



Metropolitan Police Authority

## PART E

### FINANCIAL REGULATIONS

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## **INTRODUCTION**

### **Status**

These Financial Regulations set out how the Metropolitan Police Authority (the Authority) meets its statutory responsibilities in relation to the proper administration of its financial affairs.

They establish, at a high level, the respective responsibilities of the Authority and the Commissioner for financial management and control. All officers and staff in the Authority and the Metropolitan Police Service (the Service) who have responsibility for financial management or who have control of budgets must abide by these Regulations and the supporting Financial Instructions. Failure to do so could amount to misconduct, resulting in disciplinary action.

### **Purpose**

Financial Regulations are a key element in the financial control framework within which the financial management of the Authority and the Service takes place. They sit within a hierarchy of documents, which set out the governance arrangements in relation to finance, as follows:

Standing Orders	Approved by the Authority
Financial Regulations	Approved by the Authority
Contract Regulations	Approved by the Authority
Good Conduct and Anti-Fraud Policy	Approved by the Authority
Schemes of Delegation to the Officers	Approved by the Authority/Commissioner
Detailed Financial Instructions	Approved by the Treasurer/Commissioner

Financial control contributes to the achievement of the organisation's overall objectives and specifically the following objectives in relation to financial management:

- maintaining effective budgetary control over the financial resources allocated to provide an efficient and effective police service;
- complying with all legal requirements in relation to financial transactions and procedures;
- providing accurate, complete and valid accounts and financial information;
- preventing and detecting fraud and corruption, misuse of assets and illegal transactions;
- ensuring the security of financial and physical assets;
- managing the Authority's finances in an efficient, economical and effective manner.

## **ROLES AND RESPONSIBILITIES**

### **The Authority**

The Authority has the ultimate responsibility for making arrangements for the proper administration of its finances. The Treasurer carries out that responsibility, as the Authority's Chief Financial Officer.

Subject to the role of the Mayor and London Assembly, the Authority sets the resource framework within which the Metropolitan Police Service operates.

The Authority approves the financial control framework, including Financial Regulations.

Under the Accounts and Audit Regulations 2003 (as amended in 2006) the Authority is specifically responsible for:

- Approving the Authority's annual accounts prior to audit
- Securing an adequate and effective Internal Audit function (as defined in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006).

The Authority will establish appropriate committees to assist in the discharge of its financial responsibilities. These include a Finance Committee and a Corporate Governance Committee (which has responsibility for audit matters).

The Authority will delegate to the Commissioner as much day-to-day responsibility for financial management as it considers appropriate.

### **The Mayor and London Assembly**

The Mayor is responsible for preparing the formal draft annual budget for the Authority, after consultation with the Authority, and for its presentation (together with the other component parts of the total GLA budget) to the London Assembly. The final budget will be approved by the Mayor and/or Assembly depending on circumstances and subject to the Home Secretary exercising reserve powers.

The Authority is responsible for management of the approved budget.

### **The Chief Executive to the Authority**

The Chief Executive is responsible, through the Director of Internal Audit, for the provision of an adequate and effective internal audit function. As provided for in the Authority's Scheme of Delegation the Assistant Chief Executive has authority to act on behalf of the Chief Executive in his/her absence.

### **The Treasurer to the Authority**

The Treasurer is the financial adviser to the Authority and is responsible for ensuring that the financial affairs of the Authority and the Service are properly administered having regard to probity, legality and appropriate standards. As provided for in the Authority's Scheme of Delegation to the Officers the Deputy Treasurer has authority to act on behalf of the Treasurer in his/her absence.

The Treasurer is accountable to the Authority and independent of the Commissioner.

