

SECTION ELEVEN

FINANCIAL REGULATIONS

FR1 PURPOSE

- FR1.1 To conduct its business efficiently, Lincolnshire Police Authority (“the Authority”) needs to ensure that there are sound financial management arrangements in place and that these are strictly adhered to. These Regulations set out these arrangements.
- FR1.2 The Financial Regulations provide clarity about the financial accountabilities of individuals, particularly the Authority’s Chief Executive and Treasurer, and the Force’s Chief Constable and ACO - Director of Resources. They apply to every member and Officer of the Authority and the Lincolnshire Police Force (“the Force”) and anyone acting on their behalf. Each of the Financial Regulations sets out the overarching financial responsibilities.
- FR1.3 FR44 sets out the Delegated Limits attributable to these Financial Regulations.

FR2 STATUS

- FR2.1 These Financial Regulations are embedded within and must be read in conjunction with the Constitution Contract and Procurement Regulations and all other provisions of this Scheme.
- FR2.2 All Members, police officers and police staff including special constabulary and volunteers must take reasonable action to provide for the security of the assets under their control, and ensure that the use of these resources is legal, is properly authorised, and provides value for money.
- FR2.3 The Chief Constable and the Treasurer, shall issue supplementary guidance which sets out in greater detail than these Financial Regulations the procedures for carrying out particular financial transactions. This guidance shall emphasise the need for effective systems of Internal Control.
- FR2.4 The Chief Constable shall ensure that all police officers and police staff are aware of the existence and content of the Authority’s Financial Regulations and guidance and other internal regulatory documents and ensure that they comply with them.

FR3 BREACHES

- FR3.1 The Chief Constable shall inform the Treasurer of any breach of the Financial Regulations within 5 working days of the breach being identified and the Treasurer shall report the breach to the next meeting of the Audit Risk and Governance Committee if required.

FR4 SUSPENSION OF REGULATIONS AND URGENT EXPENDITURE.

- FR4.1 In exceptional cases, the Finance and Performance Committee may suspend the application of these Regulations where it is in the best interests of the Authority to do so. Any such suspension shall be reported to the next meeting of the Full Authority.

FR4.2 In cases of urgency, the Chief Constable jointly with the Chief Executive and Treasurer may, in consultation with the Chairman of the Authority, authorise on behalf of the Authority the incurring of any lawful expenditure, which would otherwise be contrary to these Regulations. If the Chief Constable, Chief Executive and Treasurer fail to agree on the need for or extent of any such expenditure the Chairman will decide on the appropriate course of action. The exercise of this authority shall in every case be reported to the next meeting of the Full Authority.

FR5 VALUE ADDED TAX

FR5.1 All limits specified within these Financial Regulations exclude any Value Added Tax (VAT) which may be payable.

FR6 REVIEW

FR6.1 The Treasurer shall monitor the operation of the Financial Regulations. Minor changes (such as Job Titles or as a result of other decisions formally agreed through other reports to the Authority) are delegated to the Chief Executive in consultation with the Chief Constable, Treasurer and Monitoring Officer as required. All other changes will be approved by the Full Authority.

FR6.2 The Treasurer will review FR44 on an annual basis and will submit the results of the review to the Authority for approval as an Annex to the Budget.

FR6.3 At least every three years, the Treasurer shall undertake a comprehensive review of the financial regulations in consultation with the Chief Executive and the Chief Constable, including the re-assessment of FR44 and will submit any recommendations for change to the Full Authority for approval.

FINANCIAL MANAGEMENT

FR7 THE AUTHORITY AND ITS COMMITTEES

FR7.1 In accordance with Articles 4 and 6 to 16 (inclusive) of the Constitution:

FR7.1.1 The Full Authority shall approve the Budget and Capital Strategy and Programme

FR7.1.2 The Full Authority either on its own account or through its Committees acting under delegated powers shall monitor compliance with the Budget and Capital Strategy and Programme.

FR7.1.3 The Full Authority shall approve procedures for recording and reporting financial decisions taken, including key decisions taken by the Full Authority and its Committees.

FR7.2 The Finance and Performance Committee shall:

FR7.2.1 consider the draft budget and estimates and make recommendations to the Full Authority.

FR7.2.2 approve Business Cases

FR7.2.3 approve in year changes to the Budget and Capital Programme.

FR7.3 The Audit, Risk and Governance Committee shall continuously monitor the effectiveness of the Authority's financial management and the achievement of value for money.

FR7.4 The Community and Partnerships Committee will approve bids for funding from any community safety fund established by the Authority.

FR8 THE STATUTORY OFFICERS

FR8.1 In accordance with statutory requirements the Authority will appoint the following officers each of whom has responsibilities relating to the financial management of the Authority.

FR8.2 The Chief Executive – the Chief Executive will:

FR8.2.1 advise all Authority members and officers about who has the authority to take a particular decision;

FR8.2.2 advise the Chief Constable or Authority on whether a decision is likely to be considered contrary to or not wholly in accordance with the policy framework; and

FR8.2.3 ensure the legality of the actions of the Authority, the Force, and their officers.

