

WYPCC – Decision

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Circulation list: Police and Crime Commissioner
Chief Executive
Chief Constable
ACO Finance and Business Support

Timing:	Urgent - Must be in place for 22 November
Purpose:	For decision by the Commissioner and Temporary Chief Constable
Cleared by:	Chief Executive

SUBJECT OF ADVICE: CHIEF FINANCE OFFICER OPERATING PROTOCOL

Summary: Approval of the operating protocol between the Chief Finance Officers of the Commissioner and Chief Constable, as required under the Home Office Financial Management Code of Practice. This has been considered and agreed by the two CFOs.

Recommendation: The Commissioner and the Temporary Chief Constable to sign the operating protocol between the two CFOs.

APPENDICES:

Draft operating protocol

OPERATING PROTOCOL BETWEEN THE CHIEF FINANCE OFFICER OF THE POLICE AND CRIME COMMISSIONER AND THE CHIEF FINANCE OFFICER OF THE CHIEF CONSTABLE

Background

This protocol has been written in response to the governance changes contained in the Police Reform and Social Responsibility Act 2011 (the Act) and the Home Office Financial Management Code of Practice for the Police Service of England and Wales (FMCoP.), and draws heavily on the FMCoP.

Under the Police Reform and Social Responsibility Act 2011, the Police and Crime Commissioner (PCC) is required to appoint a Chief Finance Officer to be responsible for the proper administration of the PCC's financial affairs. The Chief Constable has an identical obligation to appoint a Chief Finance Officer responsible for the proper administration of the Chief Constable's financial affairs.

The statutory duties of both Chief Finance Officers are detailed below. These are largely the same and for this reason the FMCoP states (section 4) that :

“An effective, cooperative and constructive working relationship between the two Chief Finance Officers is fundamental and is more likely to be achieved where communication and clarity of understanding are at their highest. Mutual understanding of and respect for each party's statutory functions will serve to enhance policing for local communities. It is expected that the principles of goodwill, professionalism, openness and trust will underpin the relationship and that all parties will do their utmost to make the relationship work.”

Statutory Responsibilities and Financial Management Code of Practice Responsibilities

The statutory responsibilities are set out in the Act, and are expanded upon in the FMCoP.

Section 4.1 of the FMCoP states that the Chief Finance Officer of the PCC is responsible for:

- ensuring that the financial affairs of the PCC are properly administered and that financial regulations are observed and kept up to date;
- ensuring regularity, propriety and Value for Money (VfM) in the use of public funds;
- ensuring that the funding required to finance agreed programmes is available from Central Government and Welsh Government funding, precept, other contributions and recharges;
- reporting to the PCC, the Police and Crime Panel and to the external auditor any unlawful, or potentially unlawful, expenditure by the PCC or officers of the PCC;
- reporting to the PCC, the Police and Crime Panel and to the external auditor when it appears that expenditure is likely to exceed the resources available to meet that expenditure;

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- advising the PCC on the robustness of the budget and adequacy of financial reserves;
- ensuring production of the statements of accounts of the PCC;
- ensuring receipt and scrutiny of the statements of accounts of the Chief Constable and ensuring production of the group accounts;
- liaising with the external auditor;
- advising the PCC on the application of value for money principles by the police force to support the PCC in holding the Chief Constable to account for efficient and effective financial management; and
- advising, in consultation with the Chief Executive, on the safeguarding of assets, including risk management and insurance.

Section 4.2 of the FMCoP states that the Chief Constable's Chief Finance Officer is responsible for:

- ensuring that the financial affairs of the force are properly administered and that financial regulations drawn up by the PCC (developed in close consultation with the Chief Constable, the two Chief Finance Officers and the Chief Executive), are observed and kept up to date;
- reporting to the Chief Constable, the PCC and the external auditor, any unlawful, or potentially unlawful, expenditure by the Chief Constable or officers of the Chief Constable;
- reporting to the Chief Constable, the PCC and the external auditor when it appears that expenditure of the Chief Constable is likely to exceed the resources available to meet that expenditure;
- advising the Chief Constable on value for money in relation to all aspects of the force's expenditure;
- advising the Chief Constable and the PCC on the soundness of the budget in relation to the force;
- liaising with the external auditor;
- producing the statement of accounts for the Chief Constable; and
- providing information to Chief Finance Officer of the PCC as required to enable production of group accounts.

