs of Cleveland Police are conducted properly and that assets are safeguarded;
- Enable the Chief Constable & Assistant Chief Officer (Finance & Commissioning) to discharge their financial obligations and responsibilities;
- Provide a framework for the delegation of financial responsibility.

These Standing Financial Instructions (SFIs) are issued for the regulation of the conduct of all officers and staff in relation to all financial matters with which they are concerned.

They detail the financial responsibilities, policies and procedures adopted by the Force and which apply to everyone working for the Force. They are designed to ensure that the Force's financial transactions are carried out in accordance with the law and within the authority delegated to the Chief Constable by the Police Authority. They should be used in conjunction with the Police Authority Code of Corporate Governance.

Standing Financial Instructions do not provide detailed procedural advice and should be read in conjunction with detailed financial procedure notes. All financial procedures must be approved by the Assistant Chief Officer (Finance & Commissioning).

Should any difficulties arise regarding the interpretation or application of any of the Standing Financial Instructions the advice of the Assistant Chief Officer (Finance & Commissioning) must be sought before acting.

Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores, or other property or any suspected irregularity in the exercise of any function of a pecuniary nature, the Assistant Chief Officer (Finance & Commissioning) must be notified immediately.

1.2 Non-Compliance with Standing Financial Instructions

All members of staff have a duty to disclose any non-compliance with these Standing Financial Instructions to the Assistant Chief Officer (Finance & Commissioning) as soon as possible.

The failure to comply with Standing Financial Instructions can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

1.3 Roles, Responsibilities & Delegation

1.4 The Tripartite Relationship

The Home Secretary, together with Police Authorities and Chief Constables, make up the tri-partite relationship responsible for the governance of policing in England & Wales.

1.4.1 The Home Secretary

The Home Secretary is responsible to Parliament for Policing & Immigration. In respect of policing the Home Secretary is responsible for setting policing policy, police finance and police performance and standards.

1.4.2 The Police Authority

Cleveland Police Authority ensures public accountability of the force and represents the interests of local tax payers through approving and owning the local 3-Year Corporate Policing Strategy, approving the budget for the police force and holding the Chief Constable to account for his performance. The Police Authority is the statutory legal entity.

1.4.3 The Chief Constable

Cleveland Police Force delivers service within the local 3-Year Corporate Policing Strategy and the annual Policing Plan approved by the Police Authority. Its budget is set by the Police Authority, however, day to day operational management decisions are delegated to the Chief Constable. These Standing Financial Instructions (SFIs) relate to those budgets and financial activities delegated to the Chief Constable by the Police Authority.

1.5 Key Financial Roles & Responsibilities

1.5.1 CIPFA Statement on the Role of the Chief Financial Officer in a Police Authority

In the Police Service, a typical structure would have a Treasurer as the most senior finance officer acting for the Police Authority and a Finance Director, as the most senior finance officer acting for the Police Force. Both roles are vital in discharging the range of strategic, operational and statutory requirements of the service as a whole.

1.5.2 Responsible Financial Officer

The 'Responsible Financial Officer' role is set out in Section 151 of the Local Government Act 1972. It requires that every authority should 'make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.' This includes ensuring:

- The preparation of statutory accounts
- Effective management systems
- Financial probity and regularity
- Prudent and economic administration

- Efficient & effective use of resources

1.5.3 Police Authority Treasurer

The overriding duty of the Treasurer is to fulfil the statutory responsibilities attached to the position. In Cleveland, the responsibilities of the Treasurer also incorporate the role of Responsible Financial Officer (Section 151 Officer). The Police Authority is regarded as a trustee of general tax payers' money. Responsibility for public funds brings a requirement for the highest standards of propriety and regularity. The Treasurer has specific responsibility for:

- The statutory requirements of the Police Authority; and
- Supporting and advising members.

In exercising his functions the Treasurer should seek advice, where appropriate, from the Assistant Chief Officer (Finance & Commissioning), who is also the nominated Deputy Section 151 Officer.

1.5.4 The Chief Constable

Day to day management of budgets is delegated to the Chief Constable by the Police Authority, and the Chief Constable is ultimately accountable to the Police Authority for ensuring that the Force meets its obligation to perform its functions within the available financial resources. The Chief Constable has overall executive responsibility for the Force's activities; is responsible to the Police Authority for ensuring that its financial obligations and targets are met and has overall responsibility for the Force's system of internal control.

It is a duty of the Chief Constable to ensure that employees and all new appointees are notified of, and put in a position to understand their responsibilities within these Instructions.