FR8.3 The Treasurer - The Treasurer has statutory duties in relation to the administration and stewardship of the Authority's financial affairs. These duties are not delegations from the Authority but are vested in the Treasurer consequent upon his or her designation as the Proper Officer under the relevant Statutory Provisions. Within the Scheme of Delegation most financial management is delegated to the Chief Constable and through him/her to the Assistant Chief Officer - Director of Resources. However, the Authority cannot derogate from the Treasurer's functions under these provisions which are:-

- Local Government Act 1972 (S151).
- The Local Government Finance Act 1988 (S112)
- The Local Government Finance Act 1988 (S114).
- The Local Government and Housing Act 1989.
- The Accounts and Audit Regulations 2011.
- The Local Government Act 2003 (S28)

FR8.4 The Treasurer shall:

FR8.4.1 provide financial advice to the Authority on all aspects of its activity, including the strategic planning and policy making process;

FR8.4.2 assist members in seeking to obtain best value for money;

FR8.4.3 advise the Authority on financial propriety;

- FR8.4.4 ensure that accurate, complete and timely financial management information is provided to the Authority and the Chief Constable;
- FR8.4.5 ensure the preparation of statutory and other accounts;
- FR8.4.6 undertake an adequate and effective internal audit of its accounting records and of its system of internal control;
- FR8.4.7 undertake treasury management including loans and investments;
- FR8.4.8 advise, in consultation with the Chief Executive, on the safeguarding of assets, risk management and insurance;
- FR8.4.9 arrange for the determination, issue and transfer of the precept; and
- FR8.4.10 advise on budgetary matters including any consequent long term implications. .
- FR8.5 In accordance with Section 114 of the Local Government Finance Act 1988 the Treasurer shall report to the Full Authority and external auditor if the Authority or the Force, or one of their officers:
- has made, or is about to make, a decision which involves incurring unlawful expenditure;
 - has taken, or is about to take, an unlawful action which has resulted or would result in a loss or deficiency to the Authority; and
 - is about to make an unlawful entry in the Authority's accounts.
- FR8.6 In addition, in accordance with Section 114 of the 1988 Act:
- FR8.6.1 the Treasurer shall nominate a properly qualified person to deputise should he or she be unable to perform the duties under section 114 personally; and
- FR8.6.2 the Authority in conjunction with the Chief Constable shall provide the Treasurer with sufficient staff, accommodation and other resources – including legal advice where this is necessary – to carry out the duties under section 114.
- FR8.7 In accordance with Section 113 of the Local Government Finance Act 1988 the Treasurer shall be a member of one or more of the bodies listed in that section which include:
- The Institute of Chartered Accountants in England & Wales.
 - The Chartered Association of Certified Accountants.
 - The Chartered Institute of Public Finance and Accountancy.
 - The Chartered Institute of Management Accountants.
 - The Association of Chartered Certified Accountants.
- FR8.8 The Monitoring Officer - The Monitoring Officer's duties are of general application to the conduct of the Authority's business but are also of particular

relevance in relation to the lawfulness or otherwise of financial decision making and/or expenditure. In accordance with his or her statutory duties under Section 5 of the Local Government & Housing Act 1989 the Monitoring Officer will prepare reports to the Authority on any proposal decision or omission of the Authority or its committees or any joint committee on which the Authority is represented which appear to him or her to give rise to or is likely to or could give rise to a contravention of any enactment or rule of law or to constitute maladministration.

FR8.9 The Chief Constable - the Chief Constable shall have responsibility for discharging all executive functions vested in the Force in accordance with the Policy Framework and Budget and in particular shall be responsible for:

- corporate and overall strategic management;
- reporting to and providing information for the Authority;
- establishing a framework for management direction, style, standards and delegation for monitoring the performance of the organisation;
- ensuring that members are advised of the financial implications of all proposals and that the financial implications have been agreed by the ACO - Director of Resources;
- signing contracts or making other financial commitments, within the limits of the delegated budget, on behalf of the Authority;
- consulting with the Treasurer and seeking approval on any matter specified within the Financial and Contract and Procurement Regulations; and
- exercising the powers and duties of the Force under the Police (Property) Regulations 1997.

FR8.10 By agreement between the Authority, Treasurer and the Chief Constable, the Assistant Chief Officer - Director of Resources:

FR8.10.1 shall be responsible to the Chief Constable for financial activities undertaken in the Force or contracted out under the supervision of the Force.

FR8.10.2 Shall be responsible for the proper financial administration of the Force

FR8.10.3 will have a place on the Chief Constable's Senior Command team.

FR8.10.4 shall be a member of one of the bodies listed in Section 113 of the Local Government Finance Act 1988.

FR8.10.5 Shall be responsible for ensuring efficient and effective use of financial resources available to the Force to support the achievement of high standards of operational performance.

FR8.10.6 Shall provide the Authority and its Treasurer with all such financial information and support as they may require to facilitate the proper discharge of their respective statutory duties and functions

FR9 OTHER OFFICERS

- FR9.1 Budget Holder – an officer to whom budget responsibility is delegated is referred to in these Financial Regulations as a Budget Holder. A Budget Holder shall be responsible for the management and control of budgets and cost centres allocated to them.
- FR9.2 Budget holders shall ensure that all expenditure and income is properly recorded and accounted for. They will be responsible for monitoring expenditure and income and will be expected to take appropriate action in the event of any variation occurring, or expected to occur, in the expenditure/income relating to activities and cost centres under their control.
- FR9.3 In respect of major projects such as business changes, etc, as well as the capital programme, the Chief Constable will designate an officer to Act as the Senior Responsible Owner of the Project. The Officer so designated will be advised by the Project Manager and will have the same responsibilities as Budget Holders in respect of managing expenditure and income, in so far as these relate to the project under their control.

FR10 MEDIUM TERM FINANCIAL STRATEGY

FR10.1 The Treasurer will ensure that the Authority has a Medium Term Financial Strategy which shall be updated at least annually and which sets out the key components of the budget for at least the ensuing three years, having regard to all known circumstances and where necessary assumptions as to:

- Government Grants.
- Council Tax levels.
- Other income
- Pay awards.
- Inflation (utility, fuel, ICT, general, etc).
- Investment returns and borrowing costs.
- Specific Budget pressures.
- Any other relevant factors

FR11 PREPARATION OF THE BUDGET AND CAPITAL PROGRAMME

- FR11.1 The Authority's annual Budget and Capital Programme shall be prepared having regard to the Policy Framework and in particular to the three year Policing Plan approved by the Authority
- FR11.2 The Treasurer shall agree with the Chief Constable the detailed timetable for the preparation of the annual Capital and Revenue budgets and the format of those budgets.