The Treasurer's responsibilities are to:

- provide financial advice to the Authority on all aspects of its activity, including the strategic planning and policy making process;
- advise the Authority on the content and implications of the budget and medium term financial plans;
- support the Authority in presenting budget proposals to the Mayor for approval through the Greater London Assembly;
- assist the Authority in seeking to obtain value for money especially through it's general Best Value duty;
- ensure that accurate, complete and timely financial management information is provided to the Authority and the Commissioner;
- advise the Authority on financial propriety;
- secure the preparation of statutory and other accounts;
- secure appropriate banking arrangements and treasury management including loans and investments;
- secure an effective system of internal control
- advise on risk management and insurance;
- work with the Chief Executive to the Authority and other Senior Management Team members to ensure effective corporate management of the Authority's resources and that the Authority has robust corporate governance and assurance frameworks.
- in consultation with the Commissioner (or the Director of Resources on his/her behalf), ensuring that these Financial Regulations remain fit for purpose and meet all statutory requirements.
- promoting the Financial Regulations, with the support of the Director of Resources and finance staff. However it is the Service management's responsibility to ensure that financial controls are in place and are complied with.

## **The Commissioner**

The Commissioner will have responsibility for the financial management of the Metropolitan Police Service under delegation from the Authority determined on advice from the Treasurer.

The Commissioner will devolve financial management responsibility within the Service in accordance with a devolved budget scheme agreed with the Treasurer.

The Commissioner will appoint a Director of Resources with a professional finance qualification to take responsibility for the finance function and for ensuring appropriate financial policies and procedures.

## **The Director of Resources**

The Director of Resources is responsible for providing strategic financial advice to the Commissioner and the management board and for ensuring that the management of finance effectively supports the Commissioner's delegated responsibilities.

The Director of Resources main responsibilities in relation to finance are to:

- provide the strategic financial perspective on the Service's Management Board;
- provide financial expertise, advice and information directly to the Commissioner to enable him/her to fulfil his/her delegated responsibility from the Authority for the financial management of the Service;
- provide professional leadership of the finance function within the Service, ensuring that high standards of financial management are maintained; that financial systems and procedures promote the effective conduct of business; and that financial considerations are fully taken into account in all policy decisions;
- work closely with the Treasurer of the Authority to make proposals for and agree the framework for delegation of financial authority within which the Service will operate. To ensure that managers at all levels are aware of their responsibilities within the framework and that they adhere to them;

- support the Treasurer of the Authority in his/her statutory responsibilities for the financial affairs of the Service by ensuring probity, legality and appropriate standards in all financial dealings;
- act as the main point of contact with the Treasurer in providing, receiving and interpreting information on the financial affairs of the Service;
- ensure effective control of financial planning, budgeting and monitoring in respect of all Service expenditure;
- ensure there is an effective system of internal control in place
- prepare, on behalf of the Treasurer the statement of accounts
- take the lead in developing, refining and implementing the strategy for the provision of financial services in the Service;
- provide the Commissioner with expertise, advice and information to enable him to fulfil his delegated responsibility in respect of procurement and property services
- facilitate internal audit's working relationship with the Service
- ensure that the Authority's intellectual property rights are not compromised by commercial agreements. Reporting any significant issues in this respect to the Chief Executive
- be authorised by the Treasurer to operate bank accounts on behalf of the Authority

## **1. Budgeting and Financial Planning**

### **Financial Planning**

1. As far as possible, all strategies and plans produced by the Service and the Authority should address the financial implications of what is proposed and be clear on how this fits with resource priorities.
2. A Corporate Strategy will be prepared and reviewed from time to time setting down the objectives of the Authority in relation to its

- functions. A Corporate Strategy for the Service, produced in draft by the Commissioner and approved by the Authority, will set down the medium term service objectives of the Service and an assessment of the consequential financial and resource implications.
3. The Commissioner will produce annually a Draft Policing Plan for approval by the Authority. This will include:
    - a statement of the Authority's priorities and objectives for the year, having regard to the Corporate Strategy for the Service; and
    - performance targets established by the Authority and/or directed by the Home Secretary.
  4. The Treasurer, in consultation with the Commissioner, will produce a Medium Term Financial Plan which takes into account the financial implications of the Corporate Strategy, the Authority's financial position and relevant projections in respect of government support, other sources of funding, reserves and expenditure. The Medium Term Financial Plan will serve as the basis for advice on the maximisation of resources available to the Authority and offer options for and general assumptions affecting the medium-term resource position of the Authority.