The Chief Constable will, as far as possible, delegate his detailed responsibilities to the Assistant Chief Officer (Finance & Commissioning) but will remain accountable for financial control.

1.5.5 Assistant Chief Officer (Finance & Commissioning)

Within Cleveland Police the role of the Force Director of Finance is incorporated into the position of Assistant Chief Officer (Finance & Commissioning). The overall responsibility of the Force Director of Finance is set out in the 2006 supplement to CIPFA's 'A Statement on the Role of the Finance Director in Local Government' and the Home Office 'Financial Management Code of Practice'.

Their primary responsibility is for ensuring effective and efficient use of the resources available to the force, and as such, is a member of the Executive Team. The Assistant Chief Officer (Finance & Commissioning) is responsible to the Chief Constable for all financial activities undertaken within the force or contracted out under the supervision of the force, including:

- implementing the Force's financial policies and for co-ordinating any corrective action necessary to further these policies;
- maintaining an effective system of internal financial control including ensuring that detailed financial procedures and systems incorporating the principles of separation of duties and internal checks are prepared, documented and maintained to supplement these instructions;

- ensuring that sufficient records are maintained to show and explain the Force's transactions, in order to disclose, with reasonable accuracy, the financial position of the Force at any time;
- the provision of financial advice to the Chief Constable, members of the Force Executive and other employees under the direction and control of the Chief Constable as appropriate.

1.5.6 Employees

All employees, severally and collectively, are responsible for:

- Conforming with the requirements of the Code of Corporate Governance and Standing Financial Instructions and Financial Procedures;
- The security of the property of the Force;
- Exercising economy and efficiency in the use of resources;
- Avoiding loss;
- Complying with the Force Policy on standards of business conduct.

For all employees who carry out a financial function, the form in which financial records are kept and the manner in which they discharge their duties must be to the satisfaction of the Assistant Chief Officer (Finance & Commissioning).

The failure to comply with Standing Financial Instructions can in certain circumstances be regarded as a disciplinary matter that could result in dismissal.

2.0 FINANCIAL PLANNING & BUDGETARY CONTROL

2.1 Preparation and Approval of Financial Plans and Budgets

The Chief Constable will compile and submit to the Police Authority a Medium Term Financial Plan that takes into account financial targets and forecast limits of available resources. The Medium Term Financial Plan will contain:

- A statement of the significant assumptions on which the plan is based;
- Details of major changes in workload, delivery of services or resources required to achieve the plan.

Legislation requires that the Police Authority agrees its budget and associated precept and basic council tax before 1st March. The Assistant Chief Officer will, on behalf of the Chief Constable, prepare and submit budgets for approval by the Police Authority. Such budgets will:

- Be in accordance with the aims and objectives set out in the Policing Plan;
- Accord with workload and manpower plans;
- Be produced following discussion with appropriate budget holders;
- Be prepared within the limits of available funds;
- Identify potential risks.

All budget holders must provide information as required by the Assistant Chief Officer (Finance & Commissioning) to enable budgets to be compiled.

The Assistant Chief Officer (Finance & Commissioning) shall monitor financial performance against budget and plan, periodically review them, and report to the Force Executive and Police Authority.

2.2 Delegation of Budgets

The Chief Constable may delegate the management of a budget to permit the performance of a defined range of activities. This delegation must be in writing and be accompanied by a clear definition of:

- The amount of the budget;
- The purpose(s) of each budget heading;
- Authority to exercise virement;
- The provision of regular monitoring reports.

All budget holders will sign up to their allocated budgets prior to the commencement of each financial year.

The Chief Constable and delegated budget holders must not exceed the budgetary total or virement limits set by the Police Authority (See SFI 2.4).

Any budgeted funds not required for their designated purpose(s) revert to the immediate control of the Chief Constable, subject to any authorised use of virement.

Non-recurring budgets should not be used to finance recurring expenditure without the authority in writing of the Chief Constable, as advised by the Assistant Chief

Officer (Finance & Commissioning).

The Assistant Chief Officer (Finance & Commissioning) has a responsibility to ensure that training is delivered on an on-going basis to budget holders to help them manage successfully.

2.3 Budgetary Control and Reporting

The Assistant Chief Officer (Finance & Commissioning) will devise and maintain systems of budgetary control for both revenue and capital. These will include:

- Financial reports to the Executive and Police Authority in a form and timing approved by the Police Authority
- The issue of timely, accurate advice and financial reports to each budget holder, covering the areas for which they are responsible;
- Investigation and reporting of variances from financial and workforce budgets;
- Monitoring of management action to correct variances; and
- Arrangements for the authorisation of budget transfers.