- FR11.3 The Chief Constable shall:
- FR11.3.1 ensure that a revenue budget is prepared on an annual basis for consideration by the Finance and Performance Committee, before submission for approval by the Full Authority;
 - FR11.3.2 issue guidance on the general content of the budget in consultation with the ACO - Director of Resources as soon as possible following approval by the Full Authority; and
 - FR11.3.3 ensure that budget estimates reflect agreed service plans and that these estimates are prepared in line with any guidance issued by the Full Authority.
- FR11.4 The Full Authority shall approve the annual revenue Budget and Capital Programme based on the Government grant settlement and any guidelines for capital expenditure, levels of reserves, and set the precept. The Full Authority may amend the Budget or ask the Chief Constable to reconsider it before approving it.
- FR11.5 The approved Budget and Capital Programme shall be implemented by the Chief Constable in accordance with the Financial Regulations and Contract and Procurement Regulations.

FR12 VIREMENT

- FR12.1 Virement is the planned reallocation of resources between approved budget heads. The Chief Constable and budget holders use this budget management tool to give flexibility in making the best use of the budget during the year to achieve the objectives agreed by the Police Authority. The approval of the Full Authority is required for any virement (i.e. transfer between budgets) which:
- FR12.1.1 is likely to result in a failure to achieve objectives and targets set out in the Authority's annual policing plan; or
 - FR12.1.2 is intended to initiate new policies other than those that have been approved by the Authority; or
 - FR12.1.3 increases committed expenditure in future years by more than the delegated limit , excluding annual pay awards.
- FR12.2 The following are authorised to undertake virement within their delegated limits (see FR44):
- FR12.2.1 Finance and Performance Committee
 - FR12.2.2 ACO - Director of Resources
 - FR12.2.3 Budget Holders, provided they are responsible for both relevant budget heads
- FR12.3 Virement from capital to revenue is not permitted.
- FR12.4 No approval is required for an increase in an expenditure budget which is fully matched by additional income, including specific grant income.

FR13 YEAR END CARRY FORWARD

FR13.1 No automatic carry forward shall apply from one financial year to the next of any under/overspends. Any carry forward, if agreed by the Finance and Performance Committee, shall be in accordance with a scheme to be agreed between the Chief Constable and the Treasurer for that specific year based on the overall projected outturn, MTFS, and projected balances.

FR14 USE OF BALANCES

FR14.1 The cost of major incidents shall be financed in accordance with the latest policy approved by the Authority.

FR14.2 The cost of insurance claims shall be financed in accordance with the latest policy approved by the Authority.

FR14.3 Proposals for additional expenditure to be financed from the Authority's General and Earmarked (other than Major Incidents and Insurance) Reserves may only be approved by the Full Authority, unless the matter is so urgent that normal approval of the Full Authority cannot be obtained in time and the action is necessary for the proper discharge of the Authority's functions or for the preservation of its property or finances. In such circumstances, the Chairman may approve a request for additional expenditure to be financed from the General Reserve or the Authority's Earmarked Reserves, in consultation with the Treasurer. The Treasurer shall provide a written report on the subject to the next meeting of the Full Authority.

FR15 ANNUAL STATEMENT OF ACCOUNT

FR15.1 The Treasurer shall ensure that the annual statement of accounts is prepared and certified that it presents a true and fair view of the financial position and the income and expenditure of the Authority by 30th June each year immediately following the year end. This must be in accordance with proper practices and the Accounts and Audit Regulations 2011. The Accounts will be submitted to the Audit Risk and Governance Committee for noting prior to the external audit being carried out.

FR15.2 Following the Audit the accounts are to be recertified by the Treasurer and prior to 30th September each year the Audit Risk and Governance Committee will undertake a detailed scrutiny of the accounts and approve the accounts for publication. The Chairman of that meeting will also sign and date the accounts after they have been approved.

FR15.3 The Audit Risk and Governance Committee through its minutes can report any concerns to the Full Authority if required.

FR15.4 The accounts must be published by 30th September each year, including publication on the Authority's website, together with any certificate, opinion, or report issued, given or made by the auditor under section 9 (general report) of the 1998 Act.

FR16 ACCOUNTING POLICIES

FR16.1 The Authority's Statement of Accounts will be prepared in accordance with proper practices, standards and guidance issued. The Treasurer, in

consultation with tThe ACO - Director of Resources shall determine and consistently apply accounting policies, which comply in all respects with the latest accounting guidance and standards. If there is any dispute between the ACO - Director of Resources and the Treasurer as to the policies to be adopted the matter will be referred to the Authority for determination.

FR16.2 The Audit Risk and Governance Committee will consider the Accounting Policies as part of the Accounts process. Any changes to accounting policies, which may have a financial impact on the Precept/Council Tax of more than the delegated limit (see FR44) must be reported to the Finance and Performance Committee by the Treasurer.

FR17 ACCOUNTING RECORDS

FR17.1 The Treasurer shall determine the accounting records to be maintained for the Authority.

FR17.2 All accounts and records relating to the finances of the Authority and the Force shall be open to inspection by the Treasurer, or any Officer authorised by the Treasurer. The Treasurer shall have authority to apply any test or check to those accounts and records and to require such explanations as he/she considers necessary to satisfy himself/herself as to the correctness of any matters under consideration.

FR18 RETENTION OF RECORDS

FR18.1 The ACO - Director of Resources will produce a Document Retention Policy and agree this with the Treasurer. All statutory requirements must be met as a minimum and requirements for the Freedom of Information Act must be incorporated.

FINANCIAL PLANNING

FR19 BUDGETARY CONTROL

FR19.1 The Chief Constable and the Treasurer shall ensure that allocated resources are used for their intended purposes and are properly accounted for.

FR19.2 The Chief Constable may authorise lawful expenditure included in that part of the approved annual estimates that is under his/her direct control.

FR19.3 The Treasurer may authorise lawful expenditure included in that part of the approved annual estimates that is under the direct control of the Authority, excluding the General Reserve.

FR19.4 Control of expenditure and income shall be against the appropriate budget head.