### **Annual Revenue Budget**

5. The Treasurer, in consultation with the Commissioner and the Greater London Authority, will determine the detailed form and timetable for the production of an annual revenue estimate for consideration by the Authority and submission to the Mayor as the Authority's draft annual budget and it's component of the total GLA budget.
6. The Director of Resources, on behalf of the Commissioner, shall be responsible for preparing detailed information for the production of the annual revenue estimate. This will reflect the priorities, objectives and assumptions upon which the Corporate Strategy and the Medium Term Financial Plan are based and will so far as practicable be prepared so as to reflect and facilitate delivery of the draft annual Policing Plan.



7. The Authority's revenue budget shall be that proposed by the Mayor and approved by the London Assembly subject to:
  - the provisions of Schedule 6 to the Greater London Authority Act 1999 in relation to the setting of the consolidated budget and approval by the London Assembly;
  - the provisions of Section 95 of the Greater London Authority Act, allowing the Home Secretary to set a minimum component budget in relation to the Metropolitan Police Service.
8. The Treasurer in consultation with the Commissioner shall prepare a report to the Authority, setting out the material differences and their implications for efficient and effective policing, where there is a material difference between the annual revenue estimate considered by the Authority and either:
  - the component budget approved under the provisions of Schedule 6 to the Greater London Authority Act 1999; or
  - a minimum component budget set by the Home Secretary.
9. The Commissioner shall be responsible for the day to day management and control of the annual revenue budget, through a devolved system of budgetary control agreed with the Treasurer. Such day to day management and control shall be subject to the provisions of Standing Orders, Contract Regulations, Financial Regulations and Schemes of Delegation approved by the Authority on advice from the Treasurer.
10. The Commissioner may commit expenditure or vire between budget headings within the overall approved budget to meet the policies and objectives agreed with the Authority and reflected in the Policing and Performance Plan. The Finance Committee will approve all budget virements over £1 million. Virements below £1 million will be reported to members through the budget monitoring mechanism.

### **Annual Capital Budget**

11. Under the provisions of the Greater London Authority Act 1999, the Mayor is responsible for preparing an annual capital spending plan for the functional bodies, including the Authority,

- setting out the sources of capital funding available to the Authority and the total capital spending which is expected to be incurred.
12. The Treasurer, in consultation with the Commissioner and the Greater London Authority, will determine the detailed form and timetable for the production of a medium-term capital programme and annual capital estimate for consideration by the Authority and submission to the Mayor in the preparation of the annual capital spending plan.
  13. The Director of Resources, on behalf of the Commissioner, shall be responsible for preparing the detailed information for the production of the medium-term capital programme and annual capital estimate, which shall reflect the priorities, objectives and assumptions upon which the Corporate Strategy and the Medium Term Financial Plan are based.
  14. The Treasurer shall, in conjunction with the Commissioner, present the medium-term capital programme and annual capital budget for approval by the Authority, having regard to the Mayor's annual capital spending plan.
  15. The Commissioner has the delegated authority to proceed with all projects in the approved capital programme up to the total value of £5 million or £1m for property acquisitions or disposals. Where a project is comprised of a number of contracts the total value represents their combined total **NOT** their individual values.
  16. All decisions to proceed with pilot or demonstration projects need to be approved by the Authority regardless of their value. Once formal approval has been given expenditure for the pilots should then be approved in line with delegated limits and in accordance with financial and contract regulations. Any expenditure above delegated limits must come to the Authority for approval.
  17. Any decisions to roll out, expand vary or extend pilot or demonstration projects beyond that for which the Authority has given approval under 16 above will need to come back to the Authority for further approval, supported by a full business case.
  18. The Commissioner shall be responsible for the day to day management and control of the annual capital budget subject to

the provisions of Standing Orders, Contract Regulations, Financial Regulations and Schemes of Delegation approved by the Authority on advice from the Treasurer.

19. The Treasurer, in consultation with the Commissioner, shall advise the Authority on the most appropriate method of financing proposed capital schemes, taking into account the capital spending plan prepared by the Mayor.