Each Budget Holder is responsible for ensuring that:

- Any likely overspending or reduction of income which cannot be met by virement is not incurred without the prior consent of the Chief Constable, as advised by the Assistant Chief Officer (Finance & Commissioning);
- No permanent employees are appointed without the approval of the Chief Constable other than those provided for within the available resources and workforce establishment as approved by the Police Authority.

The Chief Constable is responsible for identifying and implementing a programme of cashable savings and income generation initiatives in accordance with the requirements of the MTFP and a balanced budget.

2.4 Virement of Budget

The Chief Constable may vire (divert) up to £100,000 or up to 10% of any line in the published budget, whichever is the greater, from one line to another provided that:

- No such virement shall add to the Police Authority's expenditure in future years, unless the Authority approves such additional expenditure;
- Any transfers of revenue expenditure to capital expenditure have been authorised by the Police Authority;
- No virements take place within the last month of the financial year;
- All proposals to vire money from one capital scheme to another require the approval of the Police Authority
- All necessary statutory approvals must be obtained.
- The virement must not increase the Police Authority's revenue liabilities unless the Police Authority has approved such an increase.
- The project to which the money is to be diverted has been the subject of a business case and investment appraisal, OR
- The proposal is accompanied by a business case and investment appraisal.

Virements must be approved at least one month before the end of the financial year.

2.5 Carry Forward of Budget

The Chief Constable may apply to the Police Authority not later than its last meeting before the end of the financial year to carry unspent revenue monies forward to the succeeding financial year where the Treasurer agrees to the proposal and the appropriate following reasons apply:

- For reasons beyond the Chief Constable's control, supplies or services are not obtainable within the financial year.
- Inclement weather has caused a delay in carrying out a service.
- Changes of specification, design, etc make it advantageous to defer a purchase beyond the end of the financial year.
- Because of the nature of the expenditure it is desirable to define the rate of expenditure by reference to a period longer than one year.
- The amount is reasonable in relation to the associated line in the estimates and the amount is to be carried over by a service unit under the Police Authority's scheme of devolved resource management.

2.6 Monitoring Returns

The Chief Constable is responsible for ensuring that the appropriate monitoring forms are submitted to the requisite organisation.

3.0 INCOME, FEES AND CHARGES

3.1 Income Systems

The Assistant Chief Officer (Finance & Commissioning) is responsible for:

- Designing, maintaining and ensuring compliance with systems for the proper recording, invoicing, collection and coding of all monies due;
- The prompt banking of all monies received.

3.2 Fees and Charges

The Assistant Chief Officer (Finance & Commissioning) is responsible for approving and regularly reviewing the level of all fees and charges other than those determined by the Home Office or by Statute. Independent professional advice on matters of valuation shall be taken as necessary.

All employees must inform the Assistant Chief Officer (Finance & Commissioning) promptly of money due arising from transactions which they initiate/deal with, including all contracts, leases, tenancy agreements and other transactions.

3.3 Debt Recovery

The Assistant Chief Officer (Finance & Commissioning) is responsible for the appropriate recovery action on all outstanding debts.

Income not received should be dealt with in accordance with the losses procedures (See SFI 13).

Overpayments should be detected (or preferably prevented) and recovery promptly initiated.

4.0 PAY EXPENDITURE

4.1 Funded Establishment

The workforce plans incorporated within the annual budget will form the funded establishment for the year in question.

The funded establishment of any department may not be varied without the approval of the Chief Constable.

4.2 Appointment of Staff

No officer may engage, re-engage, or re-grade employees, either on a permanent or temporary basis, or hire agency staff, or agree to changes in any aspect of remuneration unless authorised to do so by the Chief Constable and within the limit of their approved budget and funded establishment.

4.3 Processing Payroll

The Assistant Chief Officer (Finance & Commissioning) is responsible for:

- Specifying timetables for submission of properly authorised time records and other notifications;
- The final determination of pay and allowances;
- Making payment on agreed dates;
- Agreeing method of payment.

The Assistant Chief Officer (Finance & Commissioning) will issue instructions regarding:

- Verification and documentation of data;
- The timetable for receipt and preparation of payroll data and the payment of employees and allowances;
- Maintenance of subsidiary records for pensions, income tax, social security and other authorised deductions from pay;
- Security and confidentiality of payroll information;
- Checks to be applied to completed payroll before and after payment;
- Authority to release payroll data under the provisions of the Data Protection Act;
- Methods of payment available to various categories of officers and staff;
- Procedures for payment by bank credit, cheque, or cash to officers and staff;
- Procedures for the recall of cheques and bank credits;
- Pay advances and their recovery;
- Maintenance of regular and independent reconciliation of pay control accounts;
- Separation of duties of preparing records and handling cash;
- A system to ensure the recovery from those leaving the employment of the Authority of sums of money and property due by them to the Authority.