FR19.5 After the annual budget has been approved (usually in February), the Chief Constable shall provide to the Treasurer ahead of the new financial year (i.e. during March) the allocations of the budget to their budget holders. These allocations will then be utilised for budget monitoring and financial accountability.

- FR19.6 The Chief Constable will monitor the budgeted income and expenditure, and provide the Treasurer with monthly reports comparing revenue expenditure in the year to date together with a forecast of spend to the year end compared to the approved budget. Each quarter, a budget monitoring report, in a format approved by the Treasurer, shall be presented to the Finance and Performance Committee.
- FR19.7 For the purposes of these Financial Regulations, expected or actual shortfalls or losses of income shall be treated as if they are increases in expenditure.
- FR19.8 The Chief Constable and Treasurer shall ensure, as far as practicable, that expenditure in excess of the approved budget is not incurred without the prior approval of the Authority. Where an estimated or actual overspend is identified, which cannot be dealt with by virement, the details shall be included within the next budget monitoring report to the Finance and Performance Committee. The report shall include an explanation for the overspend and details of the action taken or proposals made to deal with it.

FR20 CAPITAL EXPENDITURE

- FR20.1 'Capital Expenditure' means the acquisition or improvement of Fixed Assets which will have a long term value to the Authority. Fixed Assets include land, new or existing buildings, ICT systems, furniture, equipment, and vehicles.
- FR20.2 Capital estimates and capital programmes shall be prepared by the Chief Constable in consultation with the Treasurer and Chief Executive and approved by the Full Authority.
- FR20.3 A capital programme implementation report, which sets out the progress made with individual schemes and a comparison of expenditure to date against the total scheme cost, shall be submitted on a quarterly basis to the Finance and Performance Committee.
- FR20.4 Any in year changes to the Capital Programme must be approved by the Finance and Performance Committee.

FR21 FINANCIAL APPRAISALS (BUSINESS CASES)

- FR21.1 A Business Case must be prepared by the Chief Constable of all capital and revenue schemes (including PFI) and other new service developments which involve new policy or are defined as capital expenditure. Every Business Case shall be in a format agreed with the Treasurer which will include:
- the scope of the proposal;
 - the need/justification for the proposal;
 - an evaluation of the costs and benefits of the proposal, and how it is to be funded;
 - the risks associated with the project; and
 - other options available.
- FR21.2 No Business Case is required for proposals estimated to cost the lower delegated limit or less (see FR44). Business Cases on proposals estimated to

cost between the lower and upper delegated limits (see FR44) shall be submitted by the Chief Constable to the Treasurer for approval. Above the upper delegated limit (see FR44), the Business Case should be submitted jointly by the Chief Constable and Treasurer to the Finance and Performance Committee for scrutiny. The Finance and Performance Committee will consider the adequacy of the information provided in the Business Case and (subject to being satisfied that sufficient information has been provided to enable the proposal to be fully and fairly appraised) will either approve the Business Case or, if they deem it necessary or advisable, submit the Business Case to the Full Authority with a recommendation as to whether or not the proposal should be accepted.

- FR21.3 In exceptional circumstances, where the matter is considered to be urgent for the preservation of the Authority's interests, property and/or finances, the Business Case may be submitted direct to the Full Authority where no meeting of the Finance and Performance Committee is scheduled for the interim period.
- FR21.4 In the case of emergency work it may be necessary for schemes above the upper limit to commence prior to the approval of the Finance and Performance Committee and/or the Full Authority. In these cases, the Chief Constable and Treasurer shall consult with the Chairman of the Authority and the Chairman of the Finance and Performance Committee who may jointly approved the expenditure on the basis that a full appraisal will be presented retrospectively to the next meeting of the Finance and Performance Committee. In the event of a difference of opinion between the Chairman and the Chairman of the Finance and Performance Committee the decision will be referred to relevant Committee.
- FR21.5 In circumstances where a proposal is initially estimated to cost less than the upper delegated limit (see FR44) but subsequently it becomes clear that the proposal will cost more than this delegated limit a Business Case must be submitted jointly by the Chief Constable and Treasurer at the earliest opportunity to the Finance and Performance Committee.
- FR21.6 All proposals which have been appraised under these Regulations will be subject to a reappraisal by the Chief Constable if:
- The cost of the originally approved scheme is estimated to be exceeded by more than the delegated limit (see FR44) on schemes up to an estimated cost of the upper delegated limit (see FR44) or by more than 10% or the delegated limit (whichever is the lower) on schemes above the upper delegated limit.
 - In the professional opinion of the Chief Constable, the nature of the proposal or its benefits have changed materially since the original approval.
- FR21.7 All re-appraisals of proposals costing between the lower delegated limit and the upper delegated limit (see FR44) shall be referred to the Treasurer, and those over the upper delegated limit (see FR44) to the Finance and Performance Committee for approval.

FR21.8 Where the Treasurer declines to approve any Business Case submitted to him or her under paragraphs FR21.2 and FR21.7 the Chief Constable may refer the matter to the Finance and Performance Committee for determination.

RISK MANAGEMENT AND CONTROL OF RESOURCES

FR22 RISK MANAGEMENT AND INSURANCE

FR22.1 The Full Authority, with the advice of the Treasurer, shall approve arrangements for risk management and insurance, and shall periodically review the effectiveness of risk management.

FR22.2 The Full Authority delegates the monitoring and regular review for risk management and insurance to the Audit, Risk and Governance Committee including the regular review of risk registers and the effectiveness of any actions being taken. The Committee may make recommendations to the Full Authority based on any findings.

FR22.3 Within the overall policy determined by the Authority, the Chief Constable shall effect and administer risk management policies, including ensuring that:

- procedures (including risk registers) are in place to identify, assess, prevent or contain material known risks, and these procedures are operating effectively throughout the Force;
- a monitoring process is in place to review regularly the effectiveness of risk reduction strategies and the operation of these controls. The risk management process should be conducted on a continuing basis to all service areas and applies to all projects and capital schemes;
- managers know that they are responsible for managing relevant risks and are provided with relevant information on risk management initiatives; and
- acceptable levels of risk are determined and insured against where appropriate.