## **2. Accounts**

1. The Authority's annual accounts will be prepared under the direction of the Treasurer and on the basis of accounting policies determined by the Treasurer, consistent with any statutory requirements and in compliance with accepted accounting practice.
2. The Treasurer, in consultation with the Director of Resources, will determine the timetable for the preparation of the annual accounts and their submission for audit.
3. The Director of Resources will prepare the annual accounts on behalf of and in consultation with the Treasurer.
4. The annual accounts will be presented to the Corporate Governance Committee and subsequently the Authority, for approval.
5. The Treasurer shall provide to the Greater London Authority financial statements to be consolidated into the summary statement of accounts, required under section 134 of the Greater London Authority Act 1999.
6. The Treasurer, in consultation with the Director of Resources, will determine all accounting procedures and records of the Authority, having regard to all statutory requirements and in compliance with recognised accounting principles, promoting the probity and accuracy of the Authority's accounts.
7. The accounting procedures and records of the Authority will be regulated in a more detailed form through Financial Instructions prepared by the Director of Resources and approved by the Treasurer. The Treasurer will produce separate Financial Instructions regulating the Authority's own support budget.

### **3. Financial Systems and Procedures**

1. The Treasurer will authorise the financial systems and procedures for the receipt and payment of all Authority monies and, in consultation with the Director of Resources on behalf of the Commissioner, will determine procedures and work practices to ensure there is adequate internal control and internal check. The Director of Resources, on behalf of the Commissioner, will not make any material change or amendment to any financial systems or procedures without the approval of the Treasurer.
2. The Director of Resources, on behalf of the Commissioner, will be responsible for the day to day operation and control of the systems and procedures required to:
  - order goods and services;
  - pay creditors, allowances and expenses;
  - collect and bank all income due to the Authority;
  - provide, safeguard and subsequently dispose of all Authority assets (both tangible and intangible) within the limits set out in the Scheme of Delegation.
  - account for taxes and make necessary payments to the appropriate authorities
  - be responsible for meeting statutory requirements in relation to keeping records of all financial transactions, such as to enable financial control and audit of the accounts.
3. The Director of Resources, will be responsible for the day to day operation and control of the systems and procedures required to pay salaries, wages and pensions.
4. The financial systems and procedures in operation and guidance on their operation will be regulated in a more detailed form through Financial Instructions prepared by the Director of Resources and approved by the Treasurer.

#### **4. Treasury Management**

1. The Treasurer will be responsible for advising the Authority on all matters related to treasury management, investments and borrowing, and for ensuring that treasury management arrangements are in compliance with the CIPFA Code of Practice for Treasury Management in Local Authorities
2. The Treasurer will produce a Treasury Management Policy Statement setting out the principles, policies and management arrangements for approval by the Authority.
3. The Treasurer will produce annually a strategy report setting out the requirements for the forthcoming year and the proposals to meet them, for approval by the Authority or a designated committee of the Authority.
4. All decisions on borrowing, investments or financing (including leasing arrangements) shall be delegated by the Authority to the Treasurer who shall be required to act in accordance with the CIPFA Code of Practice for Treasury Management in Local Authorities.
5. The Treasurer will, in consultation with the Director of Resources, make arrangements for the day to day operation of the treasury management function.
6. The Treasurer will report to the Authority, or a designated committee of the Authority, on treasury management operations on a quarterly basis. An annual report on treasury management will be presented by 30 September of the succeeding financial year.

#### **5. Banking**

1. The Treasurer will be responsible for advising the Authority on all banking and related arrangements. All arrangements with the Authority's bankers shall be made by or in accordance with principles approved by the Treasurer, who shall authorise the Director of Resources to operate bank accounts on behalf of the Authority.
2. All bank accounts (other than covert accounts) which contain monies that form part of the Authority's police fund shall bear an