Appropriately nominated managers have delegated responsibility for:

- Submitting time records, and other notifications in accordance with agreed timetables;
- Completing time records and other notifications in accordance with the Assistant

- Submitting termination forms in the prescribed form immediately upon knowing the effective date of an employee's or officer's resignation, termination or retirement. Where an employee fails to report for duty or to fulfill obligations in circumstances that suggest they have left without notice, the Assistant Chief Officer (Finance & Commissioning) must be informed immediately.

Regardless of the arrangements for providing the payroll service, the Assistant Chief Officer (Finance & Commissioning) shall ensure that the chosen method is supported by appropriate (contracted) terms and conditions, adequate internal controls and audit review procedures and that suitable arrangements are made for the collection of payroll deductions and payment of these to appropriate bodies.

4.4 Contracts of Employment

The Chief Constable shall delegate responsibility to an officer for:

- Ensuring that all employees are issued with a Contract of Employment in a form approved by the Police Authority and which complies with employment legislation;
- Dealing with variations to, or termination of, contracts of employment.

5.0 NON-PAY EXPENDITURE

5.1 Contract Standing Orders

Contract Standing Orders have been developed to provide all Cleveland Police staff who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the authority and the force.

Contract Standing Orders are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with the Contract Standing Orders. The procedures will be updated from time to time to stay at the forefront of Best Practice and respond to business needs.

The Contract Standing Orders are attached to these Standing Financial Instructions for reference.

5.2 Delegation of Authority

The Police Authority will approve the level of non-pay expenditure on an annual basis and the Chief Constable will determine the level of delegation to budget managers.

The Chief Constable will set out:

- The list of managers who are authorised to place requisitions for the supply of goods and services;
- The maximum level of each requisition and the system for authorisation above that level.

The Chief Constable shall set out procedures on the seeking of professional advice regarding the supply of goods and services.

5.3 Requisitioning Goods & Services

The requisitioner shall adhere to Contract Standing Orders in choosing the item to be supplied (or the service to be performed) and shall always obtain the best value for money for the Authority. In so doing, the advice of the Procurement Business Partner or Head of Police Shared Business Service may be sought. Where this advice is not acceptable to the requisitioner, the Assistant Chief Officer (Finance & Commissioning) shall be consulted.

5.4 System of Payment and Payment Verification

The Assistant Chief Officer (Finance & Commissioning) shall be responsible for the prompt payment of accounts and claims. Payment of contract invoices shall be in accordance with contract terms.

The Assistant Chief Officer (Finance & Commissioning) will:

- Advise the Police Authority regarding the setting of thresholds above which quotations (competitive or otherwise) or formal tenders must be obtained; and,

- Prepare procedural instructions or guidance within the Scheme of Delegation on the obtaining of goods, works and services incorporating the thresholds;
- Be responsible for the prompt payment of all properly authorised accounts and claims.

The Assistant Chief Officer (Finance & Commissioning) will be responsible for designing and maintaining a system of verification, recording and payment of all amounts payable. The system shall provide for:

- Certification that goods and services have been duly received, examined and are in accordance with specification and the prices are correct;
- Certification that work done or services rendered have been satisfactorily carried out in accordance with the order, and, where applicable, the materials used are of the requisite standard and the charges are correct;
- Certification that in the case of contracts based on the measurement of time, materials or expenses, the time charged is in accordance with the time sheets, the rates of labour are in accordance with the appropriate rates, the materials have been checked as regards quantity, quality, and price and the charges for the use of vehicles, plant and machinery have been examined;
- A list of employees authorised to certify receipt of goods and services;
- Certification that where appropriate, the expenditure is in accordance with regulations and all necessary authorisations have been obtained and the account is in order for payment.
- A timetable and system for submission to the Assistant Chief Officer (Finance & Commissioning) of accounts for payment.
- Instructions to employees regarding the handling and payment of accounts within the Corporate Finance Department.

5.5 Prepayments

Payment for goods and services should only be made once the goods and services are received.