In addition to the precise roles stated above the FMCoP makes it clear that both post holders will, for their respective organisations : be a key member of the command / leadership team, assist in the development and implementation of strategy and be actively involved in addressing the financial aspects of all strategic business decisions. In addition they will lead the promotion and delivery of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively and they must ensure that the finance function is resourced to be fit for purpose.

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Position within West Yorkshire

The following protocols will apply within West Yorkshire

General Approach : as described in the FMCoP it is expected that the Chief Finance Officers will have a mutual understanding of, and respect for, each others statutory functions and that each will do their utmost to develop and maintain a constructive and effective relationship by embracing the need for goodwill, professionalism, openness and trust.

Exercise of statutory powers : each Chief Finance Officer has a personal fiduciary duty by virtue of their appointment as the person responsible for proper financial administration under the Police Reform and Social Responsibility Act 2011. These include requirements and formal powers to safeguard lawfulness and propriety in expenditure. Consequently it is agreed that if either of the Chief Finance Officers intends to exercise their statutory powers under section 114 of the 1988 Act, they should inform the other as soon as possible.

Internal Audit : as recommended by the FMCP the PCC and the Chief Constable aim to use a shared internal audit service to cover both bodies.

Policies and Procedures : The Chief Finance Officers will establish consistent operating processes to be followed by the PCC and Chief Constable. All individuals operating within those organisations will be required to adhere to the same financial standards and procedures. The CFOs will ensure that all processes and procedures are fully documented and subject to regular review. The CFOs will work jointly to ensure that partner agencies and joint delivery organisations meet agreed standards of financial practice.

Financial Reporting Between the Organisations : time consuming and complex bureaucratic financial reporting between the two bodies will be avoided.

Joint Reporting : where appropriate the two Chief Finance Officers will co-operate in producing joint reports, for example, in the area of financial planning where the PCC and the Chief Constable share a responsibility to provide effective financial and budget planning for the short, medium and longer term.

Attendance at meetings : there will be a requirement for PCC and Chief Constable representation at, for example, Audit Committee meetings. In normal circumstances this representation will be provided by the two Chief Finance Officers. In the absence of these officers the role will be undertaken by an officer nominated by the respective CFO. This may on occasion be either within the respective organisations or undertaken by one on behalf of the other.

Coverage for Absence – internal arrangements will be put in place to cover for the absence of either Chief Finance Officer. (This is intended to cover extended absence or leave rather than routine or short term unavailability). A formal delegation of decision making and authorisation level will be set out by each CFO. There will be no requirement for either Chief Finance Officer to formally cover the duties of the other. However it is understood that on occasions there may be joint working or shared knowledge on issues and it may be appropriate for information and views to be sought of the available CFO. This will be purely to obtain professional financial advice or background on specific issues of joint working.

Relationships between CFOs and key individuals : effective working relationships will be encouraged across and within each organisation. Action to undermine or challenge the respective roles will be actively challenged.

Behaviour and leadership : each CFO will demonstrate and promote professional working which represents the Nolan Seven Principles of Public Life :Selflessness; Integrity; Objectivity; Accountability; Openness; Honesty; Leadership.

Annual Review

There will be an annual review of this protocol to ensure that it fully reflects the requirements both of the Chief Finance Officers and of the appropriate codes, regulations and legislation.

Agreement

This protocol is agreed between the Chief Finance Officers and by the PCC and Chief Constable as signified below.

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PCC Chief Finance Officer

Date :

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Chief Constable Chief Finance Officer

Date :

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Police Crime Commissioner

Date :

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Chief Constable

Date :