- official title that shall include the name of the Authority. In no circumstances shall an account be opened in the name of an individual or with other than the Authority's official banker(s) as determined by the Treasurer.
3. Covert accounts (i.e. those required for police operations in which the connection of the account with the police needs to be concealed) shall be managed in accordance with principles determined by the Treasurer.
  4. The consent of the Treasurer is required before any officer of the Authority or of the Metropolitan Police Service opens or maintains any account which contains monies which do not form part of the Authority's police fund
  5. The arrangements for authorising and making payments from the Authority's bank accounts will be determined by the Treasurer, in consultation with the Director of Resources, who shall be responsible for their day to day operation.
  6. The Director of Resources shall be responsible for arranging for the ordering, control and despatch of the cheques drawn on the Authority's bank accounts, including arrangements for safe custody and the maintenance of a cheque register in a form approved by the Treasurer.
  7. The Director of Resources will undertake regular reconciliations of all Authority bank accounts in accordance with arrangements determined by the Treasurer.

## **6. Contracts and Procurement**

1. The Authority is the legal party for all contracts entered into for the purchase of goods and services, for the provision of works and for the purchase of assets, including land and buildings. Such contracts and the process through which they are procured must comply with the Contract Regulations approved by the Authority and all statutory requirements relating to procurement by a local authority.

## **7. Risk Management and Insurance**

1. The Treasurer shall be responsible for advising the authority on risk management and in conjunction with the Commissioner shall

- ensure that periodic reviews of risk management are undertaken in order to identify appropriate risk management strategies, including any requirement for insurance cover where no statutory requirement exists.
2. The Commissioner shall, with the advice of the Treasurer, and upon the basis of the periodic reviews of risk management prepare an annual Risk Management Programme, which the Commissioner and the Treasurer shall report upon to the Authority or a designated Committee of the Authority.
  3. The Commissioner shall implement and monitor the measures included in the Risk Management Programme. The Treasurer, in consultation with the Director of Resources, will identify proposals for external insurance cover for approval by the Authority or a designated Committee of the Authority where this is considered appropriate.

## **8. Income**

1. The Treasurer, in consultation with the Director of Resources shall determine the arrangements for the collection, custody, control and deposit of all monies received by the Authority. The Director of Resources will have the day to day operational responsibility for compliance with these arrangements.
2. All monies received on behalf of the Authority shall be banked without delay in the Authority's name.
3. All documentation relating to income receivable by the Authority shall be in the name of the Authority, including agreements for the provision of services, invoices and receipts.
4. The Commissioner shall, in consultation with the Treasurer, and as part of the annual budget cycle review all rents, fees and charges for services provided, for approval by the Authority as part of the budget approval process.
5. The Commissioner shall have all necessary powers of debt recovery including the taking of legal action. Providing appropriate steps have been taken to recover monies due to the Authority, the Commissioner shall be authorised - within delegated limits set out in the Authority's Scheme of Delegation to the Officers - to write off debts considered to be irrecoverable.

Any individual write-off above delegated limits must be referred to the Authority or the Finance Committee as appropriate, for approval. All cases where write-off action results from theft or fraud shall be referred to the Treasurer for approval or report to the appropriate committee depending on the amount.

- 6 A schedule of such debts written off, showing their individual and the aggregate value will be reported to the Authority or a designated committee of the Authority on a periodic basis determined by the Treasurer.
7. All agreements for the provision of services to other organisations will be on the basis of full cost recovery at least, except with the specific approval of the Authority. All proposals to bid, tender or quote for the provision of services to other organisations (including other GLA functional bodies and local authorities) shall require the specific approval of the Authority or a Committee. This paragraph does not apply to the provision of special policing services under the Police Act 1996 or to the provision of mutual aid by the Commissioner to another force under s24 Police Act 1996

## **9. Asset Management**

For the purposes of these Regulations, 'assets' are defined as tangible, fixed assets that would be included in the Statement of Accounts.