Prepayments are only permitted where exceptional circumstances apply. In such instances:

- Prepayments are only permitted where the financial advantages outweigh the disadvantages (i.e. cash flows must be discounted to NPV using the Public Works Loan Board rate plus 2%).
- The appropriate officer must provide, in the form of a written report to the Assistant Chief Officer (Finance & Commissioning), a case setting out all relevant circumstances of the purchase. The report must set out the effects on the Force if the supplier is at some time during the course of the prepayment agreement unable to meet his commitments;
- The Assistant Chief Officer (Finance & Commissioning) will need to be satisfied with the proposed arrangements before contractual arrangements proceed (taking into account the EU public procurement rules where the contract is above a stipulated financial threshold);
- The budget holder is responsible for ensuring that all items due under a prepayment contract are received and they must immediately inform the Assistant

5.7 Official orders

Official Orders must:

- Be consecutively numbered;
- Be in a form approved by the Assistant Chief Officer (Finance & Commissioning);
- State the Authority's terms and conditions of trade;
- Only be issued to, and used by, those duly authorised by the Chief Constable;
- Raised before the goods & services are requested.

5.8 Duties of Managers and Officers

Managers and officers must ensure that they comply fully with the guidance and limits specified in the Code of Corporate Governance and Contract Standing Orders or set by the Assistant Chief Officer (Finance & Commissioning) and that:

- All contracts (except as otherwise provided for in the Scheme of Delegation), leases, tenancy agreements and other commitments which may result in a liability are notified to the Assistant Chief Officer (Finance & Commissioning) in advance of any commitment being made;
- Contracts above specified thresholds are advertised and awarded in accordance with EU rules on public procurement;
- No order shall be issued for any item or items to any firm which has made an offer of gifts, reward or benefit to Members or employees, other than:
 - Isolated gifts of a trivial character or inexpensive seasonal gifts, such as calendars;
 - Conventional hospitality, such as lunches in the course of working visits.
- No requisition/order is placed for any item or items for which cannot be met from within delegated budgets unless authorised by the Assistant Chief Officer (Finance & Commissioning) on behalf of the Chief Constable;
- All goods, services, or works are ordered on an official order except works and services executed in accordance with a contract and purchases from petty cash;
- Verbal orders must only be issued very exceptionally - by an employee designated by the Chief Constable and only in cases of genuine emergency or urgent necessity. These must be confirmed by an official order and clearly marked "Confirmation Order";
- Orders are not split or otherwise placed in a manner devised so as to avoid the financial thresholds;
- Goods are not taken on trial or loan in circumstances that could commit the Authority to a future uncompetitive purchase;
- Purchases from petty cash are restricted in value and by type of purchase in accordance with instructions issued by the Assistant Chief Officer (Finance & Commissioning);
- Petty cash records are maintained in a form as determined by the Assistant Chief Officer (Finance & Commissioning).

6.0 STORES AND RECEIPT OF GOODS

6.1 General position

Stores, defined in terms of controlled stores and departmental stores (for immediate use) should be:

- Kept to a minimum;
- Subjected to annual stock take;
- Valued at the lower of cost and net realisable value.

6.2 Control of Stores, Stocktaking, condemnations and disposal

Subject to the responsibility of the Assistant Chief Officer (Finance & Commissioning) for the systems of control, overall responsibility for the control of stores shall be delegated to an employee by the Chief Constable. The day-to-day responsibility may be delegated by him to departmental employees and stores managers/keepers, subject to such delegation being entered in a record available to the Assistant Chief Officer (Finance & Commissioning).

The responsibility for security arrangements and the custody of keys for any stores and locations shall be clearly defined in writing by the designated manager. Wherever practicable, stocks should be marked as Police property.

The Assistant Chief Officer (Finance & Commissioning) shall set out procedures and systems to regulate the stores including records for receipt of goods, issues, and returns to stores, and losses.

Stocktaking arrangements shall be agreed with the Assistant Chief Officer (Finance & Commissioning) and there shall be a physical check covering all items in store at least once a year.

Where a complete system of stores control is not justified, alternative arrangements shall require the approval of the Assistant Chief Officer (Finance & Commissioning).

The designated Manager shall be responsible for a system approved by the Assistant Chief Officer (Finance & Commissioning) for a review of slow moving and obsolete items and for condemnation, disposal, and replacement of all unserviceable articles. The designated Officer shall report to the Assistant Chief Officer (Finance & Commissioning) any evidence of significant overstocking and of any negligence or malpractice (see also overlap with SFI No. 13 Disposals and Condemnations, Losses and Special Payments). Procedures for the disposal of obsolete stock shall follow the procedures set out for disposal of all surplus and obsolete goods.

7.0 CAPITAL INVESTMENT & FIXED ASSETS

7.1 Capital Investment

The Chief Constable:

- Shall ensure that there is an adequate appraisal and approval process in place for determining capital expenditure priorities and the effect of each proposal upon business plans;
- Is responsible for the management of all stages of capital schemes and for ensuring that schemes are delivered on time and to cost;
- Shall ensure that the capital investment is not undertaken without the availability of resources to finance all revenue consequences, including capital charges.