FR22.4 The Chief Constable in conjunction with the Treasurer shall effect insurance arrangements (and/or self insurance) to mitigate risks where appropriate. The Chief Constable shall administer such insurance arrangements, including ensuring that procedures are in place to investigate claims within required timescales. Any self insurance must be agreed with the Treasurer.

FR22.5 Members of the Authority and officers shall promptly notify the Chief Constable of:

FR22.5.1 All new risks, or whatever nature, which require to be insured, indicating the scope and amount of cover required, together with variations in existing risks; and

FR22.5.2 any loss, liability or damage, or of any event likely to lead to a claim, either against the Authority or in favour of it.

- FR22.6 No member or Officer shall admit liability to a claimant, or make any statement which could be construed as such, concerning a matter which is to be dealt with by insurers.
- FR22.7 The Chief Constable is delegated to approve settlements of claims within the terms of the Authority's insurance policies up to a value of the delegated limit (see Annex). For insurance settlements in excess of this delegated limit, the Chief Constable must consult with the Treasurer.
- FR22.8 The Chief Constable is delegated to approve ex-gratia payments outside of the Force's insurance arrangements (i.e. damage caused by police officers entering property, and minor claims from police officers and police staff), up to a value of the delegated limit (see Annex). For ex-gratia settlements in excess of the delegated limit, the Chief Constable must consult with the Treasurer.
- FR22.9 The ACO - Director of Resources shall report annually on the claims experience. They will also report to the next available Finance and Performance Committee any insurance settlements in excess of the delegated limit (see Annex) and ex-gratia payments in excess of the delegated limit (see Annex), together with the current position in respect of claims estimated over the delegated limit (see Annex).
- FR22.10 The Chief Constable shall submit an annual report on insurance arrangements, including claims experience to the Finance and Performance Committee.

INTERNAL CONTROLS & AUDIT

FR23 INTERNAL CONTROL

- FR23.1 The ACO - Director of Resources, in conjunction with the Treasurer, shall advise on and implement effective systems of internal control. These arrangements need to ensure compliance with all applicable statutes, regulations and other relevant statements of best practice. The systems should ensure that public funds and other assets are properly safeguarded and used economically, efficiently and effectively and in accordance with the statutory and other authorities that govern their use.

FR24 AUDIT REQUIREMENTS – INTERNAL AUDIT

- FR24.1 The Authority must undertake an adequate and effective internal audit of its accounting records and system of internal control in accordance with proper practices in relation to internal control and the Accounts and Audit Regulations 2011.
- FR24.2 The Authority's Internal Audit will be provided in accordance with the terms and conditions of the Internal Audit service contract which sets out the framework within which the Internal Audit Service is delivered to the Authority. This will act as a guide for members and for police officers and police staff throughout the Authority and Force.

- FR24.3 The Internal Auditors will prepare an annual internal audit plan in consultation with the Treasurer, which shall be discussed with the Chief Constable prior to its submission to the Audit Risk and Governance Committee for approval.
- FR24.4 The Chief Constable, by agreement with the Treasurer, shall be able to request directly from Internal Audit, systems audits and value for money audits.
- FR24.5 All reports produced by Internal Audit shall be available to both the Treasurer and the Chief Constable, and shall be presented to the Audit Risk and Governance Committee by the Treasurer.
- FR24.6 The Treasurer or their representative, including an internal auditor acting on behalf of the Authority, shall:
- FR24.6.1 have access at all reasonable times to premises, personnel, documents, and assets that are considered necessary for the purposes of their work; and
- FR24.6.2 be provided with any information and explanations that they seek in the course of their work.
- FR24.7 All recommendations concerning the Force will be notified to the Chief Constable who will consider and respond promptly and ensure that any agreed actions arising are carried out within agreed timescales.
- FR24.8 All recommendations concerning the Authority will be notified to the Chief Executive who will consider and respond promptly and ensure that any agreed actions arising are carried out within agreed timescales..
- FR24.9 The Audit, Risk and Governance Committee will track the implementation of all Audit recommendations.

FR25 AUDIT REQUIREMENTS – EXTERNAL AUDIT

- FR25.1 The Audit Commission is responsible for appointing external auditors to each Authority. External auditors shall work closely with the Treasurer and Chief Constable and have full access to internal audit reports.
- FR25.2 The Audit Risk and Governance Committee should use the reports from external auditors to assist it in monitoring performance, including the operation of these Regulations.

FR26 PREVENTING FRAUD AND CORRUPTION

- FR26.1 The Chief Constable shall develop and maintain an anti-fraud and anti-corruption policy. All police officers and police staff are required to observe the policy and to bring to the attention of senior management any beaches which they observe.
- FR26.2 Whenever any matter arises which involves, or is thought to involve, irregularities concerning cash, stores or other property of the Authority, the Chief Constable, Chief Executive, Treasurer and Head of Internal Audit shall be notified forthwith and the appropriate action, by way of investigation and report shall be taken.

FR27 STOCKS AND STORES

- FR27.1 The Chief Constable in conjunction with the Treasurer shall prepare guidance relating to the manner in which stocks and stores are to be administered.
- FR27.2 Stocks shall not be held in excess of normal operational requirements except in special circumstances with the approval of the Treasurer.
- FR27.3 The identification of any material surplus or deficiency shall be reported to the Chief Constable and may only be written off with his approval up to the delegated limit (see Annex). Amounts in excess of that limit shall require the approval of the Treasurer.
- FR27.4 A report is to be submitted annually to the Finance and Performance Committee within six months of the end of the financial year on the full extent of stocks and stores written off during the year.