1. *All fixed assets* [utilised in achieving an effective and efficient police service,] are owned by the Authority, except where a loan of property is made to the Authority to achieve an effective and efficient police service.
2. The Treasurer shall, in consultation with the Commissioner, determine the systems and procedures for the management of the Authority's assets and those assets on loan to the Authority encompassing:
  - an Asset Management Plan, which should reflect strategies for key assets, for example the Estates Strategy;
  - the recording and custody of evidence of title;



- the form of asset, of asset registers and inventories;
  - the security of the Authority's assets and those on loan to the Authority;
  - the arrangements for the management and control of the use of the Authority's assets;
  - the arrangements for the reconciliation of asset registers and inventories to physical assets and stocks.
3. The Commissioner shall be responsible for the day to day management of the Authority's assets in compliance with these systems and procedures, subject to the provisions of Standing Orders, Contract Regulations, Financial Regulations and Schemes of Delegation approved by the Authority on advice from the Treasurer.

## **10. Purchase and Disposal of Land**

1. The Commissioner is authorised to purchase or dispose of land or property on behalf of the Authority for all transactions with an estimated value of less than £1M, in accordance with the Estates Strategy or approved business case agreed by the Authority and/or by specific Authority decision.
2. Plans for the significant rationalisation or expansion of the estate and provision for its maintenance should be included in the relevant capital or revenue budget and the London Policing Plan. The plans shall contain estimated receipts or costs.
3. In addition prior to the beginning of each financial year the Director of Resources shall submit to the Authority a schedule of proposed disposals for the forthcoming year with an estimated value of £1M or more. Subject to approval by the Authority, this schedule will give authority for the Director of Resources to instigate the disposals process in line with the process detailed in paragraphs 7-11.
4. Where a significant transaction is not included in the relevant capital or revenue budget and the London Policing Plan, the Commissioner shall:
  - (a) notify the Treasurer in writing;

- (b) include the transaction in a report to the Authority.
5. Disposal of real property generally will either be by auction or competition and should follow the process outlined in paragraphs 7 to 11.
  6. When disposal is by negotiation:
    - there will be an independent evaluation of the property
    - the Commissioner shall consult in writing with the Treasurer where disposal is less than the market value/best consideration
    - it will be included in a report to the Authority (but residential sales may be aggregated)

### **Purchase and Disposal of Land and Property – Process**

7. The purchase and disposal of land and property shall have due regard to:
  - Any appropriate extant professional advice
  - Appropriate professional and governmental circulars
  - The powers of the Authority and the duty to achieve best consideration.

### **Land and Property Disposal - Receipt of Bids and Award of Sale – Non-Auction Property Disposals**

8. The process set out in contract regulations for receipt and opening of tenders and regulation and for award of contract shall apply, unless the Authority has expressly indicated otherwise. For property disposals all bids with an estimated receipt greater than £1 million Total Value shall be reported to the Authority for approval. The report shall indicate the bids received and the parties involved.
9. Approval of the *Authority* must also be sought for any disposal with an estimated receipt less than £1 million which in the view of the Director of Resources:-
  - raises questions of principle or financial policy

- possesses unusual features or involves particular difficulty
- might arouse particular public interest or publicity
- concerns a matter of particular importance or sensitivity

### **Property Disposal - Post Offer Negotiations for Non Auction Disposals**

10. In order to ensure timely and efficient disposal of property it may be necessary for post bid discussions/negotiations to take place following agreement of the bid by the Authority. The Director of Resources on behalf of the Commissioner's will undertake such negotiations and notify the Treasurer of the outcome. Major variation in the disposal value from that notified to the Authority will need to be referred back to the Authority for approval, or if urgent for approval under Urgent Action procedures agreed by the Authority under provisions within Standing Orders. Smaller variations in terms and conditions and price will be agreed by the Director of Resources on behalf of the Commissioner. For clarity small variations are Total Value of £50,000 or less, or less than 10% of the original bid price, whichever sum is greater. Clear audit trails are to be maintained of all decisions reached.
11. Subject to the purchase and acquisition of land and property being included in approved capital or revenue estimate the Director of Resources shall have authority to enter into a contract below £1 million Total Value.