For every capital expenditure proposal the Chief Constable shall ensure:

- Compliance with the Corporate Project Management system;
- That a business case is produced setting out:
 - an option appraisal of potential benefits compared with known costs to determine the option with the highest ratio of benefits to costs;
 - appropriate project management and control arrangements;
- That the Assistant Chief Officer (Finance & Commissioning) has certified professionally to the costs and revenue consequences detailed in the business case.

The Assistant Chief Officer (Finance & Commissioning) shall issue:

- Procedures for the regular reporting of expenditure and commitment against authorised budget;
- Authority to commit expenditure to the manager responsible for any scheme specific through the issue of a budget code;
- Procedures governing the financial management of capital schemes.

The Assistant Chief Officer (Finance & Commissioning) shall assess on an annual basis the requirement for the operation of the construction industry tax deduction scheme in accordance with Inland Revenue guidance.

7.2 Private Finance

Where applicable the Assistant Chief Officer (Finance & Commissioning) shall demonstrate that the use of private finance represents value for money and genuinely transfers significant risk to the private sector.

The proposal must be specifically agreed by the Police Authority.

7.3 Asset Registers

The Chief Constable is responsible for the maintenance of registers of assets, taking account of the advice of the Assistant Chief Officer (Finance & Commissioning) concerning the form of any register and the method of updating, and arranging for a physical check of assets against the asset register to be conducted at least once a year.

Additions to the fixed asset register must be clearly identified to an appropriate budget holder and be validated by reference to:

- Properly authorised and approved agreements, architect's certificates, supplier's invoices and other documentary evidence in respect of purchases from third parties;
- Stores, requisitions and wages records for own materials and labour including appropriate overheads;
- Lease agreements in respect of assets held under a finance lease and capitalised.

Where capital assets are sold, scrapped, lost or otherwise disposed of, their value must be removed from the accounting records and each disposal must be validated by reference to authorisation documents and invoices (where appropriate).

The Assistant Chief Officer (Finance & Commissioning) shall approve procedures for reconciling balances on fixed assets accounts in ledgers against balances on fixed asset registers.

The value of each asset shall be indexed to current values in accordance with methods specified in the Statement of Recommended Practice.

The value of each asset shall be depreciated using methods and rates as specified in the Statement of Recommended Practice.

7.4 Security of Assets

The overall control of fixed assets is the responsibility of the Chief Constable.

Asset control procedures (including fixed assets, cash, cheques and negotiable instruments, and also including donated assets) must be approved by the Assistant Chief Officer (Finance & Commissioning). This procedure shall make provision for:

- Recording managerial responsibility for each asset;
- Identification of additions and disposals;
- Identification of all repairs and maintenance expenses;
- Physical security of assets;
- Periodic verification of the existence of, condition of, and title to, assets recorded;
- Identification and reporting of all costs associated with the retention of an asset;
- Reporting, recording and safekeeping of cash, cheques, and negotiable instruments.

All discrepancies revealed by verification of physical assets to fixed asset register shall be notified to the Assistant Chief Officer (Finance & Commissioning).

Whilst each employee has a responsibility for the security of property of the Authority, it is the responsibility of managers in all disciplines to apply such appropriate routine security practices in relation to property as may be determined by the Chief Constable. Any breach of agreed security practices must be reported in accordance with agreed procedures.

Any damage to the Authority's premises, vehicles and equipment, or any loss of

equipment, stores or supplies must be reported by employees in accordance with the procedure for reporting losses.

Where practical, assets should be marked as Police property.

8.0 TENDERING AND CONTRACTING PROCEDURE

Contract Standing Orders have been developed to provide all Cleveland Police staff who become involved in the contracting and procurement process with a clear regulation framework in which to operate to enhance the delivery of value for money for the authority and the force.

Contract Standing Orders are supported by a comprehensive set of procurement procedures that will enable all those involved in day-to-day procurement activity to act in full compliance with the Contract Standing Orders. The procedures will be updated from time to time to stay at the forefront of Best Practice and respond to business needs.

The Contract Standing Orders are attached to these Standing Financial Instructions for reference.

9.0 TREASURY MANAGEMENT

The Assistant Chief Officer (Finance & Commissioning) will advise the Police Authority concerning the Authority's proposed new borrowing, within the limits set by the Prudential Code. The Assistant Chief Officer (Finance & Commissioning) is also responsible for reporting periodically to the Police Authority concerning all loans and overdrafts.