FR28 INVENTORIES

- FR28.1 The Chief Constable is responsible for maintaining adequate records for inventory items. The objective of the inventory is to assist in maintaining effective control over items which are portable, desirable and valuable.
- FR28.2 A physical check must be made at least every two years and certified as correct by the officer in charge.
- FR28.3 A list of discrepancies and unserviceable equipment shall be submitted to the ACO - Director of Resources who may authorise that the inventory be adjusted up to the delegated limit (see FR44) provided that any deficiencies are due to fair wear and tear. Other discrepancies will be subject to normal audit scrutiny.
- FR28.4 Surplus and obsolete vehicles and equipment with a value greater than the delegated limit (see FR44) should be disposed of via the most appropriate route in accordance with good practice (e.g. tender, auction, etc). Items with a value under the delegated limit may be disposed of with the approval of the ACO - Director of Resources.
- FR28.5 An inventory, to include furniture, must be maintained in respect of staff residential quarters distinguished between Authority and Privately owned items.
- FR28.6 Items that have been donated by voluntary organisations or purchased from private funds, must be included in the inventory. Rented equipment should also be included in the inventory.

TREASURY MANAGEMENT

FR29 BORROWING AND INVESTMENTS

- FR29.1 The Authority has adopted CIPFA's 'Treasury Management in the Public Services: Code of Practice' ("the Code"),
- FR29.2 The Treasurer shall borrow, temporarily invest and repay monies, subject to any constraints imposed by statute or the CIPFA Code of Practice, and

subject to the general directions and within any limits prescribed from time to time by the Authority.

- FR29.3 The Full Authority will approve the Treasury Policy. The Treasurer shall report to the Finance and Performance Committee prior to the commencement of each financial year on the treasury management strategy. In addition, the Treasurer shall report from time to time as required on treasury management activity and shall submit a Treasury Annual Report by the end of September each year.
- FR29.4 The Treasurer may, with the agreement of the Chief Constable, make arrangements for the ACO - Director of Resources to undertake or procure, in a manner acceptable to the Treasurer, the daily management of cash, loans and investment work.
- FR29.5 No Officer shall borrow money on behalf of the Authority, without the prior approval of the Treasurer.

FR30 BANKING ARRANGEMENTS

- FR30.1 All arrangements concerning the Authority's banking accounts, the issue of cheques, and bank transfer instructions shall be approved by the Treasurer. All arrangements concerning the Forces banking accounts, the issue of cheques, and bank transfer instructions shall be approved by the ACO - Director of Resources. All Police Authority bank accounts, including imprest accounts, must include "Lincolnshire Police Authority" in the title and not the name of any Officer by name or designation, or establishment, unless specific covert accounts have been approved by the Treasurer..
- FR30.2 All cheques generated and printed from the computerised financial systems and drawn on the Authority's Payments Account shall bear the printed facsimile of the signature of the Treasurer. Manual cheques and bank instructions shall be authorised and signed by either the Treasurer, ACO - Director of Resources, Head of Finance, Financial Services Manager or Principal Management Accountant.
- FR30.3 The Chief Constable shall make arrangements for the proper administration of electronic payments made through the Bankers Automated Clearing System (BACS) or other electronic transfers.
- FR30.4 The Treasurer and, subject to his/her supervision, every person operating a bank account on behalf of the Authority shall make safe and efficient arrangements for the control of access to bank cheques, the preparation, signing and dispatch of cheques, the prompt examination of paid cheques and an independent reconciliation of cash books with bank statements.
- FR30.5 Every Officer who receives money on behalf of the Authority shall promptly pay over such monies without deduction to the Authority's bankers or a representative of the ACO - Director of Resources, in accordance with such arrangements, as the Treasurer shall prescribe.
- FR30.6 Credit, debit and/or purchasing cards will only be issued to individuals after specific agreement by the ACO - Director of Resources in accordance with terms and conditions approved by the Treasurer. Any expenditure incurred

must be properly recorded and accounted for and receipts retained for VAT purposes.

FR31 IMPRESTS

- FR31.1 The Chief Constable shall be empowered to establish such imprest accounts as he/she considers appropriate for the purpose of defraying petty cash and other expenses.
- FR31.2 Payments from the imprest accounts shall be limited to minor items of expenditure, not exceeding the delegated limit (see Annex) per item, and to such other items as may be agreed from time to time by the Chief Constable and Treasurer. Imprest accounts should not be used to make payments normally processed through the payroll system, other than advances of expenses, nor should personal cheques be cashed or loans made from the accounts. Any breaches for operational reasons must be reported to the Financial Services Manager explaining why this has occurred.
- FR31.3 Informants' fees and Identification Parade fees may be paid out of imprest accounts subject to compliance with written procedures issued.
- FR31.4 Officers responsible for imprest accounts shall produce a certificate as to the state of the imprest advanced as provided for on the reimbursement form and at other times if requested by the Chief Constable and/or the Treasurer.

FR32 VOLUNTARY FUNDS

- FR32.1 The Chief Constable should be notified of the existence of all voluntary funds (i.e. funds for charitable, sporting or social purposes which, although not legally the property of the Authority, are controlled or administered by police officers or police staff by reason of his or her employment with the Authority), and of the arrangements for their audit.
- FR32.2 The Chief Constable shall consult with the Treasurer on the type and extent of audit required for each particular fund, after taking into account the nature of activities covered, and the degree of risk. Under no circumstances must unofficial monies be mixed with official receipts of the Police Authority. Where the same Officer keeps several unofficial funds, the funds should always be separate and readily identifiable.

FR33 LEASES

- FR33.1 No Officer shall enter into either a Finance Lease, an Operating Lease or agreement which may be a lease, in respect of furniture, vehicles or equipment, without the prior approval of the Treasurer.