### **Purchase of Freehold and Leasehold interests in Land and Property**

12. The Director of Resources shall, on behalf of the Commissioner, report to the Authority for its approval of all cases where it is proposed to enter into contract for the purchase of freehold or leasehold interest in property with a Total Value of £1m or more.
13. Approval of the *Authority* must also be sought for any purchase with an estimated value of less than £1 million which in the reasonable view of the Director of Resources:-
  - raises questions of principle or financial policy

- possesses unusual features or involves particular difficulty
- might arouse particular public interest or publicity
- concerns a matter of particular importance or sensitivity

### **Post Acquisition Review**

14. For all property acquisitions with a total value of £3m or more a post acquisition review should be undertaken 12 months after the date of approval. The review should include a comparison of the original business case to determine whether the original objectives have been achieved.

### **Licences and Memoranda (pursuant to Leases)**

15. The Director of Resources, on behalf of the Commissioner and the Authority shall have authority to sign licences and memoranda pursuant to leases granted to or by the Authority that do not change the underlying obligations and inherent contractual liabilities of the Authority and do not require to be executed as a Deed.

### **Short-term Leases and Residential Lettings**

16. The Director of Resources, on behalf of the Commissioner and the Authority shall have authority to enter into short-term leases of no more than 5 years with an annual cost of no more than £250,000, subject to available budget for the total cost of the lease including capital financing costs.

### **Use of Seal**

17. Where the law or Standing Orders of the MPA requires that a property transaction is executed by a Deed bearing the corporate seal of the MPA, the seal can only be affixed by the Chief Executive and must be affixed in accordance with the process outlined in contract regulations Para 16.3. The seal must not be affixed without the transaction having been approved by the Authority or of a committee or under the Urgency Procedure from time to time, save that on behalf of the Commissioner the Director of Resources may request and the Chief Executive may approve the attachment of the Authority's seal for:-

- all acquisitions and disposals with a total value of up to £1m
- all disposals with a total value of up to £1m
- licences and memoranda pursuant to leases that do not change the underlying obligations and inherent contractual liabilities of the Authority and that require to be executed as a Deed.

## **11. Inward Sponsorship**

1. Gifts, loans of property and sponsorship must comply with conditions approved by the Authority and shall not exceed a maximum equivalent value of one percent of the MPA annual revenue budget.
2. The Director of Resources, on behalf of the Commissioner, must be informed of all offers of gifts, loans of property and sponsorship and shall maintain a record of the market value of all gifts, loans of property and sponsorship received. A report to the Authority will be produced at the end of each financial year.
3. Individual gifts, loans of property or sponsorship with an equivalent market value in excess of £50,000 must be referred to the Treasurer who shall seek approval for acceptance from the Authority or a designated committee of the Authority.

## **12. Partnerships**

1. The Commissioner may form partnerships as a joint working arrangement (and not covered by the Partnership Act) with other independent local public, private, voluntary and community sector organisations who agree to achieve common goals and outcomes for the community. All such partnerships shall have agreed business programmes and processes and sufficient and adequate governance to justify the contribution of public funds or resources.
2. The Director of Resources is responsible for promoting and maintaining the same high standards of conduct with regard to financial administration in partnerships.
3. The Treasurer and Director of Resources must ensure that the accounting arrangements to be adopted relating to partnerships

are satisfactory. They must also consider the corporate governance arrangements and legal issues when arranging contracts with partners, and ensure that all identifiable risks have been fully appraised before agreements are entered into.

### **13. Grants and Sponsorship to Voluntary Organisations/Outside Bodies**

1. Grants and sponsorship made to voluntary organisations shall comply with the conditions of grant aid approved by the Authority and shall not exceed the annual budget agreed by the Authority. The Director of Resources shall, on behalf of the Treasurer, maintain a register of grants made each year.
2. Grants made from the Police Property Act Fund should meet the grant criteria agreed by the Authority's Co-ordination & Policing Committee.
3. Sponsorship should accord with the Sponsorship Policy agreed by the Authority at its meeting on 23 February 2006.

### **14. Voluntary Unofficial Funds**

1. Voluntary unofficial funds for benevolent and other purposes shall only be established with the approval of the Commissioner or an officer authorised by the Commissioner.
2. The Director of Resources shall be made aware of the existence of all such funds and ensure that arrangements are in place for their proper administration and that their accounts are properly audited.
3. The Director of Resources will provide assurance to the Treasurer that such arrangements are in place and ensure a right of access to Internal Audit.