The Assistant Chief Officer (Finance & Commissioning) will agree the list of employees who are authorised to make short term borrowings on behalf of the Authority.

The Assistant Chief Officer (Finance & Commissioning) must prepare detailed procedural instructions concerning applications for loans and overdrafts.

All short-term borrowings should be kept to the minimum period of time possible, consistent with the overall cashflow position and represent good value for money.

All long-term borrowing must be consistent with the plans outlined in the current Medium Term Financial Plan.

Temporary cash surpluses must be held only in such public or private sector investments as approved in the Treasury Management Policy.

The Assistant Chief Officer (Finance & Commissioning) is responsible for advising the Police Authority on investments and shall report periodically to the Police Authority concerning the performance of investments held.

The Assistant Chief Officer (Finance & Commissioning) will prepare detailed procedural instructions on the operation of investment accounts and on the records to be maintained.

10.0 BANKING, CASH AND OTHER NEGOTIABLE INSTRUMENTS

10.1 General

The Police Authority shall approve the banking arrangements.

The Assistant Chief Officer (Finance & Commissioning) is responsible for managing the Authority's banking arrangements and for advising the Authority on the provision of banking services and operation of accounts.

10.2 Bank Accounts

The Assistant Chief Officer (Finance & Commissioning) is responsible for:

- Operation of bank accounts;
- Ensuring payments made from bank accounts do not exceed the amount credited to the account except where arrangements have been made;
- Reporting to the Police Authority all arrangements made with the Authority's bankers for accounts to be overdrawn.

10.3 Banking Procedures

The Assistant Chief Officer (Finance & Commissioning) will prepare detailed instructions on the operation of bank accounts which must include:

- The conditions under which each bank account is to be operated;
- Those authorised to sign cheques or other orders drawn on the accounts.

The Assistant Chief Officer (Finance & Commissioning) must advise the Authority's bankers in writing of the conditions under which each account will be operated.

10.4 Tendering and Review

The Assistant Chief Officer (Finance & Commissioning) will review the commercial banking arrangements of the Authority at regular intervals to ensure they reflect best practice and represent best value for money by periodically seeking competitive tenders for the Authority's commercial banking business.

Competitive tenders should be sought at least every five years. The results of the tendering exercise should be reported to the Police Authority.

10.5 Security of Cash, Cheques and other Negotiable Instruments

The Assistant Chief Officer (Finance & Commissioning) is responsible for:

- Approving the form of all receipt books, agreement forms, or other means of officially acknowledging or recording monies received or receivable;
- Ordering and securely controlling any such stationery;
- The provision of adequate facilities and systems for employees whose duties include collecting and holding cash, including the provision of safes or lockable cash boxes, the Procedures for keys, and for coin operated machines;
- Prescribing systems and procedures for handling cash and negotiable securities on

Official money shall not under any circumstances be used for the encashment of private cheques or IOUs.

All cheques, postal orders, cash etc., shall be banked intact. Disbursements shall not be made from cash received, except under arrangements approved by the Assistant Chief Officer (Finance & Commissioning).

The holders of safe keys shall not accept unofficial funds for depositing in their safes unless such deposits are in special sealed envelopes or locked containers, the keys for which are not held by the safe key holder. It shall be made clear to the depositors that the Authority is not to be held liable for any loss, and written indemnities must be obtained from the organisation or individuals absolving the Authority from responsibility for any loss.

11.0 ANNUAL ACCOUNTS

The Assistant Chief Officer (Finance & Commissioning) will prepare financial returns in accordance with the accounting policies and guidance given by the Home Office and HM Treasury, the Statement of Recommended Practice and the Police Authorities accounting policies, for submission to the Police Authority.

12.0 RISK MANAGEMENT AND INSURANCE

12.1 Programme of Risk Management

The Chief Constable shall ensure that the Force has a programme of risk management, in accordance with current assurance framework requirements, which must be approved and monitored by the Police Authority.

The programme of risk management shall include:

- A process for identifying and quantifying risks and potential liabilities;
- Engendering among all levels of staff a positive attitude towards the control of risk;
- Management processes to ensure all significant risks and potential liabilities are addressed including effective systems of internal control, cost effective insurance cover, and decisions on the acceptable level of retained risk;
- Contingency plans to offset the impact of adverse events;
- Audit arrangements including; Internal Audit, health and safety review;
- A clear indication of which risks shall be insured;
- Arrangements to review the Risk Management programme.

The existence, integration and evaluation of the above elements will assist in providing a basis to make the Annual Governance Statement within the Annual Report and Accounts as required by current guidance.