FR34 PFI SCHEME

- FR34.1 No PFI schemes will be entered into without the express permission of the Full Authority. Any proposed PFI schemes should follow the Financial Regulation relating to Business Cases

SYSTEMS AND PROCEDURES

FR35 GENERAL

- FR35.1 The ACO - Director of Resources shall operate the Authority's accounting systems, the supporting financial records and the preparation of the accounts in the form agreed by the Treasurer. Any changes made to the existing financial systems or the establishment of new systems must be approved by the Treasurer.
- FR35.2 The Chief Constable should ensure that all police officers and police staff receive relevant financial training that has been approved by the ACO - Director of Resources.
- FR35.3 The Chief Constable must ensure that, where appropriate, computer and other systems are registered in accordance with data protection legislation.
- FR35.4 The Chief Constable shall ensure that a proper scheme of delegation has been established and is operating effectively. The scheme of delegation should identify police officers and police staff authorised to act on the Chief Constable's behalf in respect of payments, income collection and placing orders, together with the limits of their authority.
- FR35.5 The Chief Constable must produce business continuity plans for implementation in the event of a disaster which may result in significant loss or damage to the Force's resources.

FR36 INCOME

- FR36.1 The Treasurer shall in conjunction with the Chief Constable, make and maintain arrangements for the financial organisation and accounting necessary to ensure the prompt recording of all sums due to the Authority and for the collection, custody, control and banking of all income.
- FR36.2 All official receipt forms or books or other documentation representing receipts for money's due to the Authority shall be in a form agreed with the Treasurer.
- FR36.3 Each Officer who receives money on behalf of the Authority shall give such acknowledgement thereof and keep such records as may from time to time be approved by the Treasurer, including an accurate and chronological account of all receipts and deposits.
- FR36.4 The ACO - Director of Resources or his authorised representative shall be notified as early as possible of all monies due to the Authority under contracts, leases, tenancy agreements, agreements for the sale of property and any other arrangements involving the receipt of money by the Authority. Where the sum is to be paid directly into the Authority's bank account by the third party the ACO - Director of Resources or his authorised representative should be notified in advance of receipt.
- FR36.5 Where required, VAT must be charged by the Authority. Officers must charge and account for VAT in accordance with HMRC regulations and any guidance issued by the Authority or ACO - Director of Resources.

- FR36.6 Money Laundering - The Authority must protect itself from being used by money launderers. It is therefore not the normal policy for the Authority to accept payment in cash of more than the delegated limit (see Annex). Where such a payment is to be made approval should be sought from the Treasurer or ACO - Director of Resources.
- FR36.7 Personal or third party cheques shall not be cashed out of money held on behalf of the Authority.
- FR36.8 No debt in respect of an amount due to the Authority once established shall be discharged otherwise than by payment, by the issue of an official credit note or by write off.

FR37 WRITE OFFS

- FR37.1 Sums due to the Authority shall not be written off without the direct approval of the Authority except on:
- FR37.1.1 the authority of the Chief Constable in respect of any individual sum not exceeding the lower delegated limit (see FR44); or
 - FR37.1.2 the joint authorisation of the Treasurer and Chief Constable in respect of any individual sum between the values of the lower delegated limit and the upper delegated limit (see FR44).
- FR37.2 A brief summary of all sums due to the Authority that have been written off where the individual amount involved is more than the lower delegated limit shall be reported annually to the Finance and Performance Committee, together with the total of all write offs below this lower delegated limit
- FR37.3 The Treasurer may prescribe that, generally or particularly, specified goods or services shall not be supplied on credit terms or shall be supplied only on prepayment or concurrent terms.
- FR37.4 The Chief Constable shall determine the appropriate level of fees for services and the use of premises for which fees have not otherwise been fixed.
- FR37.5 The Chief Constable shall ensure that charges for special police services, made under Section 25 of the Police Act 1996, are calculated in accordance with the detailed guidance issued by ACPO and approved by the Finance and Performance Committee..
- FR37.6 The Chief Constable shall ensure that all discretionary charges are reviewed annually in consultation with the Treasurer.

FR38 PAYMENTS FOR GOODS, WORK AND SERVICES

- FR38.1 The Chief Constable should seek to ensure that the Authority obtains best value for money from any purchase by testing the market, where appropriate, before the Authority is committed to any expenditure.
- FR38.2 The Chief Constable should procure goods, work and services in accordance with the Authority's Contract and Procurement Regulations which are set out in the CONTRACT AND PROCUREMENT REGULATIONS section of this Scheme

- FR38.3 Orders, in writing, in a form approved by the Treasurer, shall be issued for all goods, work and services required, except for supplies of public utility services, rent, rates and petty cash disbursements.
- FR38.4 The originator shall indicate on the order, by use of codes approved by the Treasurer, the expenditure headings to which the expenditure shall be charged.
- FR38.5 The Chief Constable should agree with the Treasurer policies and procedures for the use of corporate credit cards and purchasing cards.
- FR38.6 The Chief Constable should agree with the Treasurer policies and procedures for purchasing goods or materials at auction or from any consortium or association of which the Authority is a member.

FR39 SALARIES, WAGES AND PENSIONS (INCLUDING EXPENSES)

- FR39.1 The payment of salaries, wages or other emoluments and pensions shall be made only on the authority of the Chief Constable or Treasurer.
- FR39.2 The Chief Constable or Treasurer shall notify the appropriate Payroll officer of all appointments, terminations, absences or any other changes which may affect the pay or pension of an employee or ex employee.
- FR39.3 Payments of expenses will be made monthly in arrears via a claim form approved by the Chief Constable and duly authorised by the claimant and their authorised manager, or by other electronic means as they become available with the appropriate authorisations.
- FR39.4 Any private phone calls (including from mobile phones) made by staff must be paid for at the rates advised by the ACO - Director of Resources. For calls of an emergency nature payment will not be required.

FR40 TAXATION

- FR40.1 The ACO - Director of Resources, in conjunction with the Treasurer, should advise the Chief Constable, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect the Authority.
- FR40.2 The ACO - Director of Resources must maintain the Authority's tax records, making all tax payments, receiving tax credits and submitting tax returns by their due date as appropriate.