### **15. Grant Funding (including EU Funding)**

1. Funding bids above £1m shall be discussed with the Treasurer at the beginning of the process. The Treasurer will decide whether the Authority's formal agreement is required.

2. Any bid for additional grant funding shall be subject to financial advice from local finance managers, who shall fully participate in the preparation of the grant submission.
3. The draft grant bid shall be subject to quality assurance assessment by the Service's Finance Department, who shall ensure that full account is taken of the conditions of grant, including any commitment to matched funding, and that all available grant is maximised. Where grant funding is time limited, this assessment will also address the implications in terms of ongoing provision of the activity on termination of the grant.
4. The Director of Resources shall ensure that information on all grant submissions is supplied to the Treasurer prior to its submission and with sufficient time to allow the Treasurer to comment.

## **16. Audit**

### **Corporate Governance Committee**

1. The Authority's Corporate Governance Committee oversees the arrangements for internal and external audit, and reviews the final accounts prior to approval by the Authority. The Committee may take other responsibilities consistent with its independent role.
2. The Chair of the Authority shall not be the Chair of the Corporate Governance Committee. Where practicable given the Authority's limited membership, members of the Authority's Finance Committee should not also sit on the Corporate Governance Committee.

### **Internal Audit**

3. The responsibility of internal audit is to provide opinions on the adequacy and effectiveness of control systems to:
  - ensure adherence to management policies and directives in order to achieve the organisation's objectives;
  - safeguard assets;

- secure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records;
  - ensure compliance with procedures, laws and regulations;
  - ensure the economy, efficiency and effectiveness with which resources are employed.
4. The Director of Internal Audit will report to the Chief Executive and the Treasurer in relation to their respective responsibilities and have independent access to members through the Corporate Governance Committee. The Director of Internal Audit will also liaise closely with the Director of Resources and have a right of direct access to the Commissioner.
5. Internal audit shall have authority to:
- enter at a reasonable time any Authority premises or land;
  - have access to records, documents and correspondence relating to any transaction of the Authority;
  - review any activity of the Authority and the Service;
  - require and receive such explanations as are necessary concerning any matter under examination;
  - require any employee or contractor of the Authority or officer of the Service to produce any asset under his/her control for which the Authority is responsible.
6. The Director of Internal Audit, on behalf of the Treasurer, shall be informed immediately by the Commissioner, irrespective of whether the matter is the subject of a criminal investigation, of any loss or financial irregularity or suspected irregularity, or of any circumstance which may suggest the possibility of losses or irregularities, including those affecting cash, stores and other property for which the Authority is responsible. The Director Internal Audit will in turn notify the Treasurer of any such loss or financial irregularity..
7. The Treasurer shall ensure that serious losses and irregularities are reported to the Corporate Governance Committee.



8. The Chief Executive, Treasurer and Director of Resources (on behalf of the Commissioner) will agree the draft internal audit plan with the Director of Internal Audit prior to approval by the Corporate Governance Committee.
9. The Commissioner will have the responsibility for identifying and leading implementation of recommendations from internal audit reviews. The Commissioner will report progress in implementation of internal audit recommendations to Corporate Governance Committee as required.

### **External Audit**

10. The role of external audit in the public sector is to increase accountability for public money and to contribute to the stewardship of public resources and corporate governance of public services.
11. The Audit Commission appoints the external auditor after consultation with the Authority. The auditors are then required under the Code of Audit Practice to review and report on:
  - the audited body's financial statements and its statement on internal control; and
  - whether the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
12. The Corporate Governance Committee will approve the external audit annual programme and fees and receive the external auditor's management letter and other reports.
13. Internal audit will seek to work to standards that will allow external audit to rely on internal audit findings. Internal audit should also seek to co-ordinate their activity with that of external audit.
14. The Commissioner will have responsibility for identifying and leading implementation of recommendations from External Audit Reviews. The Treasurer will report progress in implementation to the Corporate Governance Committee.