13.0 DISPOSALS AND CONDEMNATIONS, LOSSES AND SPECIAL PAYMENTS

13.1 Disposals and Condemnations

The Assistant Chief Officer (Finance & Commissioning) must prepare detailed procedures for the disposal of assets including condemnations, and ensure that these are notified to managers.

When it is decided to dispose of an asset, the Service Unit Manager or authorised deputy will determine and advise the Assistant Chief Officer (Finance & Commissioning) of the estimated market value of the item, taking account of professional advice where appropriate.

All unserviceable articles shall be:

- Condemned or otherwise disposed of by an employee authorised for that purpose by the Assistant Chief Officer (Finance & Commissioning);
- Recorded by the Condemning Officer in a form approved by the Assistant Chief Officer (Finance & Commissioning) which will indicate whether the articles are to be converted, Destroyed or otherwise disposed of. All entries shall be confirmed by the countersignature of a second employee authorised for the purpose by the Assistant Chief Officer (Finance & Commissioning).

The Condemning Officer shall satisfy himself as to whether or not there is evidence of negligence in use and shall report any such evidence to the Assistant Chief Officer (Finance & Commissioning) who will take the appropriate action.

13.2 Losses and Special Payments

Any employee or officer discovering or suspecting a loss of any kind must either immediately inform their Service Unit Manager, who must immediately inform the Chief Constable and the Assistant Chief Officer (Finance & Commissioning) or inform an officer charged with responsibility for responding to concerns involving loss. This officer will then appropriately inform the Assistant Chief Officer (Finance & Commissioning) and/or Chief Constable.

For losses apparently caused by theft, arson, neglect of duty or gross carelessness, except if trivial, the Assistant Chief Officer (Finance & Commissioning) must immediately notify the :

- Chief Constable;
- Police Authority Section 151 Officer,
- External Auditor.

The Assistant Chief Officer (Finance & Commissioning) shall be authorised to take any necessary steps to safeguard the Authority's interests in bankruptcies and company liquidations.

For any loss, the Assistant Chief Officer (Finance & Commissioning) should consider whether any insurance claim can be made.

The Assistant Chief Officer (Finance & Commissioning) shall maintain a Losses and Special Payments Register in which write-off action is recorded.

14.0 RETENTION OF FINANCIAL RECORDS

The Assistant Chief Officer (Finance & Commissioning) shall be responsible for maintaining archives for all financial records required to be retained in accordance with Home Office and Statutory guidelines.

The records held in archives shall be capable of retrieval by authorised persons.

Records held in accordance with Home Office guidance shall only be destroyed at the express instigation of the Chief Constable. Detail shall be maintained of records so destroyed.

15.0 AUDIT

The Police Authority is responsible for ensuring there are arrangements to review, evaluate and report on the effectiveness of internal financial control including the establishment of an effective Internal Audit function including ensuring that that Internal Audit is adequate and meets the mandatory audit standards.

External Auditors are appointed by the Audit Commission.

Both internal & external auditors are entitled, without necessarily giving prior notice, to require and receive:

- Access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- Access at all reasonable times to any land, premises or employees;
- The production of any cash, stores or other property of the Authority under the Force's control; and
- Explanations concerning any matter under investigation.

16.0 COUNTER-FRAUD AND CORRUPTION POLICY

Cleveland Police Service is committed to a culture that is one of honesty, integrity and propriety in the use of public funds and the holding of public office. It will not tolerate fraud and corruption in the administration of its responsibilities from within or from any source outside of the Service.

The Service is committed to an effective Counter-Fraud and Corruption strategy designed to encourage prevention, promote detection, ensure investigation is carried out and remedial action is taken.

This policy is applicable to Members of the Police Authority, police officers of all ranks, police support staff, volunteers and to all external persons with whom the Police Authority and Cleveland Police conduct business.

The Counter-Fraud and Corruption Policy including details of how to express a concern in confidence can be found on the Cleveland Police Authority website.

All cases or suspected cases of fraud must be reported at the first opportunity to the Head of Internal Audit Services, whether or not there is a police investigation.

17.0 WHISTLE BLOWING POLICY

Cleveland Police Service is committed to the highest possible standards of honesty and openness, probity and accountability. It seeks to conduct its business in a responsible manner, ensuring that all its activities are open and effectively managed and that its integrity is sustained.

In line with that commitment, staff who may have serious concerns about any aspect of their work are encouraged to come forward and voice those concerns. It is recognized that most concerns will be expressed in confidence. Where possible that confidence will be maintained.

Details of how to express a concern in confidence can be found in the Whistle Blowing Policy on the Cleveland Police Authority website.

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