EXTERNAL ARRANGEMENTS

FR41 GIFTS, LOANS AND SPONSORSHIP

- FR41.1 The Authority is responsible under the Police Act 1996 for setting the terms under which the Force may, in connection with the discharge of its functions, accept gifts of money, and gifts or loans of other property.
- FR41.2 Gifts, loans and sponsorship can be defined as the voluntary provision to the Force of non-public funds, services, equipment or other resources. They may be accepted from any source which has genuine and well intentioned reasons

for wishing to support specific projects. In return the provider may expect some publicity or acknowledgement.

- FR41.3 For the avoidance of doubt this regulation does not apply to any funding received pursuant to any service delivery partnership entered into with another public body or voluntary organisation.
- FR41.4 Gifts, loans and sponsorship must not be accepted where there is a risk of offending the integrity or propriety of the Authority or Force, for example:
- by accepting offers from sources which come under the direct scrutiny of the police;
 - where the provider seeks endorsement of a product or service in order to gain preferential treatment in supplying or contracting goods and services to the police; or
 - to influence the direction of a particular policy or operation.
- FR41.5 Such arrangements should only be used to support police activities which can readily be discontinued, since they can be withdrawn at any time on the initiative of the donor.
- FR41.6 Where gifts, loans, or sponsorship are made from more than one company in a competing market, care must be taken to demonstrate an even handed approach in accepting or rejecting any offer.
- FR41.7 Priority must be given to meeting the needs of the Force rather than those of the sponsor, and should avoid:
- potentially sensitive associations with inappropriate sponsors;
 - potentially sensitive associations with companies already in a contractual arrangement to supply goods or services to the Force, which could be construed by competitors as preferential treatment;
 - projects which could distract effort from tackling agreed priorities;
 - projects of dubious or limited benefit in policing terms;
 - offers of gifts, loans, or sponsorship with conditions attached;
 - offers of gifts, loans, or sponsorship which could involve the Force in additional costs;
 - offers of equipment which is incompatible;
 - inadequate contractual arrangements; and
 - the risk of becoming unduly dependent on a facility liable to be withdrawn.
- FR41.8 Where publicity is sought, a commercial agreement should be signed.
- FR41.9 The Authority delegates to the Chief Constable discretion to accept individual gifts, loans, or sponsorship in accordance with the above guidelines up to a value the delegated limit (see FR44). Above this delegated limit, the Chief

Constable must obtain the prior approval of the Finance and Performance Committee.

- FR41.10 The total value of gifts, loans, and sponsorship must not exceed 1% of the approved annual revenue budget annually.
- FR41.11 The Chief Constable must maintain a complete record of the market value of all gifts, loans, and sponsorship received, and provide details to the Treasurer in an annual report.
- FR41.12 The Chief Constable should maintain a written policy in respect of gifts, loans, or sponsorship, and make it available to all police officers and police staff.
- FR41.13 Only interest free loans may be accepted under these provisions.

FR42 WORK FOR THIRD PARTIES

- FR42.1 Where the Chief Constable undertakes to carry out any work for third parties;
 - FR42.1.1 arrangements should be in place to ensure that any risks associated with third party work is minimised and that such work is within the powers of the Authority.
 - FR42.1.2 The Chief Constable should approve the contractual arrangements for any work for third parties or external bodies, including the identification of all risks related to that work.
 - FR42.1.3 If the value of such work is in excess of the delegated limit (see FR44), the Finance and Performance Committee must be advised through the Chief Executive.
- FR42.2 For the avoidance of doubt this Regulation shall not apply to any work carried out by the Chief Constable pursuant to any collaboration agreement approved by the authority under section 23 of the Police Act 1996.

FR43 EXTERNAL FUNDING

- FR43.1 All receipts of external funding that exceed the delegated limit (see FR44) and which do not fall under the capital or revenue budget for the year, shall be specifically reported to the next Finance and Performance Committee by the Chief Constable.

ANNEX TO FINANCIAL REGULATIONS

FR44 DELEGATED LIMITS

The following table sets out the delegated limits relevant to the Financial Regulations.

FR	Brief Description	Level	Delegated Limit £
FR12.1.3	Virement – increases committed expenditure in future years.	Exceeds	£25,000
FR12.2.1	Virement – individual item or aggregated values	a) above	£100,000
FR12.2.2	Virement – individual item or aggregated values	b) up to	£100,000
FR12.2.2	Virement – individual item or aggregated values	c) up to	£50,000
FR16.2	Accounting Policies – policy change causes financial impact	Exceeds	£100,000
FR21.2	Business Cases – proposals estimated costs	Lower limit	£25,000
FR21.2	Business Cases – proposals estimated costs	Upper limit	£50,000
FR21.5	Business Cases – reappraisal level	Schemes up to upper limit (by more than)	£5,000
FR21.7	Business Cases – reappraisal level	Schemes over upper limit	10% or £10,000
FR22.7	Insurance – settlement of claims	Up to	£25,000
FR22.8	Ex-gratia payments	Up to	£10,000
FR22.9	Insurance – claims reporting	Exceeds	£25,000
	Ex-gratia payments reporting	Exceeds	£10,000
	Estimated claims	Exceeds	£25,000
AM2.5	Asset Management – asset register	Exceeds	£10,000
AM3.2	Acquisitions & Disposals – disposal value	Exceeds	£75,000
FR28.3	Stocks & Stores – write off	Up to	£5,000
FR28.4	Surplus & Obsolete stock – disposal	Exceeds	£25,000
FR31.2	Imprests – minor items	Up to	£250 per item
FR36.6	Money Laundering – maximum cash payment	Up to	£10,000
FR37.1.1	Write Offs	Up to – lower	£5,000
FR37.1.2	Write Offs	Up to – upper	£25,000
FR41.9	Gifts, Loans and Sponsorship	Up to	£75,000
FR42.1.3	Work for Third Parties	Exceeds	£25,000
FR43.1	External Funding	Exceeds	£25,000